PREM 19/1080

PART 16 ends:-

Sue Goodchild to FERB 16.9.83

PART 17 begins:-

FERB to Environment 19.9.83

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
MISC 95(83) 1st Meeting, Minutes	06.07.83
MISC 95(83) 4	15.07.83
MISC 95(83) 5	15.07.83
MISC 95(83) 6	15.07.83
MISC 95(83) 7	15.07.83
E(LA)(83) 1st Meeting, Minutes	19.07.83
MISC 95(83) 2nd Meeting, Minutes 2, 5 and 6	20.07.83
E(LA)(83) 2nd Meeting, Minutes	28.07.83
CC(83) 26th Conclusions, Minute 5	28.07.83
MISC 95(83) 8	09.09.83
MISC 95(83) 9	09.09.83
MISC 95(83) 10	09.09.83
MISC 95(83) 11	09.09.83
MISC 95(83) 12	09.09.83
MISC 95(83) 3rd Meeting, Minutes	15.09.83

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 D Wayland Date 16 April 2013

PREM Records Team

MR. BUTLER

Lunch on Monday, 17 October

Please see the attached letter from John Ballard, DOE. I have in fact invited all those mentioned in his letter and Lord Cockfield - thus making a total of 14.

Sue

16 September 1983

noted

MICHAEL

THE DIARY

Lunch on Monday, 17 October (Lunch for Colleagues) will be to discuss forthcoming Local Government Legislation.

Sue

16 September 1983

OFFICE OF ARTS AND LIBRARIES
Old Admiralty Building
Whitehall
London SW1A 2AZ
Telephone 01-273 4400

From the Minister for the Arts

15 September 1983

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

NBPM
MD 15/9

Dear Patrick,

ABOLITION OF GLC AND METROPOLITAN COUNTY COUNCILS: THE ARTS

I thought I should bring you up to date with the position reached between Peter Rees and myself on the proposals for dealing with Arts activities in the White Paper.

The present draft, circulated by Irwin Bellwin for the third meeting of MISC 95 today, contains one paragraph, 2.15, which has been agreed between my and the Treasury's officials.

You will recall that, after our discussion at the previous meeting of MISC 95, I was asked to agree with Peter detailed proposals for central funding of a few arts institutions of significant national or regional importance. We are still finalising our proposals, which will form the basis of the consultation paper mentioned in para 2.33 (v) of the present draft White Paper. When we have reached agreement, I shall circulate a draft of that consultation paper to colleagues on MISC 95.

Copies of this letter go to other members of MISC 95 and to Sir Robert Armstrong.

Yours,
T/Vig

LORD GOWRIE

17 Oct

CONFIDENTIAL

Sue Goodchild

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

15 September 1983

Dear Robin

Thank you for your letter of 14 September. I am writing to confirm what I said subsequently over the telephone. My Secretary of State is content that, in addition to the Prime Minister and himself, those invited to the lunch should be the Lord President, Home Secretary, Secretary of State for Education, Lord Privy Seal, the Chief Secretary to the Treasury (or possibly the Chancellor of the Exchequer?), Lord Bellwin, the Chairman of the Conservative Party, Rt Hon Michael Alison and the Chief Whips of the House of Lords and Commons. If for any reason one of them is unable to attend he suggests that Mr Waldegrave might be invited in their place.

I can confirm that we shall be providing a note as a basis for discussion, to be read on arrival by those attending the lunch.

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

Robin Butler Esq

Local Govt.
Relations,
pt 16

15 SEP 1988

6 SEP 1985

cc Master Set.

bc Mrs Goodchild

MRS. GOODCHILD

Please see the attached letter to the Department of the Environment, which is self-explanatory. Could you please be in touch with Mr. Jenkin's Office about the arrangements for such a lunch - perhaps on Monday, 17 October?

The Secretary of State for the Environment suggested that those attending, in addition to the Prime Minister and himself, should be:

The Lord President
The Home Secretary
The Lord Privy Seal
The Chancellor of the Duchy of Lancaster
The Secretary of State for Education and Science
The Chief Secretary, HM Treasury
The Chief Whip (Commons)
The Chief Whip (Lords)
The Chairman of the Party
Lord Bellwin
~~Mr. Waldegrave~~

With Mr. Alison, this would make 12, which is the maximum for the small dining room. But there would be much to be said for the Home Secretary and the Chancellor of the Duchy of Lancaster also taking part. ~~Could you~~ I have put this point to Mr. Ballard. It may be that we should confine the meeting to senior Ministers and substitute Mr. Brittan and Lord Cockfield for Lord Bellwin and Mr. Waldegrave. ~~If~~ Mr. Ballard ~~wants to have a word with me about this, he is welcome to do so.~~ will let me know what his Secretary of State thinks and I will tell you.

FERB.

14 September 1983

MASTER

SUBJECT

SUBJECT LOCAL GOVT. Relations Pt 16

File

10 DOWNING STREET

From the Principal Private Secretary

14 September 1983

Your Secretary of State discussed with the Prime Minister this evening his minute of 13 September in which he suggested that there might be a meeting taken by the Prime Minister about the problems of maintaining support for the Government's policy towards local authorities over the period of this Parliament. The Prime Minister agreed with this proposal and suggested that the meeting should take the form of a lunch on a Monday, probably just before Parliament reassembles. I will arrange for Mrs. Goodchild to be in touch with you about the date and the list of those who should attend.

The Prime Minister commented that if your Secretary of State wanted to provide a note as a basis for the discussion, it would be best for those attending the lunch to read the note on arrival at 10 Downing Street, immediately before the lunch.

E. BUTLER

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

Prime Minister (4)

MCS 15/9

HOUSE OF LORDS,
SW1A 0PW

13 September 1983

The Right Honourable
Patrick Jenkin M.P.
Secretary of State for
the Environment
Department of the Environment
2 Marsham Street
London S.W.1

My dear Patrick:

Association of London Authorities

I have followed with interest the correspondence, beginning with your minute to the Prime Minister of 5th August and resting with the Attorney General's minute to you of 9th September, in which you discuss the problems involved in the setting up of this new body, the risk associated with any failure to consult it where consultation with representative organisations is required by statute, and in particular whether these problems could be resolved by taking action in the courts.

I understand that this question may be discussed in Cabinet next week, when both Michael Havers and I will be in Hong Kong. I am therefore writing simply to say that I wholly endorse the views expressed in his minute of 9th September. It would in my opinion be most unwise to begin an action for a declaration that you were not required to consult the ALA unless you were confident of success; and I see no reason to disagree with Michael Havers' view that the chances of success are in fact slim. It would I think be

/even more

even more unwise simply to fail to consult the ALA, and to await a challenge in the courts on their part which would, inevitably, be chosen to come at a time and on a subject as inconvenient to you as possible.

I think therefore that by far the safest course would be to consult the ALA; you are not, after all, obliged to adopt the views of those you consult.

I am copying this letter to the Prime Minister, other members of Cabinet, the Attorney General and Sir Robert Armstrong.

yrs:

Q. H.

I was always taught at the Bar — and such I have confirmed by a life time in the Courts — never to initiate litigation without a reasonable prospect of success. Your letter of the 7th Sep. makes it quite clear that you do not regard this condition as fulfilled, and the A-G. holds, if anything, stronger views than this

Local Govt: Relations PH6

CONFIDENTIAL

Prime Minister

MCS 13/9

PRIME MINISTER

We are having a word tomorrow about general DOE issues. I thought you might like notice of one suggestion I will make.

The DOE area is going to cause the Government lots of trouble over the next few years. We need to go on relentlessly pressing councils - including many of our own friends - for savings; we look like having the great majority of the local authority world (including again many of our friends) against us on rate capping on 'constitutional' grounds - and this is bound to find some echoes on our benches in both Commons and Lords; and the abolition of the GLC and Met Counties will be a technical and complex business which, though generally popular, will offer plenty of room for obstruction by our opponents. Both policies provide ample opportunities for challenges in the courts by Left wing Councils who have become increasingly litigious.

The legislation, which will involve at least three highly controversial and technically difficult Bills, will take two years; after that the rows outside Parliament will increase as we take action to cap certain rates and to impose initial controls over the new joint boards. As things look at present we seem almost certain to find ourselves forced to take over some recalcitrant councils via commissioners.

CONFIDENTIAL

I am not sure that senior colleagues yet appreciate the rows which, starting this autumn, are going to continue right up to the next election and beyond. I am certain the policy is reasonable and can be brought to a successful conclusion. But I would very much welcome a meeting of reasonable length with you and senior colleagues, including the Chairman of the Party and the Chief Whips in the Lords and the Commons to give early warning of the sort of sequence of events we foresee. I would let colleagues have a confidential paper in advance spelling out what I see as the key events and possible crisis points, and suggesting steps aimed at keeping most of our people on our side.

Once launched, it would be very damaging to draw back from such a controversial set of policies: but it is surely fair to let colleagues know what we are landing them in.

PJ

P J

13 SEP 83

Prime Minister

(2)

The Attorney-General argues that the Environment Secretary should not go to Court.

MCS 9/9

SECRETARY OF STATE FOR THE ENVIRONMENT

ASSOCIATION OF LONDON AUTHORITIES

Thank you for your letter of 7 September. with mcs

2. I am conscious of the difficulty in relation to consultation in which you are placed as a result of the formation of the ALA. As I and the Solicitor General advised in the letter written on our behalf on 19 July, many of your acts (e.g. the Rate Support Grant Settlement) may well subsequently be declared invalid by the Courts if you have not carried out the consultation required by statute. Yet there are no legal grounds for excluding the ALA from those statutory requirements.

3. I note from your letter that you consider that, by a process of elimination, you have to choose between option (b) (your not consulting the ALA and awaiting a legal challenge) or (d) (your seeking a declaration in the Courts that you are not required to consult). I have to say that I regard both of these options as so unattractive as to be virtually non-viable, although of the two I agree that the latter is preferable.

4. As you recognise, the risks of, say, the Rate Support Grant Report being held to be invalid are too great to be lightly contemplated. However, I think the chances of success in the action for a declaration you propose bringing are too small to justify your commencing that action. There is an insufficient basis in law for you to establish that you are not required to consult. This is particularly so in relation to the main body of statutory provision (including the Local Government, Planning and Land Act 1980) under which you are required to consult local authority associations which are concerned in the subject matter.

.../5.

5. I have discussed this with Treasury Counsel who would put the point even more strongly than the way it was expressed in the letter of 19 July. He considers that it would be difficult to advance a respectable argument in Court in support of the Government's case and that there would be a real risk of the Government being publicly criticised by the Court, in a most damaging way, for having initiated what it must have known to be unmeritorious proceedings. This could reflect upon future Court proceedings involving your Department. Accordingly, whatever the short-term political advantages, I believe it would be wrong for you to commence these proceedings.

6. There is an additional consideration. You are aware that, although you might be able to freeze the position on consultation whilst the proceedings were in progress (provided you could in the meantime avoid doing any act which required consultation), once an adverse decision of the Courts had been obtained you would then have to consult the ALA. Whilst the initial hearing might be taken as an urgent item of vacation business, an appeal would be likely to stretch the timetable beyond that which would enable you to hold back business. I understand that you are in fact currently continuing the process of consultation towards a Rate Support Grant Settlement but are not including the ALA in those consultations. It will in that context become crucial for you to reach an early decision on consultation with the ALA (in the absence of prospective legislation to regularise your position).

7. My comment in paragraph 4 above as to the lack of merits of an action does not apply in relation to consultation under the London Government Act 1963. However, the provision in

..../this

this Act is a very special one which refers to an association which appears to be representative of the London Borough Councils. As we recognised in the letter of 19 July, there is an argument that the ALA is not so representative (as it is not open to all the London Boroughs) although we would not rate this argument as having more than an evens chance of success. I do not believe that a challenge limited to this point would assist you in relation to the generality of the problem as discussed in your letter.

8. In the circumstances, I regret that notwithstanding the considerations you put to me I cannot advise that you go to Court upon the basis you envisage.

9. I should finally comment on Lord Cockfield's letter of 26 August. He is right in pointing to the fact that the manner of consultation is not prescribed. The consultation must be genuine but you may discount what any particular consultee may say. I can appreciate that your difficulty is that any consultation will imply recognition. It is not possible to argue that because of common membership (which I understand not to be the fact) consultation is not required.

10. I am copying this minute to the Prime Minister, other members of Cabinet and to Sir Robert Armstrong.

Lawrence Oates

Approved by the Attorney General
and signed in his absence

LAW OFFICERS' DEPARTMENT
9 September 1983

2 pps

✓ NO

QUEEN ANNE'S GATE LONDON SW1H 9AT

NBPM

MLS 9/9

8 September 1983

Dear Patrick,

ASSOCIATION OF LONDON AUTHORITIES

Although I was not able to respond before the holidays to your minute of 5 August to the Prime Minister, I know that your officials were advised that postponement of recognition of the Association of London Authorities (ALA) would cause us no immediate difficulties in respect of either statutory or non-statutory consultation.

As for the longer term, I share the reluctance of the Lord Privy Seal and others to contemplate legislation to avoid our having to deal with the ALA. Not only would this be misrepresented, as John Biffen suggests, but legislation might well make permanent a split that may heal in time, as the natural joint interests of the London boroughs reassert themselves.

I am copying this to the Prime Minister, other members of the Cabinet, Sir Michael Havers and Sir Robert Armstrong.

Yours,

Leon

The Rt Hon Patrick Jenkin, MP

Local Govt, Relations, pt 6

SEP 1983

Local Govt. Relations, Pt 16

-5 FEB 1983

cc DOE MJ

10 DOWNING STREET

THE PRIME MINISTER

8 September 1983

Dear Mr. Greengross

Many thanks for your letter of 26 August and for the paper on local government in London you enclosed with it.

I have read your paper with interest. As you know from our talk in July I have reservations about some of the points you make. But it is most helpful to have your ideas set out so clearly and succinctly.

You have obviously spent a lot of time working out 'A New Structure' and I am most grateful to you.

Alan Greengross, Esq.

Yours sincerely

Margaret Thatcher

(2)

Prime Minister

Mr Jenkin proposes challenging the ALA in the courts, rather than legislation, or ignoring them and awaiting a challenge from them.

MCS 9/9

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

7 September 1983

Dear Michael,

THE ASSOCIATION OF LONDON AUTHORITIES

You will recall that you advised me that there were no general grounds on which I could safely ignore this Association when conducting statutory consultations with associations of local authorities in accordance with the requirements of a number of enactments.

You will have seen the various letters colleagues have sent me about legislation to exclude the Association from the consultation process, following my minute to the Prime Minister of 5 August.

There appear to be five options:

a. to accept that statutory provisions requiring consultation with associations of local authorities generally require consultation with the Association of London Authorities as well as the other established associations, and to consult accordingly;

b. to ignore the ALA and risk challenge where I or another of our colleagues exercise a statutory power subject to prior consultation with associations of local authorities without consulting the ALA;

c. To prod a third party to challenge the status of the ALA in the courts;

d. To seek a declaration in the courts that one or more of the various statutory provisions requiring me to consult with the associations of local authorities does not require me to consult the ALA;

e. to legislate away the obligation to consult so far as it may require consultation with the ALA.

John Biffen has pointed to the undesirability of yet another Bill on local authority matters in the present Session. In the light of his comments, and the reaction of colleagues, I am not disposed to press this suggestion for the time being; framing appropriate legislation would be difficult and we do have to bear in mind the possibility that whatever we

do the other local authority associations may break up on political lines. If this happened, our legislation might be ineffective and we would return to our present difficult position.

We are not confident that any third party is prepared to challenge the status of the ALA. Bromley LBC are toying with the idea; but it is not clear that they are going to proceed. I do not think we can realistically wait upon them as the need to decide whether or not we are going to consult the ALA is daily becoming more pressing.

It would be quite unacceptable to our supporters if we were merely to accept that we had to consult a body whose objects were so obviously left-wing as the ALA. To do so would be inconsistent with what the Prime Minister has said in the House on the subject. As I see it, we are then left with two options - either to go for a declaration ourselves or to ignore the ALA and await challenge in the courts by them.

I think we would appear in a better light if we took the initiative. Whatever the legal arguments, the political basis for our action would be the desirability of maintaining the present structure of local authority associations representing all authorities of particular classes, irrespective of their political complextion. I accept that we may well lose the action: but, provided we put our case in the right way, I think that would be better than being taken to court by the ALA and then losing. If we lose, then we may need to look again at the possibility of legislating in the light of the court's judgement.

If we ignore the ALA, we leave it to them to choose the circumstances in which they challenge us. They might well seek to cause the maximum embarrassment by waiting to challenge and upset some particularly important act on the grounds that it had not been made the subject of proper statutory consultation. One particularly worrying possibility is that they would challenge us over a Rate Support Grant Report in a way that forced us to introduce a second report for debate in Parliament. It could be that payments under the report would be invalidated (see s.60 of the Local Government, Planning and Land Act 1980).

It does seem to me that the political situation created by the split in the LBA does call for some positive action on the part of the Government. I realise that you have advised against going to court but, for the time being, I see no real alternative. Would you now agree to this in the light of the considerations set out above?

A number of consultations with the local authority associations are being held up while this question is under consideration. They cannot be held for more than a few weeks. If you agree, upon reconsideration, that I should take the matter to the courts, I hope that there would be grounds for having this taken as an urgent item of vacation business. The information which we have collected from Departments suggests that we could, on that basis, continue to hold back business where statutory consultation is involved (a further check on the position is being made at official level). If, however, the court will not accept this as vacation business - which would, I understand, mean that we should not get a decision until November - we should have to think again about the handling of consultations.

Copies of this letter go to the Prime Minister and other members of the Cabinet, and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Sir Michael Havers QC MP

-8 SEP. 1983

GF Yours?

CC MA
DOE

VC

10 DOWNING STREET

THE PRIME MINISTER

6 September 1983

Dear Geoffrey,

Thank you for your letter of 7 August and for your kind wishes.

Patrick Jenkin has sent me a full note on the matter of recognition of the Association of London Authorities: the position is not without problems which I understand you have discussed with Irwin Bellwin. As he has doubtless told you, we share your distaste for this body but in deciding how to treat their request for recognition, we cannot ignore the statutory obligations resting on Ministers.

Yours ever
Margaret

Geoffrey Finsberg, Esq., M.B.E., M.P.

HL

Local Govt. Pt 16.
NB PM
MLS 5/9
cc NO.

CONFIDENTIAL

HOUSE OF LORDS,
SW1A 0PW

2 September, 1983

Dear Irwin:

Abolition of GLC and Metropolitan County Councils - Commissions of the Peace and Lords Lieutenant

Thank you for your letter of 24th August.

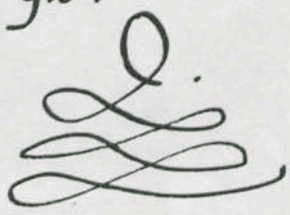
Either option which you offer to take account of Commissions of the Peace and Lords Lieutenant would meet my requirements. The decision is essentially one for colleagues but I favour retention of the counties which would have the merit of legislative simplicity. I would tend not to give much weight to the argument that by retaining the concept of counties it could give the impression that there is still a council.

The alternative of reconstituting the county areas as "metropolitan areas" would be legislatively more complicated. For example, section 1 of the Justice of the Peace Act 1979 would require amendment and other provisions would be needed to avoid the amendment of the Crown Office (Commissions of the Peace) Rules 1973 and the issue of new Commissions.

I note that your officials will clear with mine the appropriate reference in the draft White Paper.

I am sending copies of this letter to the other members of MISC 95 and to Lord Cockfield.

Yrs.



The Lord Bellwin,
Minister of State for Local Government,
Department of the Environment,
2 Marsham Street,
London, S.W.1.

CONFIDENTIAL

CONFIDENTIAL

cc NO.

OFFICE OF ARTS AND LIBRARIES
Old Admiralty Building
Whitehall
London SW1A 2AZ
Telephone 01-273 4400

From the Minister for the Arts

NBPM

MCS 5/9

The Rt Hon The Lord Mackay of Clashfern QC
Lord Advocate's Chambers
Fielden House
10 Great College Street
London SW1

31 August 1983

Dear James,

ABOLITION OF THE GREATER LONDON COUNCIL AND THE METROPOLITAN COUNTY COUNCILS: ACQUIRED RIGHTS DIRECTIVE

Thank you for your letter of 12 August, and for your helpful explication of where we stand in relation to the Acquired Rights Directive.

I have noted that the position of the Royal Festival Hall might require further consideration should we decide to deal with it in a way that would turn it beyond doubt into an "economic activity".

I do not think we need pursue this specifically at this stage, but presumably if the problem needs to be dealt with in the case of the municipal airports, then the conclusions would apply to any other similarly affected local authority staff. Should we decide to deal with any of the arts institutions in a way which seems to bring the Directive into play we shall of course seek legal advice in good time.

I am copying this letter to recipients of yours.

Yours,

Tony

LORD GOWRIE

CONFIDENTIAL

CF/ P.A.

MR SCHOLAR

MCS 31/8

LOCAL GOVERNMENT REFORM

A friend of mine - a top level administrator in West Yorkshire - has sent me a copy of "The Case for Metropolitan Counties" and has suggested that I pass it on to the Prime Minister.

She may, of course, have seen it. If not, you may think she should.

B. INGHAM

30 August 1983

The Case for Metropolitan Counties

THE CASE FOR METROPOLITAN COUNTIES

Summary

The paper which follows makes the case for retaining Metropolitan Counties as an important and necessary tier in local government administration in the 80s.

It concludes that

— since the 1960s all Government reports and Commissions have concluded that metropolitan authorities are required for the conurbations

— the Metropolitan Counties have performed this task well since they were set up in 1974, with real achievements over the whole range of their functions

— it is not possible to give all metropolitan functions to District Councils. Joint Boards or Committees would spring up in an ad hoc way to the detriment of the public as far as public accountability and understanding are concerned

— the abolition of Metropolitan Counties would be an extremely costly exercise.

— any reorganisation of local government should be considered as a whole and not carried out piecemeal

COUNTIES IN ENGLAND AND WALES[1]

[1]Greater London has its own local government structure.

Introduction

Today, we find the local government system under attack, with the Metropolitan Counties in the front line. There has been much speculation about the way the Metropolitan Counties operate and whether they should be reduced in their powers or even abolished. It is in response to these suggestions and to inform the debate that this paper has been produced. There is no point in merely being negative about the present system of local government. If change is to be sought, one must have an idea of what kind of arrangements are to succeed the present ones and whether these are better or worse than the present system. These and other matters are tackled in the pages which follow. This paper does not deal with the problems of London, which clearly need special consideration.

1. The Metropolitan Counties

1.1 The six metropolitan areas of England (excluding London) are as follows:—

	Population	*No. of Districts* (36)	*Population Range* 000's
Tyne and Wear	1,143,245	5	161-301
South Yorkshire	1,301,813	4	222-543
Merseyside	1,513,070	5	176-513
West Yorkshire	2,037,510	5	188-724
Greater Manchester	2,514,778	10	178-474
West Midlands	2,644,634	7	198-1,030

1.2 The total population of 11.2 million is 24% of the population of England.

2. The Functions of Metropolitan Counties

Highways
Traffic Management
Public Transport
Road Safety
Police
Fire
Consumer Protection/Trading Standards
Strategic Planning
Waste Disposal
Land Reclamation
Economic Development
Recreation and Arts
Emergency Planning
Coroners
Police Prosecutions

The functions are looked at again later in this paper.

3. Why Metropolitan Counties were set up in 1974

3.1 During the 1960s, several Government reports advanced the need for and role of large metropolitan authorities. The Transport Policy White Paper in 1966 confirmed the need for co-ordination of transportation and strategic land-use planning, especially in the conurbations. This led to the setting up of the Metropolitan Passenger Transport Executives in 1968.

3.2 A Royal Commission, under the Chairmanship of Lord Redcliffe-Maud, on the organisation of local government in England and Wales reported in 1969. While generally advocating unitary, all-purpose local authorities, the Commission recognised the need for a two-tier system in the large metropolitan areas.

> "For each metropolitan area, there must be a metropolitan authority responsible for the planning, transportation, and major development group of functions throughout the whole area. . . "

The White Papers published successively by the Labour and Conservative Goverments in response to the Royal Commission report both accepted the need for the metropolitan authority.

3.3 The Local Government Act 1972 set up the present system of local government in England and Wales, which included the Metropolitan Counties.

At this time one would have been very hard pressed indeed to find any objection to the idea of conurbation-wide government. It was taken as a self evident fact that large urban areas needed to be governed as a whole. This fact is still as true to-day as it was then and indeed it is still generally recognised by objective observers, although in some quarters vision has been clouded by problems rather than kept acute by the pursuit of opportunities.

3.4 In Scotland, local government was reorganised in 1975 and the Stodart Committee of Inquiry reviewed its operation in 1980. The region/district structure was confirmed and the need for strategic planning of major services endorsed. Selected extracts from the Stodart Report are set out in Appendix A. In Europe the tendency is towards a separate tier of government for metropolitan conurbations, as confirmed at the recent O.E.C.D. Conference in Madrid.

3.5 The Metropolitan Counties are cost-effective organisations. The opportunities of economies of scale have been realised in practice through streamlining of the staff transferred to them by predecessor authorities. These substantial savings can be contrasted with what happens when the functions of a larger unit are designated to smaller units. A major example in this area is the break up of the former West Riding County Council Education Service. That Council operated with relatively few administrators (0.3 per thousand population) compared with the Metropolitan District (0.4 per thousand population). The transfer of education to the metropolitan districts in West Yorkshire is costing an additional £1.7m a year purely in additional administrative expenses.

4. Characteristics of Metropolitan Areas

4.1 The metropolitan areas of England are *areas of large population* concentrated within tight-knit and closely inter-linked urban communities. In terms of living, working, shopping and leisure, these communities operate as inter related units and look to one or a series of centres for the higher level commercial, retail, cultural, educational and administrative activities.

4.2 They are *areas of flux*. They were the principal centres of the industrial revolution, have suffered, and continue to suffer, disproportionately from economic decay, but still possess great potential in skills and technology. As a group, they hold the key to the nation's economic recovery.

4.3 They are *areas of great diversity*, with the most significant concentrations of affluence and poverty in England. Table 1 shows some of their leading characteristics. With the pace of change greater than in most other parts of the country, the need for Government action is correspondingly greater too. The 'inner city' problems and initiatives recognised and promoted by successive national and local governments, are prime examples.

4.4 They are *areas bound together by a common cause*. Local feelings and enterprise are worthy and have been fostered by the metropolitan authorities but the scale of activity in the late twentieth century requires government to look beyond local issues to broader problems and solutions which can benefit people over a wide but integrated geographical area. The idea of metropolitan government is to give expression to these ideals and to balance the needs of the conurbation.

5. A Closer Look at the Functions of Metropolitan Counties

5.1 Metropolitan Counties spend most of their resources in providing basic services such as Police, Fire, Highways and Transport. These services are in no sense expendable. Removing them from County control would not result in significant savings. The financial burden would merely be transferred elsewhere, probably at greater cost.

5.2 What follows is a brief examination of the services provided and how these services could be alternatively provided at district or regional level or through some kind of joint committee arrangement.

5.3 POLICE

5.3.1 The Police Act 1964 and subsequent legislation was intended to create effective police forces firmly linked to the operational authorities responsible for providing local government services. Apart from London, there is no strong movement to split Metropolitan Forces into smaller units and it is generally accepted that they are sound operational units.

5.3.2 Recent public debate has focussed on the question of accountability of the police and the need for local democratic control is unchallenged. Indeed, even the presence of magistrates on Police Committees is seen by many as anachronistic. All Metropolitan Counties (with the exception of Tyne and Wear, which has a joint force with Northumberland which was not big enough to have a force of its own) constitute Police Authorities. The alternative would be a Joint Committee arrangement with local Councillors drawn from the present Metropolitan Districts, or a larger Regional Police Force which would be more remote from the population it served. (See later on Joint Committees).

5.3.3 In a debate in the House of Commons on 25th March 1982 on Law and Order, the Home Secretary had this to say:—

> "I don't believe that we should look to major institutional amendment of the Police Act 1964. Its basic structure remains, in my view, a fully adequate framework for developing the proper roles of Chief Officer, Police Authority and Home Secretary, and for enhancing police effectiveness".

And Lord Scarman in his report on the Brixton Disorders says:—

> "On the basis of evidence I have received, the urgent need is not a change in the formal powers (or duties) of Police Authorities . . . ." and "The evidence I have received is that, on the whole, the statutory machinery works well".

5.4 FIRE

5.4.1 The Metropolitan Counties are acceptable operational fire brigade units. For example, there were seven Local Authority Fire Brigades in West Yorkshire prior to 1974; the amalgamated force reduced control room staff from 90 to 53. In West Midlands, the number of appliances has been reduced from 75 to 66. A transfer of functions to the Metropolitan Districts would inevitably result in over-provision of fire cover and would need detailed arrangements for joint working. The benefits derived from standardisation of appliances, equipment and procedures, which allow flexibility and interchange between stations, would be lost.

5.4.2 The uniformity of approach of Metropolitan Authorities to fire protection measures, including petroleum licensing, has been welcomed by industries which have premises spread over a number of Districts. Indeed a case could be made for the transfer from District to County of the licensing of premises used for public entertainment as far as safety measures are concerned.

5.4.3 Democratic control of fire brigades is long established and again the alternative would be a Joint Committee arrangement.

5.5 TRANSPORTATION

(A) In the Transportation field, the Metropolitan Counties, in spite of reductions in resources, have been able to

- rationalise and co-ordinate public transport provision and policies in association with wider traffic and planning objectives
- apply consistent standards to the maintenance of the highway system and traffic management measures
- provide a uniform approach to the need for, and priorities of highway and other investment — increasing emphasis being given to the movement of freight, the improvement of the environment, assisting public transport, the refurbishment of Inner Urban Areas, and increased use of navigable waterways (e.g. South Yorkshire Navigation)
- link with the Department of Transport and British Rail over the development of co-ordinated programmes for improvement of the trunk road and rail systems, including the opening of new railway stations.

(B) Public Transport

5.5.1 Debate on the politically controversial issue of fares has obscured the need for overall transport planning and operation in Metropolitan areas. Bus and rail journeys straddle District boundaries and the provision of public transport services must be co-ordinated with the highways traffic and overall land use planning functions of the Metropolitan Counties. This need has been recognised since 1968 when the function was taken out of the hands of elected members. It was put back in 1974 and with constant attention being given to improve economy of operation, there is no doubt that the Passenger Transport Executives are more effective units than any reversion to municipal bus undertakings or smaller private operators. The recent Monopolies and Mergers Commission report on the West Midlands PTE paid tribute to the way in which the County Council and the PTE worked together and concluded that the present operations were in no way against the public interest.

5.5.2 There is a far greater dependence on public transport in the conurbations than elsewhere in the country. Major changes in public transport provision (cuts in services, rises in fares) therefore have a dramatic effect in the conurbations where

the diversion of trips onto highway networks that can barely cope with their present loads can have traumatic effect on the environment, economy and social life of the areas concerned. It is not difficult to appreciate the benefit of having the public transport, highways, police, and fire services dealt with by one authority.

5.5.3 Each Metropolitan County can demonstrate significant developments in the public transport field since 1974. Outstanding examples are the Tyne and Wear Metro and Merseyside's Loop and Link System. Progressive agreements negotiated with NBC subsidiaries have ensured fully co-ordinated systems in all the conurbations.

5.5.4 As long as the law provides that the needs of the public must be taken into account in the planning of services, the role of the democratically elected Councillor is vital in transport planning. Accountability is clear and it is through their local Councillors that members of the public can best express their needs. If Metropolitan Counties did not exist, then some Joint Committee arrangement would be needed because public transport cannot be sensibly and efficiently organised at District level.

(C) Highways

5.5.5 The Metropolitan County Council is the highway authority for its area. However, the law provides for three main ways of discharging that function. The first is almost total agency (excepting major highway works) in which the County Council simply gives an annual allocation to District Councils to carry out highway maintenance, improvements and other functions. The second is a mixture with some Districts having agency powers and others having none. The third is where the County Council, as in West Yorkshire, carries out almost all the functions itself.

5.5.6 While District Councils are anxious to obtain highway functions, the arguments for retaining this function with the Counties are strong; and, indeed, the case can be made for strengthening the function still further. Major highway and traffic management schemes have effects beyond the immediate locality of their construction. Before 1974, people who were affected by the proposals of a neighbouring local authority had no say in the matter. This is no longer true for the planning of improvements (and traffic and transportation measures) is country-wide. The scale of the Metropolitan County enables it to attract high calibre staff, and to provide increasingly specialised technology and support services to achieve maximum economy and excellence in design.

5.5.7 However, there is a major flaw in the system. The Local Government Act 1972 gave Metropolitan District Councils the right to maintain non-classified urban roads. Where this statutory right has been claimed, it has blurred responsibility (and therefore accountability) and confused the public. In some Counties, the County Council will fill the potholes in one road while the adjacent road is patched by the District Council. This is duplication and the only solution is to place the service for an area firmly in the hands of one Authority — the County Council.

5.5.8 For the same reasons a strong case can be argued for the transfer to Metropolitan Counties from the Department of Transport of responsibility for all non-motorway trunk roads.

5.5.9 The Transport Policy and Programmes System (TPP) has achieved a large degree of success in identifying schemes, establishing priorities and allocating resources. In relation to TPPs and trunk road agencies, the Department of Transport is resourced to deal with six Metropolitan Counties. To deal with 36 Metropolitan Districts would require a significant increase in resources in both the Department and the Districts themselves.

5.6 WASTE DISPOSAL

5.6.1 Local government reorganisation probably came as a relief to many Urban Authorities so far as the disposal of waste was concerned. The availability of land-fill sites in the conurbation areas had been rapidly diminishing in the 1960's, particularly as a result of public concern over the environment and amenity. Some Authorities were forced to invest in largely untried, highly expensive incinerators (some already de-commissioned as expensive mistakes) in order to fulfil their statutory duties within their limited boundaries. In 1974, the West Midlands County Council inherited two incinerators within one mile of each other; and only six months tipping capacity in one former district, with no arrangements for the future.

5.6.2 The disposal of refuse is a major urban problem. The six conurbations generate about 6.5M tons every year. The Local Government Act 1972 recognised that its resolution required the flexibility given by large scale operation and bulk handling and hauling techniques, for which mechanical plant requirements were beyond the resources of District Authorities. In fact, it is clear that most Metropolitan Districts do not create enough refuse to be able to process it economically and dispose of it independently. Nor is it possible to rely on disposal sites within one District area.

5.6.3 Experiments in resources recovery (as instanced by Tyne and Wear's Byker and South Yorkshire's Doncaster Plants) have been pioneered by the Metropolitan Counties, with disposal of the by-products to industry. The Metropolitan Counties have also brought about a tremendous improvement in the level of operation of

waste disposal landfill sites at very modest cost. Disposal of toxic and other industrial waste is a major problem for industry. On hazardous waste, the Gregson Report advocated sub-regional organisations for disposal, suggesting that even County Councils were not large enough organisations. While this may apply to some shire Counties, with relatively small problems, the Government has not accepted such a need in respect of the Metropolitan Counties, which are able to employ the wide range of scientific staff needed to deal safely with such wastes.

5.7 LAND RECLAMATION

5.7.1 One of the great problems (some would say scandal) of urban living in this country is the existence of thousands of acres of derelict land within our conurbations. The removal of old industrial remains and tips and the reclamation of land to beneficial use requires the engagement of a wide range of skills as well as considerable resources. That much of the dereliction was concentrated in the poorer areas of the conurbations whose Authorities were least able to acquire those skills and resources led to this important function being tackled most positively by the Metropolitan County Councils.

5.7.2 Metropolitan Counties have the capability of carrying out the work of reclamation provided the resources are made available. Only Metropolitan Counties have the extensive and diverse technical resources to carry out this highly specialised work, and it is considered that the present concurrent powers of the Districts in land reclamation is another example of duplication which could disappear. The abolition of the Metropolitan County would make inevitable the creation of a further quango (as advocated by the Flowers Commission) for this function.

5.8 PLANNING

5.8.1 Metropolitan areas are large and contrasting and the County Council is required to develop planning policies to cover the main differing needs of the population. Areas of poverty and decline (especially the inner cities) are not forced to rely on their own resources to improve their lot. Strategic planning policies limiting the scope of housing and industrial development on the periphery of major conurbations to that which is necessary and unavoidable has enabled more resources to be channelled to the inner areas. Major mineral workings often straddle District boundaries and are of more than local significance, thereby requiring overall County control. Information and intelligence gathered on a county-wide basis is valued by Government, Districts, public bodies and private firms and would be more costly to produce on a fragmented basis.

5.8.2 Prior to 1974, the Government had already recognised the limitations in District Council's ability to deal with strategic planning, and Joint Planning Conferences and Committees had been set up across the country to co-ordinate structure plans which had their own schemes and priorities, conflicting demands and policies. Before reorganisation the Mersey Docks and Harbour Company had to deal with six authorities in the Port of Liverpool. Now it negotiates with just one.

5.8.3 Some development control powers have passed from County to Districts since 1974 but it was recognised that the Strategic Planning function of the County remained a necessity. The present system is now working well, particularly bearing in mind that the present Development Plan System is only as old as the present authorities, but it would be better if Metropolitan Counties had the power to "call in" strategic applications to ensure compliance with the Strucuture Plan. Experience has shown that it is often difficult for Districts to agree on strategic policies (the green belt is an example) and the overall view must be maintained.

5.9 ECONOMIC DEVELOPMENT

5.9.1 Over the past few years Metropolitan Counties have contributed significantly to the economic development and regeneration of their areas. Apart from building industrial estates and small factories, imaginative schemes to give substantial support to private, commercial and industrial development have been worked out. New Enterprise Boards, grants and loans to small businesses, innovation centres, employment premium schemes, technology links with Universities and the like, have helped to sustain the economic base of the County. A Department of Industry commissioned study confirmed that the County Council was the best agency to co-ordinate the economic regeneration of Merseyside.

Economic "blackspots" can be identified and the Government's own initiatives complemented, thus avoiding wasteful proliferation and competition which would occur if this were solely the responsibility of authorities with smaller geographical boundaries.

5.9.2 In 1976 and again in 1980 Tyne and Wear promoted local legislation to provide powers to assist industry, and new concepts (such as industrial improvement areas, guarantees and loans for plant and machinery) proved so successful that they were followed by other Authorities and subsequently by Central Government in the Inner Urban Areas Act 1978 and the Local Government (Miscellaneous Provisions) Act 1982.

5.9.3 Action at County level means that large resources can easily be directed at short notice to local areas, with quick results. District authorities do not have the resources to give the level of support needed.

5.9.4 Major partnerships between local government and the private sector are possible where the local authority is large enough to match the negotiating power and funds of large institutions. Central Station development in Manchester is an example of public money being used to guarantee and stimulate private investment.

5.10 CONSUMER PROTECTION/TRADING STANDARDS

5.10.1 In a service such as consumer protection, centralisation within a county authority brings substantial advantages of specialisation. Increasing EEC intervention in various areas of this work requires increased standardisation. Manufacturers need to deal with the minimum number of local authorities to reduce the problems created by a diversity of interpretations of the law.

5.10.2 Smaller authorities could not afford the wide range of specialised and expensive technical expertise and equipment required, or keep the necessary standard measures and the like, without considerably increasing the cost of the service overall. Large authorities maximise the use of that equipment. A suggestion to the Stodart Committee in Scotland that consumer protection should return to districts was strongly opposed by the CBI and trade and consumer organisations.

5.10.3 Certain aspects of the law enforcement element in the consumer protection service work very closely with the Police. It is more efficient and cost-effective to have both organisations working to the same geographic areas.

5.10.4 Most of the recent initiatives in the sphere of trading standards, consumer safety, textile labelling, etc., have originated from the Metropolitan Counties.

5.11 RECREATION AND THE ARTS

5.11.1 The Metropolitan Counties have been very successful in developing recreation areas of major significance. In the Greater Manchester area, river valleys penetrating right into the conurbation core are being harnessed to open space, parks and special recreation. Country parks and long distance footpaths serving wide areas have been developed. Museums, theatres, orchestras, opera companies and other cultural facilities of regional significance have been sensibly supported by county authorities since it is illogical and unfair to expect small populations to support such places and events for the benefit of many.

5.11.2 Some counties have established successful county-wide archives and archaeological services which link the history of their areas in a way which could not be done if such work was left to smaller authorities. County-wide organisations have been supported in ways impossible for individual districts to match.

5.12 OTHER SERVICES

5.12.1 The Metropolitan Counties have also made a success of administering a whole range of county-wide services which could not sensibly be looked after by any other means than with joint committees, boards or non-elected bodies. The Public Analyst's Office, Rent Officer service, Coroner's service and Probation service are good examples of services not always identified with their parent authorities, and public appreciation of what is being done is lost.

6. Change and its Consequences

6.1 POSSIBLE DIRECTIONS OF CHANGE

6.1.1 Change for change's sake would be a great disservice to taxpayers and ratepayers alike. And any advantage seen in change needs to be weighed carefully against the inevitable costs implied.

6.1.2 If functions are to be taken from the Metropolitan Counties, there would need to be a downwards or upwards shift of Government. Alternatively, some other arrangements would have to be made at the County level.

6.1.3 Most of the services (e.g. Police, Fire, Transport, Highways, Waste Disposal, Land Reclamation, Strategic Planning) only make sense if provided at least across the Metropolitan areas as a whole. The options here then would be to provide such services by some kind of regional authority or to establish a series of ad hoc arrangements within the present County area.

6.1.4 An **elected regional authority** would obviously imply consequences for those areas outside the Metropolitan Counties and is therefore unlikely to emerge in the short term. It was one of the proposals of the Redcliffe-Maud report in 1969 which was rejected by the Government of the day. On the other hand, it would in theory be possible for **Central Government** to administer services direct through their regional offices. The other option would be to establish **jointly** administered **Boards or standing committees** for the purposes of running particular services or groups of services.

6.2 TRANSFER TO CENTRAL GOVERNMENT

6.2.1 Any services transferred to Central Government would involve a substantial loss to local democratic determination and would be directly contrary to the Government's often-stated aim to devolve power and responsibility. It would involve a significant change in the role of Government, make the services very remote, and lead to an unacceptable degree of centralised power and direction — a

trend which needs to be strongly resisted in a society which already has strong forces making centralised control more possible (e.g. computing and micro-technology). Indeed, concern is already being expressed that the present central/local relationship does not allow effective democratic control, and attention needs to be given to the widening gap in the relative prosperity of the various regions of the country.

6.3 JOINT BOARDS/COMMITTEES

6.3.1 Any Joint Board arrangement for services would bring an inevitable dilution of local democratic control. Four of the six Metropolitan Counties have already had two changes of political control since 1974. At present the controlling group on the County Council has won an election based on a manifesto and has a mandate for its policies in respect of the major functions of the Authority. It is accountable at the ballot box at the next election.

6.3.2 This would not be the case with a Joint Committee. Appointees or representatives would not be directly elected with a particular mandate. Political control would be reduced; accountability would be remote. Past experience has shown that it is impossible to eliminate parochial attitudes when resources are required or are being allocated and clear policy direction would be weakened. Joint Committees would not have to weigh the competing claims of different services one against the other as is the case at present.

6.3.3 There would be no savings in the administration of such boards as they would need to be serviced with the ability to implement decisions. Indeed, it is only too likely that each board would set up separate and costly administrative hierarchies. The following gives some interesting statistics on what has happened in the period 1974-1980 for consumer expenditure:—

	% Increase
Telephone and Telegraph	226
Electricity	211
Gas	203
Household disposable income	190
Water	170
Retail Price Index	140
Metropolitan Counties Precept (Average)	124

6.3.4 More Joint Committees would cause more confusion in the minds of the public. Unlike a local authority, a Joint Committee involves a diffusion of responsibility towards disparate parent authorities and makes understanding and control difficult. Several precepting authorities would take the place of one.

6.4 CONSEQUENCES OF CHANGE

6.4.1 The Metropolitan Counties are at present able to provide a range of services in a co-ordinated way in pursuit of a comprehensive and consistent series of aims. They are also able to provide those services over a wide geographical area to uniform standards. An equitable distribution of resources, policies and programmes can be achieved . This would be lost, or at least would be very difficult to achieve, if changes in the local government system were to go so far as to abolish the Metropolitan Counties, or even markedly reduce their powers and responsibilities.

6.4.2 No District could conceivably plan its transportation system in isolation. Dozens of small scale disconnected schemes would be put forward for government consideration, to be considered either ad hoc, or the responsibility for developing the strategic approach transferred to Whitehall or the Government's regional office. In planning terms, each District would be regarding its housing and employment potential in isolation.

6.4.3 The Metropolitan Counties are large units and constitute an important counter-balance to Central Government power. In a speech in September 1982 Mr. Michael Heseltine, Secretary of State for the Environment, said that local government was like capitalism — a means of preventing undue concentrations of powers in society; the health of the constitution depended on local government's freedom. Because of their substantial resources and potential negotiating power, the Metropolitan Counties are able to act as an important lobby for improved attitudes and greater resources from Central Government. They are also able to sustain important lobbies to European Government, pressing the needs of the larger British conurbations. If the Metropolitan Counties were significantly reduced, or abolished, the net result would be a reduction in the influence of local government in both national and local affairs, and a reduction in the lobbying powers of those areas — the Metropolitan Counties — which have the most severe social and economic problems.

6.5 THE COST OF CHANGE

6.5.1 It is impossible to predict accurately the cost of abolishing Metropolitan County Councils. No-one tried to predict the cost of Local Government reorganisation in 1974, and no-one has attempted to count the cost of that reorganisation since the event.

6.5.2 However, no-one would deny that there would be a cost, as well as disruption to services. First, it is not possible to eliminate the vast majority of Metropolitan County staff. Policemen, firemen, roadmen and others providing a direct service

to the public will continue to be needed. Staff moved to different places of work would get disturbance payments. There would be a need for buildings in different locations, with redundant buildings being left behind. Specialist equipment would be duplicated and administrative hierarchies set up for each service, in whichever direction it went.

6.5.3 A detailed study has been carried out of the potential direct cost of transferring the services of one Metropolitan County — West Yorkshire — and this is set out as Appendix B to this paper. It concludes that the annual costs of abolition in West Yorkshire would be £8.1 million and other associated costs would be between £19.9 and £29.3 million. If these figures were transposed to cover all six Metropolitan Counties, using population as a multiplier, the whole exercise would give a recurring annual burden of £45 million and other costs ranging between £110 million and £165 million.

6.5.4 The study also showed that some reduction could possibly be achieved in central services and joint functions staff, i.e. financial, legal, computing and other adminstrative staff; planning and recreation staff. However, it was also found that this would be more than offset by increased staff numbers in operational services to perform functions currently carried out centrally.

6.5.5 The six Metropolitan Counties employ around 5,600 staff in central services and joint functions. It would not be feasible to entirely dispense with their services as some are engaged in activities such as Superannuation Fund administration, which could not be readily absorbed by existing district council staff. Other central services staff — e.g. legal and finance — would be needed for the function they serve.

6.5.6 The ripple effects of abolition would permeate into the many different sections of society and there would be an indirect cost to these sections as established procedures and working arrangements were disrupted. This disruption would affect different economic sectors in many ways but would certainly direct resources away from their main purpose.

6.5.7 The largest part of this cost would fall on industry and commerce, principally in the depressed Northern Regions, and could have drastic consequences for marginal business. It is also ironic that an attempt to save money by abolishing Metropolitan County Councils would result not only in increased running costs but could also reduce the country's productive capacity.

7. CONCLUSION

7.1 This paper shows why it is important to retain Metropolitan Counties for financial and constitutional reasons and for the efficiency of public services to the community.

The paper also concludes that if any local government reorganisation is to be carried out, it must be done as a whole and not as a piecemeal tinkering operation. If at some time in the future a major reorganisation is to be instituted, serious consideration should be given to devolution to local government of services now run by central government and non-elected public bodies, e.g. water and sewerage, the health services, and local administration of a number of other government services.

Consideration would also have to be given at that time as to whether education and social services are currently administered by the right level of local government.

7.2 This paper has demonstrated some of the ways in which Metropolitan Counties have proved effective organs of government. It has shown that they cannot be simply abolished and their powers given to Districts. Any ill-considered scheme would result in the establishment of numerous non-accountable quango-type bodies (which are already unpopular) with power to issue precepts.

7.3 The most appropriate conclusion is a quotation from the White Paper (Cmnd 4276) February, 1970:

"In view of the time, effort and disturbance which such change involves, the new structure must be designed to last in its essentials for many decades".

'STODART' COMMITTEE — SELECTED EXTRACTS

Appointed By: Secretary of State for Scotland December 1979

Terms of Reference

"(i) to review the working relationships among the new authorities since May 1975;

(ii) to recommend whether any transfer or rationalisation of functions between them is desirable and consistent with fully maintaining the viability of existing authorities; and

(iii) to report by December 1980".

Main Conclusions Drawn from the Terms of Reference:

"a Given the need to maintain the viability of the existing authorities, it was clear that the broad framework of the present structure of local government must remain. It therefore followed that we could not think in terms of any major reorganisation.

b We did decide, however, that it was competent for us to consider the aspirations of several district councils to become all — or most-purpose authorities, provided we kept the viability factor firmly in mind Conversely — and perhaps anomalously — we could not consider unitary status for regional councils, as this was bound to result in the destruction of their constitutent districts. Similarly, we took the view that it would go beyond the intentions of our remit for us to think of establishing any entirely new authorities. Thus we felt unable to examine the representations which we received, urging that Rutherglen and Gambuslary should be given district council status.

c There was scope in particular for close examination of the functions which were discharged concurrently by regional and district councils, to see whether rationalisation was either necessary or desirable. Likewise it was appropriate for us to consider the transfer of individual functions from one tier to another.

The relatively short period allowed to us for making our report meant that we had to set a strict timetable for the submission and consideration of evidence. It meant also that it was virtually impossible to commission any independent research in real depth on issues where further information could have been very valuable."

Summary of Conclusions and Recommendations.

"*All — or most — purpose authorities*

(1) A system of all — or most-purpose authorities would involve a major change in the structure of local government. If such a change is thought worthy of

Table 1

THE CHARACTERISTICS OF METROPOLITAN COUNTIES COMPARED TO ENGLAND AND THE SHIRE COUNTIES

	1	2	3	4	5	6	7	8
	Population Present on Census Night 5/4/81	Population Expressed as Percentage of Total Population in England 5/1/81	Population Change 1971-81 expressed as a percentage	Average Gross Weekly Earnings of Full-time Man April 1981	Professionals, Employers and Managers expressed as a Percentage of all Economically active Persons 1977-79	Unemployment Rate Expressed as Percentage July 1981	No. of Households without Car or Van, expressed as Percentage of all Households 1977-79	No. of Households Lacking at least one Basic Amenity Expressed as Percentage of all Households 1977-79
Tyne and Wear	1,143,245	2.5	-5.65	131.8	10.7	15.7	59.4	4.7
Merseyside	1,513,070	3.3	-8.66	137.4	11.6	17.9	52.7	7.4
Greater Manchester	2,594,778	5.6	-4.92	136.6	13.1	13.4	50.2	6.9
West Yorkshire	2,037,510	4.4	-1.46	132.0	13.2	12.1	51.1	4.7
South Yorkshire	1,301,813	2.8	-1.57	139.3	10.7	13.7	52.6	6.0
West Midlands	2,644,634	5.7	-5.32	133.8	11.7	15.2	46.7	6.6
England	46,220,955	—	0.44	141.0	15.5	11.2	42.4	5.8
All Shire Counties	—	—	—	—	16.5	—	35.4	4.5

Sources 1-4 Central Statistical Office, Regional Trend, H.M.S.O. 1982

Sources 5, 7, 8 Department of the Environment, National Dwelling and Housing Survey, H.M.S.O. 1980

Source 6 Central Statistical Office, Regional Trend, H.M.S.O. 1982 and Employment by Region, Employment Gazette

consideration by the Government, it should be examined specifically on a country-wide basis (paragraph 21).

(2) To establish the four city districts — Aberdeen, Dundee, Edinburgh and Glasgow — as most-purpose authorities within the present structure would undermine the corporate identity of the encompassing regions and run counter to the concept of the two-tier system (paragraph 27).

Planning and associated functions

(4) The existing distribution of planning functions at the strategic and the local level should remain (paragraph 49).

(10) Regional and district planning authorities should agree procedures for consultation about categories of planning applications (paragraph 58).

Infrastructural services and associated functions

(13) Responsibility for highway functions should remain with regional councils (paragraph 65).

(18) Regional councils should provide and manage public car parks (paragraph 70).

(20) The traffic management content of local plans should be approved by regional councils (paragraph 72).

(21) Regional councils should be responsible for clearing snow from roads and for gritting, but district councils should regard it as an obligation to give positive assistance.

(31) Regional councils should have powers to assist industry, but they should be required to establish industrial development committees on which district councils could, if they wish, be represented (paragraph 116).

Environmental services

(47) Consumer protection should stay with regional councils (paragraph 172).

(52) Public Lighting should become the responsibility of regional councils alone. Developers should have to install lighting in new housing schemes (paragraphs 182 and 183).

Transport

(58) Local government responsibility for public transport services including aerodromes, ferries and harbours and providing and maintaining bus shelters should lie with regional councils (paragraphs 205, 207, 208 and 212).

Protective services

(60) Local government responsibility for the police and fire service should remain with regional councils (paragraphs 215 and 217).

APPENDIX B

THE FINANCIAL CONSEQUENCES OF REORGANISATION

1. In order to assess the costs of reorganisation the approach adopted has been to examine in detail the effects upon West Yorkshire Metropolitan County Council. The costs would involve:

   (a) staffing costs associated with severance schemes, recruitment, training and disturbance;

   (b) accommodation costs for staff in the new locations;

   (c) specific operational costs.

   The price base used in the calculations has been 1982/83 outturn prices.

2. The various costs of reorganisation are summarised below.

	Annual Costs £m	Other Associated Costs £m
Staff Costs		
Severance		12.3-21.5
Disturbance		5.1
Net Additional permanent staff	3.3	
Additional staff recruitment expenses		0.3- 0.5
Temporary staff and overtime		1.2
Land and Buildings Costs		
Additional Accommodation	1.1	
Disposals		2.0 CR
Operational Costs		
Additional Waste Disposal Facilities	2.1	
Computer	1.6	3.0
	8.1	19.9-29.3

A detailed report showing the make-up of these figures is available on request from the Director of Finance, County Hall, Wakefield, West Yorkshire WF1 2QN.

Published on behalf of the Metropolitan Counties of Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire by West Yorkshire Metropolitan County Council, County Hall, Wakefield, WF1 2QW.

KT

CONFIDENTIAL

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My ref: J/PSO/14380/83

Your ref:

30 August 1983

Dear Tim,

Thank you for your letter of 10 August, enclosing a copy of Mr Geoffrey Finsberg's letter of 7 August to the Prime Minister.

You will know, from Mr Jenkin's minute of 5 August to the Prime Minister, of the background to Mr Finsberg's references to the Association of London Authorities. For convenience I attach a further copy. Copies of the Answers to the series of Questions Mr Finsberg asked Departmental Ministers on 29 July, and of his exchange with the Prime Minister herself on 14 July, are also attached for reference purpose.

Mr Finsberg is well aware of Ministers' difficulties over this question: he had a meeting with Lord Bellwin on 27 July at which the Minister briefed him fully on the background, and the series of holding replies he received to his question about the ALA's request for consultation cannot have been a surprise.

The request is, of course, still under consideration while Ministers discuss what should be done.

I attach a draft reply for the Prime Minister.

Yours sincerely

Helen Ghosh

MRS H F GHOSH
Private Secretary

Timothy Flesher Esq

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO MR GEOFFREY FINSBERG MP

Thank you for your letter of 7 August and for your kind wishes.

Patrick Jenkin has sent me a full note on the matter of recognition of the Association of London Authorities: the position is not without problems which I understand you have discussed with Irwin Bellwin. As he has doubtless told you, we share your distaste for this body but in deciding how to treat their request for recognition, we cannot ignore the statutory obligations resting on Ministers.

Prime Minister

ASSOCIATION OF LONDON AUTHORITIES

You are aware of the move to set up a new "Association of London Authorities", composed of Labour boroughs, together with the GLC and ILEA. You answered a supplementary question from Geoffrey Finsberg about this on 14 July.

We have been watching developments closely over recent months. Irwin Bellwin has been in touch with Peter Bowness, who has been working to try to keep the Labour boroughs in the LBA. We have also taken steps to ensure that all Departments who might be approached by the new Association should take the same line.

The ALA was formally established on 5 July, and we now have to take a view on how Departments should handle their relations with the new body. I have received a letter from the Association - and no doubt so have other colleagues - which asks that they should be consulted in the same way as the LBA, and should participate in meetings of the Consultative Council and similar bodies.

This is clearly a very unwelcome development. However, our attitude to the new body has to have regard to the legislation governing our relationship with local government; and, given the political sensitivities involved, I have sought the advice of the Law Officers on the issues that are raised by the establishment of the ALA.

I have now received the views of the Law Officers. Briefly they consider:

(a) that there is no basis for challenging the legality of the new body; and

(b) that we would be seriously open to risk of challenge if we failed to consult the ALA on any issue where, in law, we are under an obligation to consult local government through its representative institutions.

Nevertheless, I am extremely reluctant to contemplate recognising the ALA. To do so would encourage splits in the other Associations, which could well lead to further splits reflecting for example different party factions on the left. This would be no more welcome to the great majority of people in local government (including moderate Labour members) than it would be to us.

Given that consultation must go on, and given the wider implications of the LBA/ALA split, I intend, as a first step, to have discussions with the Leaders of the three main Associations. The first aim here will be to see whether we can find any common ground on measures which would enable the Associations to hold together despite the political pressures - which will, of course, be exacerbated by our policies on rate limitation and abolition of the GLC and MCCs. If this cannot be achieved, then we should have to consider how best to manage a situation in which - as would seem inevitable if we recognised the ALA - we had separate Conservative and Labour Associations for each class of authority.

I cannot now meet the Association leaders before September. I have, however, asked my officials to consider, during August, in consultation with other Departments, the possibility of legislation. This might take the form of statutory provisions which would enable Ministers to specify in the schedule of an Act the bodies representing local government whom they will consult; existing provisions would be amended to relate to this statutory list. It might be possible to add provisions to this effect to the Rating Bill, but a separate urgent Bill might be necessary.

I would hope that legislation on these lines - if it proves to be feasible - would enable us to recognise only the existing Associations, would strengthen the hands of the moderate Labour people, and could demonstrate to our supporters that we do not intend to concede without a fight.

If we legislated and all the Associations split regardless we would in the end be compelled by natural justice to recognise both Conservative and Labour Associations on our schedule. We would however be able to leave off far left splinter groups.

If we do not legislate, we will face a situation where we will be compelled to consult the present Associations, plus the new Labour ones. This would be intolerable. Remaining Labour representatives in the present associations would muffle Conservative voices there; Labour voices elsewhere would be clear. We would probably do better in such circumstances if the Associations broke up decisively into party groups. However we should not then be able to limit in any way who we talked to as we would by means of an Act with a schedule of approved bodies.

There is of course one other option which I include for completeness: we could end the statutory requirement that we consult. I doubt if Parliament would allow us to do so.

It will be necessary in the short term to give an answer to ALA's request for recognition. Given the advice we have received, I see no alternative, pending amending legislation, to recognising them. This unwelcome course would however be more palatable to our friends in local government if, at the same time, we were able to announce an intention to legislate.

In the interim period before an announcement in September, if the results of the interdepartmental consultation are positive, it will be necessary to hold the line that the ALA request for recognition is being considered. It is important that ad hoc recognition is not afforded in this interval and I would be grateful if colleagues could let me know whether they foresee difficulties through imminent statutory consultation requirements.

All this is, of course, the first taste of the confrontation we shall face with local authorities over the next few years.

I am copying this to other members of the Cabinet, to Michael Havers and to Sir Robert Armstrong.

Helen Ghosh

PJ

(Approved by the Secretary of State and signed in his absence)

5 August 1983

Mr Head ACA file

Written Answers to Questions

Friday 29 July 1983

EDUCATION AND SCIENCE

Ethnic Languages

Mr. Deakins asked the Secretary of State for Education and Science what funds are available from his Department for the teaching of ethnic mother tongue languages.

Mr. Dunn: None, directly. Some specific financial support for such teaching is, however, provided both by the Home Office under section 11 of the Local Government Act 1966 and by the Department of the Environment under the urban programme.

Postgraduate Students

Mr. Deakins asked the Secretary of State for Education and Science what was the average direct cost to public funds of each student aged 22, 23 and 24 years studying full-time for postgraduate qualifications in the latest year for which figures are available; and what was the comparable figure spent on other forms of education for these age groups.

Mr. Brooke: The information requested is not available, because expenditure by universities and other institutions on provision for postgraduate students is not separately identifiable, and is likely to vary widely according to the qualifications and subject concerned.

Polytechnics

Mr. Murphy asked the Secretary of State for Education and Science what consideration he is giving to the extension of corporate status to polytechnics outside the Inner London education authority.

Mr. Brooke: My right hon. Friend is currently considering how higher education establishments might best be encouraged to develop links with local industry and in general be more responsive to the needs of the country. An important aspect of this is enabling those institutions without corporate status legally to engage in appropriate commercial activity; various ways in which this might be achieved are under consideration.

School Closures (Liverpool)

Mr. Parry asked the Secretary of State for Education and Science if he will make a statement on the proposed closures of the Harrington county primary and the Harrison Jones county primary schools in Liverpool.

Mr. Dunn: Liverpool education authority's original proposals to cease to maintain these schools were approved on 6 November 1981. On 17 September 1982 the authority published further proposals the effect of which remained the closure of the two schools, but deferred implementation until August 1983. Under the second set of proposals their pupils would be able to transfer, not as originally planned to a new school in St. James road but to the retained Pleasant street school.

On 21 July 1983 my right hon. Friend approved these proposals with the modification, after consultation with the authority in accordance with section 12(6) of the Education Act 1980, that the retained school would only occupy the Pleasant street building on a strictly temporary basis until the authority provided more suitable, permanent premises.

In making this decision my right hon. Friend considered the authority's request formally communicated to the Department in a letter dated 13 July 1983 to defer the implementation of the proposals until September 1984. However, having regard to all the circumstances, including the fact that the authority had placed itself in breach of section 12(9) of the Education Act as regards the implementation of its original proposals, my right hon. Friend concluded that his modified approval of the September 1982 proposals was in the best interests of the pupils and others directly concerned, notwithstanding the proximity of the end of term.

Mr. Parry asked the Secretary of State for Education and Science if he will meet a deputation of parents to discuss the proposed closures of the Harrington county primary and the Harrison Jones county primary schools in Liverpool.

Mr. Dunn: A meeting has been arranged for 3 August.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Education and Science whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Dunn: The Department has received a request from the Association of London Authorities for consultation on appropriate matters. This request and the legal issues raised are under consideration.

Northern Region

Mr. Campbell-Savours asked the Secretary of State for Education and Science whether he will have discussions with education authorities in the northern region on education budgets.

Sir Keith Joseph: I have had several recent meetings with representatives of local education authorities, including those from authorities in the north of England, about various aspects of educational expenditure and would expect to have further meetings in the autumn.

Extra-mural Departments

Mr. Hardy asked the Secretary of State for Education and Science if he proposes to withdraw responsible body status from the extra-mural departments of universities or to effect any change in regard to the non-vocational adult education provision made by such departments.

Mr. Brooke: My right hon. Friend has no plans at present to discontinue direct grants for adult liberal education to the extra-mural departments of universities. Such grants are, however, reviewed regularly as part of the Government's continuing policy of ensuring the best use of resources available.

of the ABRC's procedures for formulating advice to my right hon. Friend on the distribution of the science budget, and, more widely, on his responsibilities for civil science with particular reference to the research council system.

Law Students

Mr. Key asked the Secretary of State for Education and Science what information he has as to the number of post-graduate students reading for the final examinations of the Law Society and the Bar who receive awards from local authorities; what proportion this represents of the total number of such students; and if he will take steps to make such awards mandatory for all United Kingdom students.

Mr. Brooke: This year over 6,000 students have taken or are proposing to take the final examinations of the Law Society and the Bar. The extent to which such students are supported by local authority awards is not known. To extend mandatory support to advanced professional and vocational courses in law would represent a commitment to public expenditure which could not be afforded at the present time.

Student Grants

Mr. Cormack asked the Secretary of State for Education and Science when he expects to announce full details of the rates and conditions of student grants for the academic year 1983-84.

Mr. Brooke: The main rates of mandatory grant and the parental contribution scale for the academic year 1983-84 were announced on 12 May 1983. Details of the remaining supplementary rates of grant were issued a week ago.

Special Schools

Mr. Key asked the Secretary of State for Education and Science what plans he has to secure the representation of parents and teachers on the governing bodies of special schools in accordance with the Education Act 1980.

Sir Keith Joseph: My right hon. Friend the Secretary of State for Wales and I are consulting the local authority associations, teacher associations and other interested parties on a proposal to make an order under section 2(11) of the Education Act 1980. The order would apply the provisions of section 2 and section 3(2) of the Education Act 1980 to special schools maintained by local education authorities in England and Wales, and would have two main effects:

i. the governing body of every maintained school would have to include elected parent and teacher governors, in accordance with the provisions of Act; and

ii. the LEA would be required to establish a separate governing body for each of its special schools if it had not already done so. If it wished to establish or retain a joint governing body covering more than one special school, it would have to obtain the approval of the Secretary of State.

Subject to the views of those to be consulted we propose to make the order effective from 1 April 1984.

CHURCH COMMISSIONERS

Association of London Authorities

Mr. Geoffrey Finsberg asked the hon. Member for Wokingham, (Sir W. van Straubenzee) as representing the Church Commissioners, whether the Commissioners have had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Sir William van Straubenzee: None. The commissioners respond to all inquiries whether from individuals or organisations. The nature of their response depends on the matter raised.

NORTHERN IRELAND

Housing Assistance

Sir Brandon Rhys Williams asked the Secretary of State for Northern Ireland if he will publish figures showing the number and percentage of households in Northern Ireland dependent on means-tested housing assistance distinguishing between *(a)* people below and above retirement age and *(b)* supplementary benefit claimants and the rest.

Mr. Patten: In December 1982 the latest date for which information is available, the figures were as follows:

Households on means-tested housing assistance

	Supplementary benefit claimants	*Others*	*Total*	*As a per cent. of all households*
Above retirement age	48,200	30,900	79,100	17
Below retirement age	60,700	35,700	96,400	21
Total	108,900	66,600	175,500	38

Blood Supplies

Mr. Parry asked the Secretary of State for Northern Ireland how many units of blood have been supplied to private hospitals by National Health Service hospitals in Northern Ireland since May 1979.

Mr. Patten: The information was included in my reply of 27 July 1983.

Mr. Parry asked the Secretary of State for Northern Ireland if a blood group and antibody screen is carried out by the blood transfusion service before blood is supplied to National Health Service and other hospitals in Northern Ireland.

Mr. Patten: Yes.

contacting and following up those who may have had earlier contact with recently discovered asbestos use are adequate; and if he will make a statement.

Mr. Gummer: There are no central arrangements for making such contacts where it has become known that people may previously have come into contact with recently discovered asbestos during their work and I am doubtful that practicable arrangements could be introduced on a general basis.

Youth Training Scheme

Mr. Boyes asked the Secretary of State for Employment how many people are currently employed on the youth training scheme, divided by sex and age.

Mr. Peter Morrison: I am afraid the information is not available in the precise form requested. Young people can enter the youth training scheme either as trainees or as employees, but no information is available centrally on the employment status of entrants. The following table provides details of those young people who entered the youth training scheme in the three months ending June 1983, either as trainees or employees.

Age on leaving education	*Male*	*Female*	*Total*
16	12,350	8,400	20,750
17-18	475	350	825
Unknown*	75	50	125
Total	12,900	8,800	21,700

* The school leaving age of those entrants entitled to less than one year's training on the scheme is not held centrally.

Manpower Services Commission

Mr. Boyes asked the Secretary of State for Employment what is the total budget for the Manpower Services Commission for the current year; how much money is received from the European social fund specifically to fund projects paid for out of the Manpower Services Commission budget in the current year; and what percentage of European social fund monies allocated to the United Kingdom the Manpower Services Commission has received for each year from 1975 to 1983.

Mr. Peter Morrison: The total provision for grant-in-aid to the Manpower Services Commission for 1983-84 is £1.447 million. Allocations from the European social fund are made on a calendar year basis. The European Commission will not announce its decisions on the bulk of applications for support from the social fund in respect of current Manpower Services Commission programmes until later in the year.

The percentage of the total social fund allocation to the United Kingdom allocated in respect of Manpower Services Commission programmes in each of the years 1976 to 1982 was as follows:

	Per cent.
1976	58·0
1977	77·3
1978	73·9
1979	63·3
1980	65·7
1981	68·2
1982	65·3

Figures for 1975 are not readily available in the form requested.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Employment whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Alan Clark: I am not aware of any approaches from this body. I shall consider the position in the light of legal advice if any approaches are made.

Victoria Settlement, Liverpool

Mr. Parry asked the Secretary of State for Employment (1) what representations have been made against the proposed closure of the Manpower Services Commission funded youth training scheme at Victoria settlement, Liverpool; and if he will make a statement;

(2) how many staff and trainees will lose their jobs if the Liverpool Victoria settlement youth training scheme is closed.

Mr. Peter Morrison: Representations were made by one trade union and one member of the public against the proposed closure of the Liverpool Victoria settlement youth opportunities programme scheme. The youth opportunities programme is being replaced by the new youth training scheme this year. The Liverpool Victoria settlement has not put forward a proposal which meets the criteria laid down for the new scheme. 52 staff are under notice of redundancy and the Manpower Services Commission is arranging for approximately 12 trainees likely to be affected by the closure to receive the balance of their programme on other schemes.

Youth Training Scheme (Liverpool)

Mr. Parry asked the Secretary of State for Employment if he is satisfied with the operation of the youth training scheme in Liverpool; and if he will make a statement.

Mr. Peter Morrison: Yes. I am satisfied with the operation of the Youth training scheme in Liverpool.

Youth Training Scheme (Health and Safety)

Mr. Corbett asked the Secretary of State for Employment what precise responsibilities are laid upon managing agents contracted with the Manpower Services Commission to provide mode A places under the youth training scheme to ensure compliance with health and safety at work requirements.

Mr. Peter Morrison: Precise statutory responsibilities of managing agents, as of all providers of training under the youth training scheme, are set out in the Health and Safety at Work Act and its relevant statutory provisions.

Managing agents are also bound by their contracts with the Manpower Services Commission to take whatever steps are necessary to secure the health, safety and welfare of all young persons participating in the programme to the same extent and in the same manner as an employer is required to do in relation to his employees under the relevant legislation.

other public bodies, for which he is responsible, which have a member appointed to them to represent disabled people or who have members who are themselves disabled, and, separately, those which do not; and if he will list the names of those so appointed to bodies in the first category.

Mr. Alan Clark: The advisory committee and public bodies for which this Department is responsible are listed in "Public Bodies 1982" which is available in the Library. In many cases details of their membership are not held centrally. The full information requested, where available, could only be provided at disproportionate cost. If the right hon. Member has a query about a particular body, I would be glad to write to him.

Equal Pay

Mr. Greville Janner asked the Secretary of State for Employment if he has any plans to amend section 2A(1)*(a)* of the Equal Pay Act 1970 (as inserted by article 3(1) of the Equal Pay (Amendment) Regulations 1983); and if he will make a statement.

Mr. Alan Clark: I have no plans to amend section 2A(1)*(a)*. I have already written to the hon. and learned Member on this matter.

Construction Industry Training Board

Mr. McQuarrie asked the Secretary of State for Employment (1) how many redundant apprentices and award holders will become unemployed due to the decision of the Manpower Services Commission not to re-imburse the construction industry's training board's management costs; and what is the value of the sum involved.

(2) why the Manpower Services Commission refused to re-imburse the construction industry training board's management costs for the special training programme.

Mr. Peter Morrison: I shall write to my hon. Friend.

Job Release

Mr. Colvin asked the Secretary of State for Employment how many people have taken advantage of job release schemes during the last 12 months; and what was the net cost involved.

Mr. Alan Clark: I shall write to my hon. Friend.

Lambeth

Mr. Stuart Holland asked the Secretary of State for Employment what are the number of registrable accidents recorded for the area covered by the London borough of Lambeth for people on youth training schemes and youth opportunities programme schemes from 1st July 1982 to 1st July 1983.

Mr. Peter Morrison: I shall write to the hon. Member.

Mr. Stuart Holland asked the Secretary of State for Employment what is the rate of infringement, by industry, among wages council employers for the area covered by the London borough of Lambeth over the last year.

Mr. Gummer: I shall write to the hon. Member.

Youth Training Scheme (Leicester)

Mr. Farr asked the Secretary of State for Employment what is the total number of places which it is planned to provide for the city and county of Leicester in the youth training scheme; and if he will give an analysis for each employment office area.

Mr. Peter Morrison [*pursuant to his reply*, 28 July 1983]: About 3,625 places are planned under the youth training scheme in 1983-84 in Leicester (including Market Harborough and Wigston) and about 2,125 places in the rest of Leicestershire. An analysis of these places by employment office area is not available.

ATTORNEY-GENERAL

Association of London Authorities

Mr. Geoffrey Finsberg asked the Attorney-General whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

The Solicitor-General: The Law Officers Department has not had any contact with the Association of London Authorities, and I have no reason to foresee any contact.

County Courts

Mr. Field asked the Attorney-General whether the Lord Chancellor is satisfied with the current efficiency of the county court system; what assessment has been made of the length of the backlog before the courts; in which areas the delay is most substantial; and how this is likely to be affected by the reduction of over 300 posts in the bailiff service.

The Solicitor-General: The Lord Chancellor is satisfied that the county courts are functioning as efficiently as can be expected in view of the constraints to which they are subject. However, there are delays in respect of certain areas of the county courts' work; they vary throughout the country. The area of business in which delays have generally increased and where they are considered most serious is the clerical function of issuing process for the initiation of proceedings and for enforcement.

By reducing the number of bailiffs, the Lord Chancellor will be able, while remaining within his Department's staffing limit, to increase the number of staff carrying out these functions, thus helping to stem further delays and keep pace with the increasing volume of cases.

Crown Court

Mr. Field asked the Attorney-General whether the Lord Chancellor is satisfied that the morale of staff in the Crown court service is not being adversely affected by the heavy increase in civil and criminal cases and the substantial backlog of taxation and payments to the legal profession.

The Solicitor-General: I understand that the morale of staff in the Crown court is generally excellent. The staff have displayed great dedication in dealing with the increased caseload, and, in the first five months of 1983,

the number of cases disposed of exceeded the number received by 6 per cent. Apart from the general effect of the volume of work, I am not aware of any evidence that any delay in payments to the legal profession has had any specific effect on the morale of Court staff.

Northern Ireland (Security Forces)

Mr. McNamara asked the Attorney-General on how many occasions, involving what charges, cases have been referred to the Director of Public Prosecutions involving the security forces in Northern Ireland, including the Royal Ulster Constabulary and its reserves; and what has been the result of the Director of Public Prosecution's decisions in each case.

The Solicitor-General: I am obtaining the information requested and will be writing to the hon. Gentleman as soon as possible.

Legal Aid

Mr. Best asked the Attorney-General whether Her Majesty's Government intend to introduce another payments on account scheme to ensure that barristers and solicitors undertaking civil legal aid work receive some payment on account for work already done.

The Solicitor-General: Since my right hon. Friend the former Solicitor-General announced a scheme for 1982-83, full and constructive discussions have been taking place between officials of the Lord Chancellor's Department and representatives of the profession on ways or improving control of the cost of civil legal aid and about arrangements for payments on account. In the light of these discussions a number of useful measures to improve control of costs will progressively be brought into operation and discussions will continue.

In view of the progress that has been made the Government has decided that there should be a further scheme for payments on account which will operate for the present financial year only. The details are now being settled in discussion with the profession.

Child Witnesses

Mr. Ashton asked the Attorney-General whether he will introduce legislation to provide that children in indecent assault or other sex cases do not have to give evidence in open court when called on as witnesses and that their testimony is ascertained by the judge and counsel and reported in writing to the jury.

Mr. Mellor: I have been asked to reply.
I will write to the hon. Member.

FOREIGN AND COMMONWEALTH AFFAIRS

Select Committee

Mr. George asked the Secretary of State for Foreign and Commonwealth Affairs if he will estimate the number of man hours or days which have been expended within his Department on work related to the Foreign Affairs Select Committee and its sub-committee.

Mr. Whitney: Precise information is not available and could only be produced at disproportionate cost. However, in addition to the equivalent of 1·6 staff engaged full-time in this work it is believed that in 1983, possibly a further 90 devoted some of their time to servicing the Committee.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Foreign and Commonwealth Affairs whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Whitney: We are not aware of any approaches from the Association of London Authorities. We will consider any such approach if and when it arises.

Immigration

Mr. Meadowcroft asked the Secretary of State for Foreign and Commonwealth Affairs, further to the answers given on 21 July, *Official Report*, c. *194*, and 25 July, *Official Report*, c. *338*, what proportion of those applying to enter the United Kingdom as the fiancé or husband of a British citizen is issued with entry clearance immediately following interview.

Mr. Whitney: The information requested is not readily available. I will write to the hon. Member.

Budget Contributions

Sir Patrick Wall asked the Secretary of State for Foreign and Commonwealth Affairs what was the total British contribution to the budgets of the Council of Europe, the Western European Union and the North Atlantic Assembly, respectively, for each of the last five years.

Mr. Whitney: Payments to the Council of Europe secretariat, Western European Union secretariat and Assembly and the North Atlantic Assembly in respect of the United Kingdom share of their budgets have been as follows:

	North Atlantic Assembly £	*Western European Union* £	*Council of Europe* £
1982-83	126,602	846,887	4,706,678
1981-82	116,408	817,109	4,138,384
1980-81	107,660	749,738	4,139,929
1979-80	112,512	730,546	4,036,238
1978-79	116,392	667,169	3,966,756

Arms Sales

Mr. Wrigglesworth asked the Secretary of State for Foreign and Commonwealth Affairs which countries in the last five years have not been allowed to purchase *(a)* arms and *(b)* paramilitary equipment from the United Kingdom because the Government have not granted an export licence in view of the relevant country's record on human rights and internal repression.

Mr. Luce: It is not our policy to name countries for which arms export licence applications have been turned down. I can assure the hon. Gentleman, however, that the human rights and internal suppression record of the country concerned is among the factors taken fully into account when each application is being considered.

their war disablement. I do not consider that we should be justified in diverting funds from other areas of health care to assist other patients with their travel costs regardless of need.

Mr. Carter-Jones asked the Secretary of State for Social Services what steps have been taken to enable on-the-spot adjustments to be made to artificial limbs to reduce the number of times amputees must attend limb fitting centres.

Mr. Newton: Each firm providing a service at a limb fitting centre has facilities there for making minor adjustments to its products.

Mr. Carter-Jones asked the Secretary of State for Social Services who decides which contractor's prosthetist a patient will see at those limbs fitting centres served by more than one manufacturer of lower artifical limbs; and what are the criteria governing such decisions.

Mr. Newton: Prescribing medical officers refer patients to the contractor who in their judgement can best meet their prosthetic needs, having regard to such factors as the type of limb required and the likely delivery time.

Prosthetic Supplies (Imports)

Mr. Carter-Jones asked the Secretary of State for Social Services (1) if prosthesis or prosthetic components manufactured by the West German company Otto Bock have ever been provided through the articial limb service in England;

(2) in the event of prescription of prosthesis and prosthetic components manufactured overseas, if the prostheses or component is usually fitted by prosthetists of the overses supplier or by those of a British constructor;

(3) when the last prosthesis or prosthetic component manufactured overseas was supplied by the limb fitting centre at Roehampton; what is was; and who was the employer of the prosthetist who fitted it.

Mr. Newton: Prostheses and prosthetic components made overseas are always fitted by British contractors. Otto Bock products have been provided to a small proportion of patients. The information requested about overseas products recently supplied at Roehampton is not readily available.

Artificial Limb Service

Mr. Carter-Jones asked the Secretary of State for Social Services how many of the 36 medical officers in the English artificial limb service: (i) are practising orthopaedic surgeons and (ii) have ever practised as orthopaedic surgeons in the past.

Mr. Newton: I will write to the hon. Member as soon as possible.

Health Authorities (Funding)

Mr. Higgins asked the Secretary of State for Social Services if he will list the district health authorities that on the basis of the resource allocation working party's formula are less than 18 per cent. underfunded.

Mr. Kenneth Clarke: Allocations to district health authorities are the responsibility of the regional health authorities. The information requested is not routinely collected centrally because regions adopt different methods of calculating targets, and meaningful comparisons between districts in differing regions are not possible.

Bronchitis and Emphysema

Mr. Skinner asked the Secretary of State for Social Services if he will list the nations in Western Europe which classify bronchitis and emphysema as industrial diseases.

Mr. Newton: I am not aware of any nations in Western Europe which classify bronchitis and emphysema as industrial diseases. I understand, however, that some countries, for example, Denmark, may make awards for bronchitis on the basis of individual proof.

Mr. Skinner asked the Secretary of State for Social Services if he will now introduce legislation classfying bronchitis and emphysema as industrial diseases ; and if he will make a statement.

Mr. Newton: Before a condition can be added to the schedule of prescribed industrial diseases it must be accepted as a risk of occupation and not a risk shared by everyone. It must also be possible for the occupational link to be demonstrated or presumed with reasonable certainty in individual cases. The industrial injuries advisory council's advice is that chronic bronchitis and emphysema have not yet been shown to meet these requirements. The council is keeping the evidence under review.

Local Office Staffs

Mr. Park asked the Secretary of State for Social Services if managers of local offices of his Department will be allowed to supplement their staff to cater for the additional work involved in the uprating of benefit.

Mr. Newton: As in past years, local office managers are authorised, subject to keeping within their allocation under these heads, to employ casual staff and use overtime working if it becomes necessary during the uprating.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Social Services whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. John Patten: The association's approach to this Department has been a circular letter sent earlier this month to Ministers and others about the founding of the association. The Department of the Environment acknowledged this approach for the Government as a whole, and no reply went from this Department. We will consider any further approach if and when it arises.

Housing Assistance

Sir Brandon Rhys Williams asked the Secretary of State for Social Services if he will publish figures showing the number and percentage of households in Great Britain dependent on means-tested housing assistance, distinguishing between *(a)* people below and above retirement age and *(b)* supplementary benefit claimants and the rest.

Dr. Boyson: The information requested is set out in the following table, using the latest estimates of the number

Mr. Dover asked the Secretary of State for Defence what savings were made by awarding two hydrographic surveys of the United Kingdom's continental shelf waters to private sector firms in 1982.

Mr. Ian Stewart: The contracts in question were awarded in order to progress urgent surveying work which would otherwise have been delayed owing to the deployment of the Royal Navy survey ships to the South Atlantic. There was no overall saving.

Youth Training Scheme

Mr. Colvin asked the Secretary of State for Defence how many of the 2,500 places made available by his Department for the youth training scheme have been taken up.

Mr. Pattie: Under the rules of the Manpower Services Commission for the youth training scheme, discussions with the unions must take place before a scheme can be introduced. Talks are in progress and I hope that actual entries will begin in the autumn. The scheme is for 2,000 places.

South Pacific (Nuclear Tests)

Mr. Skinner asked the Secretary of State for Defence whether he will transfer the National Radiological Protection Board survey into cancer deaths among service men who participated in the nuclear tests in the South Pacific during the 1950s to an independent medical body; and if he will make a statement.

Mr. Pattie: A decision on who will conduct the survey has yet to be made. The independence as well as the competence of likely bodies will be factors in reaching this decision.

Select Committee on Defence

Mr. George asked the Secretary of State for Defence how many man hours or days it is estimated have been expended within his Department on work related to the Defence Select Committee for each year since that Committee's inception.

Mr. Stanley: Apart from the two members of staff who are employed full-time on work connected with Select Committees, a large number of other staff at all levels across the Department are involved from time to time in work arising from the activities of the Defence Committee. Their degree of involvement varies according to the subject under review. An estimate of this effort in the form requested could not be made without disproportionate cost.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Defence whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Pattie: I have not received any approaches from the Association of London Authorities. I will consider any such approach if and when it arises.

RAF Cottesmore

Mr. Latham asked the Secretary of State for Defence if he will make a statement on the progress of his Departmental review into noise levels for residents living near to Royal Air Force Cottesmore; and whether he will be able to announce assistance with grants for double-glazing of windows.

Mr. Ian Stewart: As my noble Friend the Under-Secretary of State for the Armed Forces explained in his letter of 21 June 1983, a further noise survey is to be carried out to determine what levels of noise are being experienced now that RAF Cottesmore is fully operational. The survey is due to take place in the autumn of this year.

Of necessity, the results will have to be carefully evaluated and this will take some time. At this stage it is not possible to say when sufficient information will be available to enable decisions to be taken regarding the introduction of a noise insulation grant scheme at RAF Cottesmore. My hon. Friend the Minister of State for the Armed Forces will write to my hon. Friend when the results of the survey have been received and evaluated.

Falkland Islands (Housing)

Mr. Hordern asked the Secretary of State for Defence what was the rent charged by the Falkland Islands Company for a three-roomed dwelling-house in *(a)* Port Stanley, for use by Members of Her Majesty's forces and *(b)* in Goose Green.

Mr. Ian Stewart: The Ministry of Defence paid the Falkland Islands Company £60 per month each for houses in the Goose Green area. This reflected a fair market rent for the properties in question. Information on rental for property in the Port Stanley area is not readily available. My hon. Friend the Minister of State for the Armed Forces will write to my hon. Friend.

Arms Exports

Mr. Wrigglesworth asked the Secretary of State for Defence which countries in the last five years have been allowed to purchase *(a)* arms and *(b)* paramilitary equipment from the United Kingdom.

Mr. Pattie: Following is a list of 92 countries with which contracts for military equipment have been signed since 1979, and which were notified to the Ministry of Defence. As such, the list, though substantially correct, may not be comprehensive, because not all private orders, particularly those of a minor nature have to be notified to the defence sales organisation. All exports of military equipment as defined in group 1 of the Export of Goods (Control) Order are of course carefully controlled, and subject to the granting of an export licence by the Department of Trade. It is not, however, possible to provide separate information on sales of paramilitary equipment.

List of countries with which contracts for defence equipment have been signed since 1979

Abu Dhabi	Bahrain
Algeria	Bangladesh
Angola	Barbados
Argentina*	Belgium
Australia	Belize
Austria	Botswana
Bahamas	Brazil

	£
a fodder plant variety (excluding a field bean or field pea variety) or an oil or fibre plant variety	330
(c) Tests for one season for distinctness, uniformity and stability of—	
a vegetable variety	175

The levels of charges are kept under review and I am currently considering the implications of the increased demand for testing of cereal varieties.

Sugar Beet

Mr. Corbett asked the Minister of Agriculture, Fisheries and Food what estimates he has received of the likely United Kingdom sugar beet crop; and how this compares with that of each of the last three years.

Mr. MacGregor: It is too early to forecast production from the 1983 sugar beet crop, since weather conditions during the growing and harvesting period have a major effect on output. It is not, however, currently expected to exceed 1 million tonnes — white sugar equivalent. Production in the last three years was as follows:

Campaign year	*Million tonnes (white sugar equivalent)*
1980-81	1·106
1981-82	1·092
1982-83	1·420

Association of London Authorities

Mr. Geoffrey Finsberg asked the Minister of Agriculture, Fisheries and Food whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Jopling: I am not aware of any approaches from the Association of London Authorities. I will consider any such approach if and when it arises.

Salmon Conservation

Mr. Golding asked the Minister of Agriculture, Fisheries and Food whether he has yet studied the report of the National Water Council on "Salmon Conservation —a New Approach"; what is his response; and whether he will make a statement.

Mr. MacGregor: I refer the hon. Member to the replies that I gave to my hon. Friend the Member for Wealden (Sir G. Johnson Smith) on 21 July—[Vol. 46, c. 220]—and to the right hon. Member for Barnsley Central (Mr. Mason) on 26 July—[Vol. 30, c. 402.]

Butter

Mr. Gregory asked the Minister of Agriculture, Fisheries and Food what subsidised European Community butter sales have been made to confectionery companies in each European Community state, detailing the quantities, states and value (in European units of account and pound sterling) for the last five years for which figures are available.

Mr. MacGregor: There are no Community arrangements to subsidise butter used in the manufacture of confectionery products.

Aspartame

Mr. Lester asked the Minister of Agriculture, Fisheries and Food what consideration was given by the food additives and contaminants committee to the extent of usage of aspartame in soft drinks when they decided that a health warning to phenylketonuriacs was not necessary in the United Kingdom.

Mrs. Fenner: The independent expert committees took account of all proposed uses of aspartame during the review of sweeteners in food. They have recommended that those concerned with the clinical care of phenylketonuriacs should be advised of the impending use of aspartame in food. This is being arranged by the Department of Health and Social Security.

Mr. Lester asked the Minister of Agriculture, Fisheries and Food if he will request the food additives and contaminants committee to review the toxicological data on aspartame in view of the fact that the use of this sweetener will be permitted in soft drinks if the draft Sweeteners in food regulations are approved.

Mrs. Fenner: The proposal to permit the use of this sweetener is in accordance with a recommendation by the food additives and contaminants committee, whose recommendation was itself in accordance with one made by the committee of toxicity of chemicals in food, consumer products and the environment following its study of all the toxicological data.

Acesulfam-K

Mr. Lester asked the Minister of Agriculture, Fisheries and Food why it is proposed in the draft Sweeteners in Food Regulations to permit the introduction of a new synthetic sweetener, acesulfam-K in the United Kingdom; and what study was made of evidence from Germany.

Mrs. Fenner: After considering all the available evidence relating to acesulfame-K, the Government have been advised by their independent expert committees that its use should be permitted.

Dutch Elm Disease

Mr. Corbett asked the Minister of Agriculture, Fisheries and Food how much was spent by each local authority in the years 1976, 1977, 1978, 1979, 1980, 1981 and 1982 on *(a)* preventive felling and *(b)* innoculation of elm trees to contain and control the spread of Dutch elm disease; what is his assessment of the success of these measures; and what is the present position in relation to the prevalence of the disease.

Mrs. Fenner: No figures are available of the amounts spent by local authorities in the years since 1976 on attempts to control the spread of Dutch elm disease.

It has not proved possible to stop the spread of the disease, although sanitation measures, including the felling of infected trees and controls on the movement of elm, have slowed its progress in many areas.

In southern England the vast majority of elms have been killed and, with the exception of some parts of east and

	Waited by a person interviewed	Estimated time* a person applying may have to wait
patrial	7	7
first wife and children under 10	4	4
newly married wife	¾	1
Bombay	2½	3
New Delhi	1¾	2

* The estimated waiting time depends upon assumptions about the rate at which applications will be processed, which may not be realised.

Mr. Dubs asked the Secretary of State for the Home Department (1) how many applications for entry clearance by fiancés or by husbands were decided in the Indian subcontinent in the first quarter of 1982 and the first quarter of 1983, respectively; and how many were granted entry clearance, and how many refused;

(2) how many applications for entry clearance by fiancés or by husbands were decided in the Indian subcontinent in the second quarter of 1982 and the second quarter of 1983, respectively; how many were granted entry clearance and how many were refused.

Mr. Waddington: The quarterly numbers of applications for entry clearance by husbands and fiancés for leave to enter the United Kingdom which are granted in the Indian subcontinent are published in table 7 of the Home Office statistical bulletin "Control of Immigration: Statistics". The corresponding numbers of applications refused were 180 in the first quarter of 1982, 130 in the second quarter of 1982 and 180 in the first quarter of 1983. Figures for the second quarter of 1983 are not yet available.

Mr. Dubs asked the Secretary of State for the Home Department if he will publish the numbers of people awaiting a decision on an application for entry clearance for settlement—and as husbands and fiancés—in the United Kingdom at the end of the first quarter of 1983 in Bangladesh, India and Pakistan.

Mr. Waddington: The numbers in the Indian subcontinent awaiting a decision on their application for entry clearance for immediate settlement are published by country in the quarterly Home Office statistical bulletin "Control of immigration: statistics" (table 6 of issue 7/83). The same publication gives for the Indian subcontinent as a whole the number of husbands and fiancés awaiting a decision on their application for entry clearance (table 7); of the 2,800 awaiting a decision at the end of March 1983, 100 were in Bangladesh, 1,600 in India, and 1,100 in Pakistan.

Entry Visas

Mr. Deakins asked the Secretary of State for the Home Department how many visitors to the United Kingdom whose purpose was to watch World Cup cricket were initially refused entry on arrival; how many of these were from the New Commonwealth and Pakistan; and how many were from the Old Commonwealth.

Mr. Waddington: The information requested could be provided only at disproportionate cost.

Television Licences

Mr. Skinner asked the Secretary of State for the Home Department (1) what percentage of persons in each local authority throughout the United Kingdom who are eligible for 5p concessionary television licences receive them;

(2) how many persons living in special accommodation are eligible for 5p concessionary television licences in each local authority throughout the United Kingdom;

(3) what is the total number of 5p concessionary television licences issued by each local authority in the United Kingdom.

Mr. Hurd: About 530,000 people were covered by old persons home licences in force in the United Kingdom on 30 June 1983; information about the local authority area in which these television licences were issued is not readily available. Nor is information available on the number of people eligible for a 5p concessionary licence.

Domestic Fires (Fatalities)

Mr. Skinner asked the Secretary of State for the Home Department how many persons died in domestic fires in England and Wales in 1981, 1982 and to the nearest available date in 1983.

Mr. Mellor: A breakdown by location of deaths from fires attended by local authority fire brigades in England and Wales and the United Kingdom is published annually in "United Kingdom Fire Statistics" (table 25 of the issue for 1981), a copy of which is in the Library of the House. There were 635 deaths from fires in dwellings in England and Wales in 1981 and the provisional estimate of the corresponding figure for 1982 is 578. Corresponding figures for 1983 are not yet available.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for the Home Department whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Brittan: We have no record of any approaches from the association. I shall consider any approach if and when it is made.

Cable Pilot Projects (Licence Applications)

Mr. Yeo asked the Secretary of State for the Home Department if he is yet in a position to state when he expects to make known the applications he has received for licences for new cable pilot projects.

Mr. Hurd: We hope to do so soon after the closing date for applications, which is 31 August.

Prisons

Mr. Malins asked the Secretary of State for the Home Department how many new prisons have been built in England and Wales since June 1979; and where they are.

Mr. Hurd: One completely new prison has been opened since June 1979 — Her Majesty's prison Frankland, Brasside, Durham. Substantial additions have also been made to existing establishments such as those to

District	Method: Sharp instrument	Blunt instrument	Hitting, Kicking etc.	Strangulation or asphyxiation	Shooting	Explosion	Burning†	Drowning	Poison or drugs	Motor vehicle‡	Other	Not known	Total
M. Southwark	2	—	1	—	—	—	—	—	—	—	—	—	3
N. Islington	2	1	—	—	1	—	—	—	1	—	—	—	5
P. Lewisham and Bromley	—	1	1	4	—	—	—	—	—	—	6	—	12
Q. Brent and Harrow	—	—	1	—	1	—	1	—	—	—	—	—	3
R. Greenwich and Bexley	—	—	1	1	—	—	—	—	—	—	—	—	2
S. Barnet and Hartsmere	1	—	1	—	—	—	—	—	—	—	—	—	2
T. Richmond and Hounslow	1	—	2	1	—	—	—	—	—	—	—	—	4
V. Kingston, Merton and Esher	2	—	1	—	—	—	1	—	—	—	—	—	4
W. Wandsworth	3	—	—	—	—	—	—	—	—	—	—	—	3
X. Ealing and Hillingdon	3	1	—	1	—	—	3	—	—	—	—	—	8
Y. Haringey and Enfield	2	1	2	1	—	—	—	—	—	—	1	—	7
Z. Croydon, Sutton, Epsom and Ewell	2	—	1	—	—	—	—	—	—	1	—	—	4
Airport Division	1	—	—	—	—	—	—	—	—	—	—	—	1
Thames Division	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	49	6	19	12	5	3	10	—	1	2	7	—	114

* As at 1 June 1983

† Includes all homicides which occurred in fires, whatever the actual cause of death.

‡ Excluding death by reckless driving.

TABLE 6

Offences currently recorded as homicide in the Metropolitan Police District by result of court proceedings or other outcome*

Number of offences

Offences currently recorded as homicide*	*1977*	*1978*	*1979*	*1980*	*1981*
Decided by court to be homicide					
Murder	30	25	39	35	29
Section 2 manslaughter	34	15	26	21	20
Other manslaughter	31	37	55	48	33
Infanticide	1	1	2	5	1
Total	96	78	122	109	83
Court decision pending	—	—	—	—	3
Proceedings not initiated or concluded without conviction					
Suspect found by the court to be insane	2	1	—	2	—
Suspect died	4	1	1	3	7
Suspect committed suicide	4	—	8	5	—
Proceedings discontinued or not initiated	1	2	2	39	—
Total	11	4	11	49	7
Currently no suspect	14	16	23	26	21
Total offences currently recorded as homicide	121	98	156	184	114

* As at 1 June 1983.

TRANSPORT

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Transport whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Tom King: I am not aware of any such approaches. I shall consider the matter when it arises.

Vehicle Weighing Stations

Mr. McGuire asked the Secretary of State for Transport if he will further consider setting up vehicle weighing stations on motorways and trunk roads similar to the system operating in the United States of America in order more effectively to deal with the problem of overloading of commercial vehicles.

Mrs. Chalker: My Department is currently reviewing its enforcement procedures, including the arrangements for checks against overloaded vehicles at roadside check sites and at ports.

An official from the Department recently visited the United States and observed the system of enforcement against overloading practised by the various United States enforcement agencies. His report will be taken into account in the review of the Department's enforcement procedures, and I shall write to the hon. Member in due course.

A52, Bottesford

Mr. Latham asked the Secretary of State for Transport whether he will outline the next steps, both statutory and in regard to public consultation, which he will take regarding the proposed bypass on the A52 road at Bottesford, Leicestershire, following the recent public exhibition in the village.

	Original estimate provision for 1982-83 (March 1982) £'000	Revised estimate provision for 1982-83 (July 1982) £000	Actual expenditure 1982-83 £'000
Billingham Diversion (Cleveland) (7·4 km.)	5,096	5,096	5,768
LONDON-FISHGUARD ROAD			
Hillingdon, West End Road (Greater London) (1·7 km.)	4,828	4,828	5,068
KENDALL-DONCASTER ROAD			
Skipton Western and Northern Bypasses (North Yorkshire) (10·1 km.)	3,293	3,293	2,452
Proposals to start (contracts let after 31 October 1981):			
LONDON-PENZANCE ROAD			
Polstrong-St. Erth (Cornwall) (11·4 km.)	2,062	1,841	908
Marsh Mill-Manadon (Cornwall) (4·1 km.)	5,473	5,372	5,285
Manadon-Tamar Bridge (Cornwall) (4·5 km.)	1,972	1,663	4,889
NORTH DEVON LINK ROAD			
Stage 1: M5-Tiverton (Devon) (10·3 km.)	7,901	7,532	8,776
STOKE-DERBY LINK ROAD			
Blythe Bridge-Uttoxeter (Staffordshire) (13·9 km.)	940	590	808
MANCHESTER-BARNSLEY ROAD			
Accrington Easterly Bypass, Southern Section (Lancashire) (5·4 km.)	601	344	206
EXETER-LEEDS ROAD			
Chesterfield Inner Relief Road (Derbyshire) (4·3 km.)	2,326	2,057	1,347
LIVERPOOL-LEEDS-HULL ROAD			
South Docks Road, Hull (Humberside) (8.4 km.)	3,390	3,056	3,029
Totals		304,316	317,843

The estimates themselves included an offsetting allowance of £10 million for work which might not in the event be undertaken in the year, although this covers the smaller schemes as well as those costing over £10 million each.

The increase in expenditure over estimate is mainly accounted for by fast progress on some schemes under construction during 1982. Provision was made for this in a net transfer to Class VI.1 in February.

ENVIRONMENT

House Prices

Mr. Gould asked the Secretary of State for the Environment whether he will publish a table showing the ratio of house prices to average earnings for each year since 1953, together with the rate of mortgage interest for each year.

Sir George Young: I will write to the hon. Member.

Institution of Environmental Health Officers

Mr. Archer asked the Secretary of State for the Environment if he will arrange for an exhibition in the Upper Waiting Hall relating to the centenary year of the Institution of Environmental Health Officers and the work of its members.

Mr. Patrick Jenkin: Arrangements have been made with the authorities of the House for an exhibition to be held in the Upper Waiting Hall from 24 to 28 October 1983.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for the Environment whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Patrick Jenkin: The Association of London Authorities has made a general request to my Department for recognition and inclusion in the standing arrangements for Departmental consultation with local government. I am considering this request along with legal advice I am seeking.

Office Space

Mr. Spearing asked the Secretary of State for the Environment (1) if, pursuant to his reply of 25 July relating to occupied and vacant office space, in London, he will publish those figures readily available relating to the City of London;

(2) if, pursuant to his reply of 25 July relating to occupied and vacant office space in London, he will publish those figures available relating to Greater London;

(3) if, pursuant to his reply on 25 July relating to occupied and vacant office space in London, he will publish those figures readily available relating to inner London, being the area of the former country;

(4) if, pursuant to his reply on 25 July relating to occupied and vacant office space in London, he will publish those figures readily available relating to the City of Westminster.

Mr. Macfarlane: My Department does not assemble or publish statistics relating to occupied and vacant office space in any part of London.

Office Development, Hay's Wharf

Mr. Spearing asked the Secretary of State for the Environment if he will state the quantitative basis for his decision to permit office development at Hay' Wharf.

Mr. Macfarlane: My reasons for approving the development proposals for Hay's Wharf were set out in the decision letter issued on 6 July. I will send the hon. Member a copy.

Local Government Expenditure

Mr. Campbell-Savours asked the Secretary of State for the Environment whether he will hold discussions with local authorities on their expenditure needs in 1984-85.

association, a company, a private individual or any other, for England, Greater London and the rest of England, respectively, for each of the years 1966 to 1982.

Sir George Young: I will write to the hon. Member.

CIVIL SERVICE

Association of London Authorities

Mr. Geoffrey Finsberg asked the Minister for the Civil Service whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Hayhoe: No. I will consider any such approach if and when the occasion arises.

THE ARTS

Association of London Authorities

Mr. Geoffrey Finsberg asked the Under-Secretary of State answering in respect of the arts whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Waldegrave: My noble Friend the Minister for the Arts has received no approach from this body but he will consider any such approach if it arises.

Theatre Museum

Mr. St. John-Stevas asked the Under-Secretary of State answering in respect of Arts whether he will make an immediate statement on the future of the Theatre Museum.

Mr. Waldegrave: Discussions are taking place with the Greater London council on modifications to those provisions in the draft agreement for a lease of premises for the theatre museum which relate to the timing of building work. My noble Friend the Minister for the Arts hopes that these will lead to early signature of the agreement. It remains his intention that building work should start not later than next financial year if practicable, and he is hopeful that an earlier start may be secured without calling on Government funds in 1983-84.

Arts Budget

Mr. St. John-Stevas asked the Under-Secretary of State answering in respect of the Arts if he will make a statement as to where the cuts the Minister for the Arts has announced he is making in the arts budget will fall.

Mr. Waldegrave: I refer my right hon. Friend to the answer I gave to a question from my hon. Friend the Member for Leicester, East (Mr. Bruinvels) on 27 July. —[Vol. 46, c. *405-6*.]

NATIONAL FINANCE

Nursery Creches

Sir William Clark asked the Chancellor of the Exchequer if it is the practice of the Inland Revenue that where a subidised nursery creche is provided for staff the annual amount of such subsidy is added to the salary of the staff member for tax purposes, and that if the combined total exceeds £8,500 then the benefit of the subsidy is subject to income tax.

Mr. Ridley: I understand that under the law, where an employer incurs expense in providing a facility for the private benefit of an employee or a group of employees with remuneration (including benefits) of £8,500 a year or more, liability to tax will arise under the benefits-in-kind legislation. I am always ready to consider representations about the scope of this legislation.

Pension Funds

Mr. Alex Carlile asked the Chancellor of the Exchequer whether he will consider seeking the amendment of the legislation applicable to company pension funds so that where employees leave the company's service prior to retirement age in order to become self-employed, they are given the right to transfer their accumulated contributions to an approved self-employed pension fund; and if he will make a statement.

Mr. Ridley: I have noted the hon. Member's suggestion. We are very concerned about the whole problem of early leavers from occupational pension schemes. We are still considering what should be done.

Government Debt

Mr. Gould asked the Chancellor of the Exchequer if he will assess the desirability in present circumstances of funding the Government's debt at higher interest rates.

Mr. Lawson: The prices and yields of Government debt instruments are kept under continuous review in the light of market and other developments.

Gilts

Mr. Gould asked the Chancellor of the Exchequer what assessment he makes, in deciding the level of gilt sales, of the consequent effect on variable rate lending by the banks to British industry.

Mr. Lawson: The likely consequences for domestic financial behaviour and conditions are taken into account in deciding the appropriate level and form of gilt sales.

Exchange Rate

Mr. Gould asked the Chancellor of the Exchequer whether it is Her Majesty's Government's policy to raise interest rates relative to those of other countries to avoid a fall in the exchange rate.

Mr. Lawson: The Government assess the case for higher or lower short-term interest rates in the light of a variety of indicators of financial conditions, including the exchange rate, as explained in the medium term financial strategy.

Loan Stock

Sir Brandon Rhys Williams asked the Chancellor of the Exchequer in what conditions the uplift on the principle repayable on maturity of a value added or dynamised loan stock may be deductible from the issuing company's profits; and if he will broaden the provisions to assist companies whose commitments in regard to the terms of repayment of the principal have increased more rapidly than the retail price index.

Mr. Ridley: I refer my hon. Friend to the reply I gave him on 19 July.—[Vol. 46, c. 104.] Where the uplift on the principal of a loan stock is specifically linked to inflation, it will generally be a capital item and so not deductible against the issuing company's profits. But the particular tax treatment of a stock will depend on all its terms. If my hon. Friend has a particular example in mind and can provide me with further details, I shall be glad to look into it and write to him.

Exchange Control

Sir William Clark asked the Chancellor of the Exchequer what impact the abolition of exchange controls has had on the United Kingdom's balance of payments position.

Mr. Lawson: The abolition of exchange controls will undoubtedly have affected the composition of the capital account and caused the exchange rate to be lower than it would otherwise have been. Net outward capital flows will have to be increased to the extent that this lower exhange rate may have increased the current account surplus.

Treasury Officials (Salaries)

Mr. Austin Mitchell asked the Chancellor of the Exchequer how many officials in the Treasury are in receipt of salaries of more than £30,000 a year.

Mr. Hayhoe: Ten as at 26 July 1983.

Capital Expenditure (Underspend)

Sir Dudley Smith asked the Chancellor of the Exchequer which central Government capital programmes will be given permission to carry forward some underspend from one financial year to the next; and what will be the size of the carry forward facility.

Mr. Lawson: The scheme announced in my statement on 7 July will apply to all central Government capital expenditure and to equivalent expenditure on procurement by the Ministry of Defence. The maximum carry forward from one year to the next will be 5 per cent. of the total provision.

Import Levies

Mr. Body asked the Chancellor of the Exchequer what was the import duty or levy imposed upon cheese, apples and tinned salmon from Canada at the most recent convenient date.

Mr. Hayhoe: I regret that in the time available it has not been possible to provide the information requested. I shall write to my hon. Friend.

Small Businesses

Mr. Arnold asked the Chancellor of the Exchequer if he will publish in the *Official Report* comparative figures for the size of the small business sector in each of the Organisation for Economic Co-operation and Development countries.

Mr. Lawson: The then Department of Industry published the latest comparable international statistics available on the size of small business sectors in the 19-25 November 1982 issue of *British Business*. This is available in the Library and I would refer my hon. Friend to pages 486 to 491 of the issue.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Chancellor of the Exchequer whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he makes it his policy not to have any contacts with this association; and if he will make a statement.

Mr. Lawson: I have received a letter from the ALA asking that it be recognised equally with the London Boroughs Association. I am considering the implications of the request.

Family Income

Sir Brandon Rhys Williams asked the Chancellor of the Exchequer if he will tabulate figures comparing net after tax incomes for a married pensioner couple with joint gross incomes of £100 per week, under the present system and assuming schemes 1 to 4 of Cmnd. 8093, in each of the following circumstances *(a)* £55 state pension, all payable on the husband's contribution, and £15 occupational pension of husband, and £30 investment income of wife, *(b)* £55 state pension with the wife's share payable on her own national insurance contribution, and £10 occupational pension of wife, and £20 investment income of wife, and £15 occupational pension of husband and *(c)* £55 state pension, all payable on the husband's contribution, and £15 occupational pension of husband, and £20 investment pension of wife, and £10 income of wife through self-employed retirement annuity scheme.

Mr. Ridley: The tax bills in 1983-84 for a married couple over 65 in the circumstances specified are as follows:

(a) £8·34 per week *(b)* no tax payable, *(c)* £5·34 per week. The calculation in *(b)* assumes that the wife's national insurance retirement pension is treated as her earned income.

The personal allowance levels on the basis of revenue neutrality for schemes 1 to 4 of Cmnd. 8093 were determined, at 1980-81 levels, for taxpayers under 65. To set appropriate levels for the aged, in order to calculate specimen tax bills, it would be necessary to answer the questions raised in chapter 7 of Cmnd. 8093 and to determine the desired relativity between the basic single person's allowance and the allowance for those aged 65.

Sir Brandon Rhys Williams asked the Chancellor of the Exchequer what would be the cost of allowing wives to count their category 'B' national insurance retirement pensions — paid by virtue of the husbands' national insurance contributions — as their own earned income, assuming *(a)* continuation of the present tax system and

ns of the Department's advisory services with a view to assessing their cost effectiveness in meeting the needs of these firms.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Trade and Industry whether his Department has had any approaches from the Association of London Authorities, if he will list them together with any reply he has given; if he will make it his policy not to have any contact with this association; and if he will make a statement.

Mr. Parkinson: I received a letter from the association recently and am considering this approach.

Loan Guarantee Scheme

Mr. Arnold asked the Secretary of State for Trade and Industry if he has any plans to extend the operation of the loan guarantee scheme.

Mr. Trippier: No. The three-year pilot phase of the scheme comes to an end in May 1984. I will be conducting a thorough review of the scheme in the autumn and it would clearly be premature to consider any significant changes to the scheme at this time.

Mr. Arnold asked the Secretary of State for Trade and Industry if he is satisfied with the operation of the loan guarantee scheme; and if he will make a statement.

Mr. Trippier: The last review of the scheme carried out by my predecessor indicated that, in general, the scheme was operating well. The take-up of the scheme continues at an encouragingly high level. I will be embarking on a further major review of the scheme in the autumn by which time it will be nearing the end of the three-year pilot phase.

Mr. Arnold asked the Secretary of State for Trade and Industry what has been the net cost of the loan guarantee scheme since its inception.

Mr. Trippier: The net cost, in terms of payments made to the banks and income derived from premiums and recoveries, was about £16·3 million at 30 June 1983. However this figure takes no account of the wider economic and social benefits arising from the scheme's operation.

Doors (Imports)

Mr. Latham asked the Secretary of State for Trade and Industry whether he will make a statement on the extent of import penetration of manufactured doors from *(a)* Taiwan, *(b)* Singapore, *(c)* Portugal and *(d)* The Philippines; what proportion these represent to domestic production; what representations he has received from the British Woodworking Federation about this; what reply he has sent; and what subsequent action he has taken.

Mr. Norman Lamont: What information is available about the relationship between United Kingdom manufacturers sales and imports of manufactured doors is shown in the following table. This shows that there has been a strong growth in imports in the first five months of this year after a decline in 1982. Imports from Taiwan, Singapore, Portugal and the Philippines as a whole have remained a relatively stable proportion of total imports although there have been changes within the group.

My Department's officials have assisted the British Woodworking Federation in preparing an antidumping complaint against imports of exterior doors from Taiwan which was opened for investigation by the European Commission on 10 June 1983. Discussions with the federation are currently taking place as to whether or not action can be taken against the increase in imports of flush doors from Portugal.

Sales and Imports of Doors

Thousands / *£ Million*		*Jan-May*				*Jan-May*		
	1981	*1982*	*1982*	*1983*	*1981*	*1982*	*1982*	*1983*
United Kingdom								
Manufacturers' sales*	7,498	8,336	—	—	109·0	134·3	—	—
Imports	2,548	2,177	785	1,515	27·2	26·1	9·8	18·1
of which								
Taiwan	675	512	201	333	12·0	8·4	3·5	5·8
Singapore	513	510	217	260	2·3	2·3	1·1	1·2
Portugal	207	228	72	213	2·0	2·2	0·7	2·2
The Philippines	40	80	4	121	0·6	1·3	0·1	1·9

* United Kingdom manufacturers' sales by firms with employment of 35 or more of door sets, flush door leaves and door leaves (including garage or louvred doors).

Aluminium Smelter (Invergordon)

Mr. Kennedy asked the Secretary of State for Trade and Industry if, given the current improvement in world demand for aluminium, he will now instigate an independent inquiry into the possible reopening of the aluminium smelter at Invergordon, having specific regard to the question of a more favourable power contract under which the plant could operate.

Mr. Norman Lamont: No. The question of a new power contract for re-opening the Invergordon aluminium smelter is a matter for commercial negotiation between the company and the power authority concerned.

Value Added Network Telecommunications Operators

Mr. Grylls asked the Secretary of State for Trade and Industry how many value added network telecommunications operators are now working under his new licensing system; and how many of these are firms employing fewer than 200 employees.

Mr. Kenneth Baker: Since the general licence for value added network services was issued in October 1982, 50 companies proposing to provide value added network services have registered with my Department and have paid the appropriate fee. Twelve of these companies are known to be providing services. In addition a large number of companies providing value added services do not need to register since they are able to operate under other general licences.

The general licence for value added network services does not require licensees to provide information about whether they are actually providing services or about the number of employees. The detailed information requested by my hon. Friend is not therefore available. I would be reluctant to ask licensees to bear the cost and inconvenience of sending me the periodic returns which would be needed to provide the information requested.

Boilers (Conversion)

Mr. Tony Speller asked the Secretary of State for Trade and Industry if he will take steps to make available grants for converting boilers from oil fuel to incinerated refuse fuel in the same way that grant is paid on conversion from oil to coal-fired boilers.

Mr. Norman Lamont: I have no plans to do so. One of the several purposes behind the coal firing scheme is to help reduce the high levels of coal stocks, thus saving public expenditure. Conversions to burning a mixture of coal and other material can however be considered under that scheme, although it is unlikely that a project involving less than a 75 per cent. total burn of coal (on a thermal basis) would be acceptable.

Grants and Loans (Merseyside)

Mr. Kilroy-Silk asked the Secretary of State for Trade and Industry if any money paid in grants or loans to firms on Merseyside which have closed has been repaid.

Mr. Norman Lamont: Yes. Regional development grants are provided under certain conditions which are intended to ensure that the grant-aided assets continue to be used for at least 4 years within the development areas. When a company closes its premises and the grant-aided assets cease to be used, or are transferred outside the development areas it is the Department's normal practice to recover grant.

Hotels (Grants)

Mr. Gale asked the Secretary of Trade and Industry (1) what percentage of grants under section 4 of the Development of Tourism Act 1969 has been made in respect of hotels with more than 10 bedrooms;

(2) what percentage of grants under section 4 of the Development of Tourism Act 1969 have been made in respect of chain hotels;

(3) what percentage of grants under section 4 of the Development of Tourism Act 1969 have been made in respect of hotels in metropolitan areas.

Mr. Norman Lamont: The information is not readily available in the form required. I will write to the hon. Member as fully as possible and will place a copy of my letter in the Library of the House.

Mr. Gale asked the Secretary of State for Trade and Industry what plans he has to widen the scope for applications for grants under section 4 of the Development of Tourism Act 1969.

Mr. Norman Lamont: Although preference is given to certain types of project, the section 4 scheme is already open to good qualifying tourism projects of all kinds.

ENERGY

Geothermal Hot Water

Mr. Colvin asked the Secretary of State for Energy if he has any further proposals for the extraction and use of geothermal hot water in the Southampton area.

Mr. Buchanan-Smith: No. My Department has an agreement with Southampton city council covering the Western Esplanade geothermal development. As my predecessor announced on 1 June, our next exploratory borehole will be in the Grimsby/Cleethorpes area.

United Kingdom Continental Shelf (Condensates)

Mr. Skeet asked the Secretary of State for Energy what volume of condensate has been discovered on the United Kingdom continental shelf; and what percentage of the 16 discoveries is economically recoverable under the current tax regime.

Mr. Buchanan-Smith: Of the sixteen hydrocarbon discoveries listed in the 1983 Brown Book as containing condensate, most are at an early stage of appraisal, and it is therefore possible to give only an approximate figure for the recoverable condensate reserves. This is currently assessed to be not less than about 600 million barrels.

It is for the licensees to decide whether any particular discovery is economic to develop.

Association of London Authorities

Mr. Geoffrey Finsberg asked the Secretary of State for Energy whether his Department has had any approaches from the Association of London Authorities; if he will list them together with any reply he has given; if he will make it his policy not to have any contact with this association; and if he will make a statement.

Mr. Peter Walker: I have received no approaches. I will consider any such approaches as they arise.

Electricity Cables

Mrs. Dunwoody asked the Secretary of State for Energy whether his Department issues guidelines to electricity boards on the recording of the positions of electricity cables; whether any procedures exist to make such information available to other utilities; and if he is satisfied with the present arrangements.

Mr. Giles Shaw: Boards are required by statute to maintain records of underground cable locations and to

Mr. Geoffrey Finsberg: When my right hon. Friend has further meetings with her colleagues today, will she invite them not to enter into consultation with the new phoney Association of London Authorities, which is merely a front organisation for the Labour party, but to continue consultations with the long-established London Boroughs Association? Col. 1020

The Prime Minister: Yes, I completely agree with my hon. Friend. I shall pay due regard to his warning and also consult our many London Members in the House.

ce/NO

DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

LH 30/8

The Rt Hon Patrick Jenkin MP
Secretary of State for the
Environment
2 Marsham Street
London SW1 3EB

30 August 1983

Dear Patrick.

ASSOCIATION OF LONDON AUTHORITIES (ALA)

File with MCS o.r.

Your minute of 5 August to the Prime Minister asked about imminent statutory consultations in the context of the ALA's request for recognition.

The Department has no immediate statutory consultation in prospect; indeed, consultations of any sort involving representatives of the London boroughs are comparatively rare. I should perhaps add that the Department does undertake frequent and extensive consultation, mostly non-statutory, with local authority associations. While I agree that subdivision of the associations, and an increase in the number of bodies we have to consult, is an unwelcome prospect, I share John Biffen's view that we should not at this stage seek to legislate to limit the number of bodies we have to consult.

I am copying this letter to the Prime Minister, other members of the Cabinet, Sir Michael Havers and Sir Robert Armstrong.

Yours, Keith.

From **ALAN GREENGROSS**
LEADER OF THE OPPOSITION
GREATER LONDON COUNCIL
THE COUNTY HALL SE1 7PB
Phone 01-633 3304/2184

MCS -

? to seek
PM advice

STRICTLY CONFIDENTIAL

26 August 1983

The Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister,

Further to our talk in July and indeed following your own suggestion, I attempted to put on paper some of the ideas that I raised with regard to the future structure of local government in London. I enclose a copy of the paper I have written which, I stress, is in far from polished form, but nonetheless is, I hope, sufficient to make the points clearly.

In the course of writing the paper one aspect emerged concerning political control that seemed to me to be of such significance that I believe you would wish to be made aware of it: it is dealt with on page 3a of the document.

I have taken the liberty of sending a copy of the paper to Fernand as well in view of the fact that he sat in on our discussion.

With my best wishes

Yours ever

Alan

LOCAL GOVT. Relations
Pt 16.

30 AUG 2005

THE RE-ORGANISATION OF LONDON'S LOCAL GOVERNMENT

"A NEW STRUCTURE"

AUGUST 1983

CONFIDENTIAL

The 1983 Conservative Election Manifesto announced the new Government's intention to abolish the GLC. The structure of local government has changed over the years to reflect the changes in the community it governs. This latest change is just another step in an on-going process.

It is agreed that the boroughs should be the executive level wherever this is reasonably possible, but, when all the functions previously administered by the GLC that can be devolved to the boroughs have been devolved, there will still remain some London-wide functions that individual boroughs are either unable or unwilling to take on.

These remaining functions could be administered by Central Government, quangoes, or joint boards but these solutions have very obvious administrative and financial disadvantages and, for these reasons, have been rejected in the past as adequate ways of running local government.

The paper examines the criteria necessary for a new structure that would be financially advantageous, could include an education service, would give Central Government macro-control and be acceptable to the electorate but would not itself become involved in the provision of services or interfere with the executive borough-level of government.

A new structure, a London Assembly, is postulated. Its composition, how it would work and fit in with the local government set-up are explained as well as how it would fulfil all the criteria and provide a voice for London as a whole.

A new structure such as this could bring with it significant advantages and provide the first real advance for a hundred years in the way we administer our Cities.

Alan Greengross
August 1983

The structure of local government is not sacrosanct. Over the years it has changed to reflect either changing and developing situations or altering, and very often rising, expectations. The latest call for re-organisation is no more than a further step in this process.

Since the last major change in London in 1963 the underlying principle has been that the boroughs should be the 'executive' level wherever that is reasonably possible. The Herbert Commission, which preceded that change, stated quite clearly -

> "the concept of an upper and lower tier of authorities should be replaced by the conception of the Greater London Borough as the primary unit of local government, performing all functions which can be performed within its own limited area."

In furtherance of this there are still a number of functions which could be devolved to individual Boroughs (see Appendix A). However, when all the functions which could be devolved to the boroughs have been devolved there will still remain some London-wide functions (see Appendix B) which either extend accross borough boundaries, or for good reason would pose great problems if they were carried out by individual boroughs. There is also the growing recognition of a need for an overall body which could give direction and speak for London as a whole. The Herbert Report recognised this when it stated -

> "The primary unit of local government in the Greater London Area should be the borough, and the borough should perform all local authority functions except those which can only be effectively performed over the wider area of Greater London or which could be better performed over that wider area."

THE QUESTION THEREFORE IS NOT - "SHOULD THE GLC BE ABOLISHED?" BUT RATHER "WHEN THE GLC IS ABOLISHED HOW DO WE CARRY OUT THESE FUNCTIONS WHICH CANNOT REASONABLY BE EXECUTED AT BOROUGH LEVEL?"

The fact that individual boroughs by themselves cannot carry out all the functions necessary for London and that some sort of London-wide organisation will therefore need to be established is now widely accepted. The form of that "body" may still be undecided. Various suggestions have been made ranging from quangoes to joint boards of borough members, but whatever is finally accepted, some sort of "body" will be needed.

Whilst it has been suggested that this might be achieved through the voluntary co-operation of the boroughs the reality must be that in the end some sort of statutory power for them to act will be required if they are to be effective. Thus it is inconceivable that the London Boroughs, as they stand, would ever achieve a commonly accepted policy on, for instance, Emergency Planning.

THIS PAPER, THEREFORE, DOES NOT ARGUE FOR ANY FURTHER TIER OR ADDITIONAL BODIES BEYOND THE STRUCTURE ALREADY IMPLICIT IN THE RE-ORGANISATION PLANS

If we are to try and devise a satisfactory and acceptable structure to discharge these functions it would be helpful to look at the advantages and disadvantages of some of the bodies that have been suggested.

A FUNDAMENTAL PROBLEM

Joint Boards, often advocated, would presumably consist of each borough concerned sending one or more members to represent them.

Before any other examination is made of them it must be recognised that ANY ORGANISATION WHICH IS BASED ON THE BOROUGHS AS ITS POLITICAL UNIT HAS ONE FUNDAMENTAL DRAWBACK

Currently out of 32 boroughs excluding the City of London, 16 are Conservative controlled, 3 we control without overall majority and 13 are Labour. A swing of 2.35% from the voting in 1982, when the Falklands factor was strong, would in fact lose 4 of these boroughs which would then result in 16 being Labour controlled, 15 Conservative controlled and 1 Liberal. If, on the other hand, the Parliamentary constituency is the unit for representation, then on the 1983 results there would be 56 Conservative seats, 26 Labour and 2 Alliance. For a situation to arise where the Conservatives were no longer the largest single Party with at least one-half of the seats in London would require a swing of no less than 5.7% from the 1983 figures.

In the case of the ILEA area this becomes even more marked. Currently 8 of the boroughs in Inner London are Labour controlled and 4 Conservative (excluding the City of London). In Parliamentary constituency terms 15 are Labour, 12 Conservative and 2 Alliance. Thus a change of ONLY ONE constituency means Labour no longer have control of the ILEA area. In borough terms, a change to a majority of Conservative controlled authorities is almost beyond the present realms of possibility. It is therefore clear that any system that can be based on a Parliamentary constituency unit must be at least 2½ times more politically secure than one based on boroughs.

Joint Boards

Joint Boards of borough members seem at first glance to provide a possible solution in that members have stood for election. In fact of course they are not "elected members" in the ordinary sense of the word since members did not stand for election to the Joint Boards themselves.

Currently GLC Members stand for election in an exact capacity. They have to state specifically and answer for the policies they would then follow. If the co-ordinating tier were now to consist purely of members sent by individual borough councils, that direct accountability would be lost.

The most obvious example of a Joint Board is the Inner London Education Authority and the single most voiced criticism is that it is NOT directly accountable for those very reasons.

The Conservative Party have long urged the restructuring of the ILEA in order to overcome exactly that - it would seem to be retrograde to use the ILEA now as a model for further such bodies.

The other reason regularly adduced by Conservatives as to why ILEA must be restructured is the fact that it precepts in isolation. It determines its own rate by considering the educational scene without regard to other often equally pressing and sometimes more pressing needs of the community or activities of local government at large. In doing this ILEA acts virtually as a Board of borough members augmented by GLC Members. No single act within the recollection of any Member seems to give any indication that if GLC Members were removed leaving only borough members its spending policy would have been any different.

Furthermore, Joint Boards are as much (or as little) an extra level of government over the boroughs as any other body established to set parameters and make decisions at a superior level. Individual boroughs will still not be able to act

before these decision have been made at a superior level.

Finally, in practice it would not be reasonable to establish a Joint Board to discharge every one of the functions listed in Appendix B. To that extent there will need to be in the end a general body picking up such functions as do not justify a Board of their own. This would also be necessary to keep the activities of the Boards in proportion to each other since it is common experience that bodies that are 'single function orientated' establish a life of their own and lose any sense of balance in relation to the rest of London's needs and functions.

Quangoes

Quangoes do not need over much discussion. London's experience of quangoes in the past has been salutary. In April 1974 the Ambulance Service was transferred from the GLC to the SW Regional Health Authority. By 1980/81 its cost had soared 27% IN REAL TERMS despite the fact that fewer patients were carried and less miles operated. Staff also increased by 400. Similarly since the Thames Water Authority in 1974 took responsibility from the GLC for sewerage in the Greater London sewerage ares, COSTS IN REAL TERMS HAVE RISEN 21.5%.

They are seen today as being largely unaccountable to the public, they extend patronage undesirably and the principle of such bodies determining levels of public spending is widely rejected. One of the major achievements of the last Government was the elimination of many such quangoes.

Centralization

Centralization is sometimes unavoidable but should only be adopted as a last resort. Conservatives have long sought a smaller and less onerous central government machine. Centralization is the reverse of this and actually makes Government more remote as well as an even bigger employer in the public sector.

Centralization of detailed decision-making is also Politically undesirable insofar as it places Ministers and Government in a line of fire which could otherwise often be avoided. A local government level between the executive level (be that the boroughs or London Transport or whatever) and central government itself, provides an invaluable Political insulation which should not be rejected lightly.

The recent Transport White Paper whilst understandably giving the Secretary of State power over the macro-economics, actually makes it inevitable that his decisions will also be seen as deciding fare levels and service levels.

A Minister who allocates a lump sum to, for instance, an overall Transport Authority instead, could achieve the same level of control over the total sums of public money employed but could force detailed allocation decisions and hence fare levels, etc, onto somebody else.

The Basic Criteria for a new Structure

Before examining possible structures one should try to define acceptable parameters. Having accepted the principle that there will always be functions which cannot reasonably be carried out by individual boroughs and thus that some sort of organisation will always be necessary either to provide a broad policy or broad parameters, or to secure the provision of a London-wide service, such a new organisation should ensure that -

1. Individual boroughs are the executive level wherever reasonably possible. Their work must not be duplicated. If guidelines are laid down they must be on the basis of enabling "executive" levels to complete their functions without further interference.

2. A new organisation does not have to be, and indeed probably should not be, "executive" in

the strict sense of actually carrying out functions. Thus whilst policy decisions in certain fields can be made by an organisation of this nature, their implementation can be by an independent organisation. The Transport White Paper clearly recognises this with regard to London Transport.

If that can be achieved for London Transport it must be equally achievable, for example, for the Fire Brigade. In Denmark the Fire Brigade is a privately run organisation within suitable parameters and funding provided from the public purse.

One of the things that might well have impeded privatisation in the past is the fact that because various services are not organised in that way, no real parameters or levels of service are independently established to facilitate the ultimate "shearing off" of the discipline at the point at which it is carried out.

3 Re-organised London government should be more accountable.

4 A re-organised London government should be more cost effective.

5 There must be sufficient central government macro-control without government actually having to involve themselves in the detail of functions.

6 The re-organised system should have as much Political safety as can properly be incurred.

7 After all of this the public must be satisfied that they have an improved and an acceptable local government structure.

A London Assembly

A new organisation - a London Assembly - based on members directly elected for constituencies could in fact meet all the above criteria yet avoid the drawbacks and disadvantages of Quangoes, Joint Boards or Centralization.

It is worth examining this in more detail.

Safeguarding the executive function of the Boroughs

In the early 1960s the division of functions between boroughs and the GLC was still far from clear and being resisted in places. This was reflected in the 1963 Local Government Act. New legislation today could overcome this and clearly define the role of a new London Assembly and make the division of powers clear, definite and legally binding.

Maximum accountability in the re-organised system

A system of direct election clearly provides and, as importantly, is seen to provide, greatest accountability. For the reasons given above, taking members from boroughs to serve on a new authority dilutes that sort of accountability to an unacceptable extent.

Increased cost effectiveness

A new Assembly, if set up as a non-executive (in the sense of not actually running services) will require little in the way of resources and could have these limited to the product of a defined Rate ceiling. It could, however, be given the role of ensuring that London gets value for the considerable sum of money that is spent London-wide. Its potential function as a performance review body on behalf of Londoners is immeasurably important.

But there are two other important financial aspects. Firstly

the GLC's record on capital borrowing shows that it does this more effectively than individual boroughs for a number of reasons, not least being its size and improtance. Moreover, Loan Stock outstanding in March '86 will be some £121m. The average rate of interest on this is 5½%. If there is no successor elected authority it appears that stockholders will have the right to surrender such stock for repayment and the additional cost of refinancing this at say 11½% would then be an annual £7.3m.

As important is the GLC's current equalisation function. Money is raised on a rate base but used London-wide. The Cities of London and Westminster contribute 28½% of the total precept but have only 3% of London's population. If the bulk of GLC services are to be transferred to individual boroughs, all the authorities other than the two Cities would forgo that equalisation unless a new "tax" was placed on the two Cities. It is inconceivable that the 25% differential could be made up by individual boroughs merely by increased efficiency.

Macro-governmental control without involvement in the detailed execution

It is possible for a Government to exercise macro-control whilst leaving much of the detailed work to the administrative levels beneath it.

The Local Government Act 1974 introduced a new system of government financial support for local transport in general. Prior to that, Government gave specific grants for individual schemes. The new system required the GLC to produce at the start of each year, a "Transport Policies and Programme" listing all the Council's transport policies together with an intended programme of expenditure. These policies have to cover not merely public transport but also traffic management and parking control, highways construction and maintenance, freight transportation, grants to British Rail and London borough council estimates for their own highway expenditure.

It is therefore a total programme for the Greater London area for all its highways and transportation spending, and it is on this basis that the Government announces its allocation of Transport Supplementary Grant. This reflects on the one hand the amount of money available to the Government, and on the other hand its judgment of the validity or importance of the TPP submission made to them.

Such a financial procedure could be extended to London's spending overall. Early in the year the Government could announce the approximate amount of money available that year for the collected London-wide functions. On this basis the new Assembly could gather together the requirements of the spending bodies, negotiate to adjust them where necessary, desirable, or possible in order to bring them into an acceptable submission - acceptable both to London and the Government.

The Government would then make its disbursements direct to the spending bodies at a level it finds to be acceptable. In so doing it might acquiesce in a slightly larger sum being spent and may or may not wish to comment on the constituent parts.

Unlike the procedure which has operated hitherto, the amount by which such spending could be supplemented through rate precept could be strictly limited and the farce of the last couple of years, whereby National Government's clearly stated expenditure plans for Transport have been deliberately broached by the use of very considerable rate precepts to supplement approved expenditure, could be eliminated.

An Improved and Acceptable Local Government Structure

Such an overall structure would have the boroughs clearly defined as the executive level with a co-ordinating authority providing those functions that cannot be provided at individual borough level. The co-ordinating authority does not need actually to run any services and, its functions being clearly defined, growth by "creep" will be prevented. Its power to

spend would be limited to the product of a defined rate. It would nonetheless speak for London as a whole and be able to ensure that London's functions were properly inter-related and monitored. It would also provide a level of insulation between government and the boroughs. It could be used for the purposes of rate "equalisation". Finally, it would provide continuity for those functions which might otherwise suffer adversely on abolition.

Education

Education within the Inner London area now comes under the Inner London Education Authority. For years its lack of accountability and its record of precepting in isolation and without regard to what is happening to London as a whole has made it, rightly, the target for massive criticism.

The future structure of an Education Service goes beyond this paper. It does now seem to be accepted, however, that the ILEA should remain as a unitary authority.

The Conservative Group on the ILEA have recently rpoduced a report urging that the education service for Inner London should be run by a directly elected authority precepting directly.

If, however, such a solution was felt, for whatever reason to be unacceptable, a London Assembly could accommodate such a service within its structure. This would retain the "unitary" approach, but could bring with it greater financial realism within a framework which, for all the reasons above, could be more acceptable.

Composition of the Assembly

The Assembly would consist primarily of elected representatives. It could work either on individual parliamentary constituencies or, in order to reduce the total number to say 42 elected members, on "pairs" of constituencies.

Currently local government assemblies do not reflect the views of a large number, and sometimes a majority of those who are directly affected by local government decisions and local government spending. Foremost amongst these must be industrial and commercial ratepayers.

To make the new Assembly truly reflective of the community as a whole, provision could be made in its constitution for a further 10 (or other suitable number of places) to be allocated to representatives of these industrial and commercial ratepayers.

That principle could also be used in the same way to take account of the very significant contribution now being made to urban life by the voluntary sector.

The Relationship of an Assembly to London-wide Functions

A single Assembly of elected members avoids the proliferation of Joint Boards or other bodies each directed to a particular subject. It is no more an additional tier of local government that the boroughs acting formally or informally through Joint Boards would be (page 3).

An Assembly would require only a bare minimum of permanent staff consistent with its limited functions and the fact that the day-to-day running of operations would no longer be its concern.

For some operations (Fire Brigade, Refuse Disposal etc) it would make senior appointments and establish policy guidelines. Thereafter such bodies would themselves operate as self-contained entities as will LT under the Secretary of State. This form of separation between "policy" and "operation" would facilitate eventual privatisation (page 7).

Other functions would consist of providing an essential policy framework (such as in Planning) within which the boroughs would operate without further interference.

Every year each London-wide service would submit a budget to the Assembly for consideration with all the other London-wide

requirements, when finally accetped by the government the appropriate funds could be paid directly to the services (page 10).

Such an Assembly would also provide a convenient "home" for such things as the Pension Fund. It could also raise loans on a London-wide basis thus continuing the preferential treatment the GLC now enjoys.

The present "equalisation" role of the GLC could be continued by the new Assembly and thus avoid the need that would otherwise arise for a new "tax" on certain boroughs to ensure that the rest of the boroughs would not sustain a massive rate increase on the abolition of the GLC.

The Assembly would consider London-wide local government problems on a continuing basis.

Finally the Assembly would provide the voice for London.

Conclusion

Having accepted the boroughs as the primary "executive" level, but recognising that some sort of organisation will always be necessary to carry out the general co-ordinating of affairs for London and discharge functions which cannot reasonably be carried out by individual boroughs, the question becomes, quite clearly, how is this best achieved.

Quangoes, centralization and joint boards are all theoretical solutions and in the end, in certain limited circumstances, may even be the only possible solution, but all suffer from very real drawbacks.

An assembly based on a democratically elected core, however, can discharge virtually all the functions that cannot be carried out by individual boroughs. Indeed, because of all the advantages, a new assembly could also bring education into

a politically acceptable framework. More importantly, it avoids the drawbacks of quangoes and joint boards, can be limited by statute, both as regards functions and expenditure, is and is seen to be, publicly, accountable, insulates the Government from criticism for much that really is a local responsibility, and offers a high degree of political acceptability.

Finally, an elected London Assembly representing, maybe for the first time, all sections of the community - speaking for London, giving direction to London, but no longer carrying out the implementation - allowing those who are best suited, be they the boroughs or the private sector, to actually do the work - could be the first real advance for a hundred years in the way we administer our cities.

Appendix A

Those functions still with the GLC which could be devolved to individual boroughs include -

(a) Entertainments Licensing
This, however, was rejected by the boroughs through the LBA when an offer to transfer the power was made in 1979.

(b) Some more of what remains of "conventional" day-to-day planning

(c) Certain traffic management functions

(d) Building control
Provided some sort of overall standard could be agreed, this could then go some way towards the case for actually extending Inner London regulations to the whole of London.

Those functions which need to be looked at on a London-wide basis include -

(a) Public Transport

This is probably the most obvious example and is currently being examined through the White Paper of Public Transport in London.

(b) A Planning "Framework" for London

If the boroughs are to carry out more of the day-to-day planning - as surely they must - London must have a proper framework that is continuously being updated. This is not a case of duplicating or impeding the boroughs' work. Just the reverse. A proper planning framework would provide them with workable parameters, prevent or solve conflicts that might otherwise arise and is essential if boroughs are to be able to do the work that is rightly theirs. This is of even more importance if Central Government is to avoid becoming more and more involved in day-to-day planning matters.

(c) Roads and Mobility on a London-wide Scale; the Use of the River for Freight Movement and Amenity

Clearly no individual borough can provide this.

(d) Flood Prevention

This is another vitally important function for London as a whole. It goes much wider than the Barrier and covers a host of matters connected with both tidal and non-tidal waterways.

(e) Resource Recovery, Refuse Disposal and Energy Conservation

It would not be realistic to imagine that any group of individual boroughs could, because of the environmental implications, reasonably decide, for example, where to locate a further Refuse Transfer Station or another Incinerator.

(f) Regional Facilities, Parks, Concert Halls, and Arts and Recreation Centres

Theoretically these could go to the individual boroughs within which they stand provided their regional significance can be adequately safeguarded, but one would then be asking an individual borough to pay for what in effect is a London-wide facility. It is difficult to imagine Lambeth Council being able to accept responsibility for the Festival Hall and also some Regional Parks extend well beyond the boundaries of Greater London.

(g) Emergency Planning

Including Civil Defence, in its broader London-wide aspects, although it should be noted that in 1972 the boroughs themselves asked for Civil Defence to be a London-wide function (Home Office Circular No ES1 - 1972 paragraph 6).

In the case of peacetime disasters, the civil emergency planning aspects of the EC Coundil Directive on Major Accident Hazards of certain Industrial Activities (The Sevesco Directive) - due to be implemented as UK legislation by January 1984 - are such that London-wide control and co-ordination will be essential.

(h) The Fire Service

(i) Housing Mobility and Special Housing Problems

Housing mobility is of increasing concern and clearly cannot be administered by an individual boroughs, whilst problems such as homelessness could pose very special strains onto a small number of boroughs.

(j) Historic Buildings

Devolution to the boroughs would present problems because of the facilities required and the funding necessary for their maintenance and protection would be a burden beyond the resources of most of the boroughs concerned.

(k) London-wide Scientific and Statistical Services

Including pollution studies all of which would be beyond the resources of an individual borough.

(l) Green Belt Land

One of London's most jealously guarded amenities. A uniform and scrupulously monitored policy is required if this precious facility is to both survive and be enhanced.

(m) Tourism

Individual boroughs cannot provide the necessary facilities and framework to promote the vitally important tourist industry and to enable the Tourist Board to maximise its impact.

CONFIDENTIAL

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

26 August 1983

Dear Patrick,

ASSOCIATION OF LONDON AUTHORITIES

I wonder whether - in the light of what the Law Officers say in paragraph 13 of their Opinion - the problem may not be overstated.

The Law Officers say that consultation means no more than:

"a. Making the consultees aware of the matter which is in issue, and

b. giving them a chance to make their views known."

There is no requirement that there should be meetings or discussions. It is sufficient if the consultees are able to make their views known, for example in writing, or even in a Press statement. This follows, of course, what is done in the case of consultations on Green Papers when all are called to make their views known but few are chosen to discuss the issues with Ministers or officials.

On this basis it is difficult to see what harm would be done by "consulting" the "Association of London Authorities". Indeed treating them as second class citizens for consultation purposes might be more damaging to them, their pride and their dignity than engaging in a public row with them over a refusal to consult.

There is one caveat I would make in relation to the point you make in the last paragraph on page 3 of your minute of 5 August ("if we do not legislate, we will face a situation where we will be compelled to consult the present Associations, plus the new London one"). If in fact when the Labour representatives set up this new body or Association they also remained in the old Association, there is nothing in the Law Officers' Opinion which suggests that we need to consult the new Association, as all the members of the new Association would have been consulted when the old Association was consulted; and it could not be argued that the Secretary of State ought to regard it as "desirable" to consult the same people twice - once through the major Association and again through the minor Association.

Having regard to the very limited meaning placed by the Law Officers' on the meaning of the term "consultation" and having regard also to the fact that any proposals are bound to be made known to the new Associations through the Press or as a result of a public release of

CONFIDENTIAL

the consultation documents by the Department concerned, and that the Associations, whether recognised or not, will make their views known vociferously through the Press, I greatly doubt whether legislation would in practice achieve anything that we could not achieve without legislation.

I am sending copies of this letter to the Prime Minister and other members of the Cabinet, Michael Havers and to Sir Robert Armstrong.

Yours,

Arthur

COCKFIELD

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

LOCAL GOVT. Relations
Pt 16

30 AUG 1983

cc PO

Michael (Fr)
I have told Michael Faulkner that we did not object to Lord Gowrie's proposals and that if the Tsy wants to push this argument it will probably have to do so at ministerial level.
22/8

H M Treasury
Parliament Street London SW1P 3AG
Switchboard 01-233 3000
Direct Dialling 01-233 8481

CONFIDENTIAL

BY HAND

22 August 1983

M W Hodges Esq
Office of Arts and Libraries
Elizabeth House
York Road
LONDON SE1 7PH

Dear Mark

WHITE PAPER ON ABOLITION OF GLC AND METROPOLITAN COUNTIES
- THE ARTS

You will be expecting comments from us on your provisional draft passage.

2. I am left rather confused by the various Ministerial exchanges there have been on the future of major institutions run by, or enjoying a large measure of support from, the GLC and metropolitan counties. MISC 95, subject to a caveat on financial and manpower considerations agreed (Mr Jenkin's minute of 27 July) that special arrangements might be necessary to deal with some of these institutions, but thought it important that the White Paper should be drafted in such a way as to enable the Government to keep the maximum pressure on lower-tier authorities and the private sector to provide support for as many institutions as possible. Separately, the Prime Minister (Michael Scholar's letter of 20 July) has expressed the view that the level of support for the arts should in general be left to the boroughs to decide and has asked Lord Gowrie to consult the institutions and boroughs to seek solutions by voluntary joint action for any institutions of special regional or national significance which could not in his view be left to take their chance if transferred to the boroughs in the normal way. In reply your Minister (Mary Brown's letter of 29 July) pressed again for transfer of a short list of these bodies from local to central government, stating it as his working assumption that local government re-organisation was not intended to reduce the overall level of arts support or to be burdened with a high level of controversy on extraneous matters. We know from Willie Rickett's letter of 1 August that the Prime Minister has simply noted Lord Gowrie's proposals without comment; it is not self-evident to us that

File with TFUR

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M W Hodges Esq
Office of Arts and Libraries

22 August 1983

this denotes her approval, or indeed any change from her earlier position.

3. It would therefore be helpful to know of any further indication of the Prime Minister's views which you or her office may have received. Meanwhile however I think it best to consider your draft paragraphs against the background of the MISC 95 conclusions.

4. Here there may be something of a conflict between two principles: Cabinet's wish for a full announcement of the Government's proposals and MISC 95's concern that pressure should be maintained on the lower-tier authorities to support as many institutions as possible. Certainly I find your text as it stands rather difficult to square with the latter. I do not find it self-evident that (for example) Liverpool City Council or Newcastle City Council would refuse to provide adequate support for the Walker and Laing Galleries, simply on the grounds that they were of a great deal more than local interest; might you not indeed arouse unnecessary controversy by threatening a central takeover of facilities built up by local initiative and in which local people take a good deal of pride? Nor do I think it necessary to concede at the outset that it would not be right to expect local resources to take sole responsibility for replacing funding currently provided by the upper tier. Is the implication that these institutions ought to have been funded nationally (at least to a greater extent than now) all along?

5. No doubt you have plenty to tell us about the reasons for your fears that the institutions concerned will suffer serious lack of support if they are left in the hands of the districts. But even if there were general agreement that the entirety of the bodies on your Minister's short list would be under threat if transferred to the boroughs, would it be tactically wise to admit as much before consultations have even begun? I appreciate that one or two institutions may be of such significance that specific mention would have to be made of them in the White Paper - the South Bank complex is probably one of these - but even in these cases it may be desirable to set out more than one option for their future and to balance the 'centralist' one (even if in your Minister's view that was the only realistic runner) with a 'localist' alternative.

6. Perhaps it would be best for us to come over for an early discussion with you and/or your people.

7. I am copying this letter to Michael Scholar at No 10 and to Diane Phillips at DOE.

Yours ever
Michael
M J C Faulkner

Louise Cost

Hels Pt 16

22 AUG 1988

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel: 01-233 3000 (Switsfwrdd)
01-233 7172 (Llinell Union)
Oddi wrth y Gweinidog Gwladol

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel: 01-233 3000 (Switchboard)
01-233 7172 (Direct Line)
From The Minister of State

LM 23/8

CONFIDENTIAL

CT/4403/83

22 August 1983

Dear Patrick,

ASSOCIATION OF LONDON AUTHORITIES

I have now seen a copy of John Biffen's reply to your minute to the Prime Minister of 5 August. Although the immediate problem does not concern us in Wales, general legislation would, and our initial reaction is to support the view that we should avoid legislative action if at all possible.

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

Yours ever,

John.

JOHN STRADLING THOMAS

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

CC NO

CONFIDENTIAL

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref: PSO/26069/83

Your ref:

Bridgeman 2

The Rt Hon Patrick Jenkin MP
Secretary of State for the
Environment

19 August 1983

Prime Minister
Mrs Chalker argues against taking legislative powers to discriminate against bodies such as the ALA. Her main point is at X overleaf.
WM 23/8

Dear Patrick

ASSOCIATION OF LONDON AUTHORITIES

I have seen your minute of 5 August to the Prime Minister and in Tom King's absence on leave I thought it would be useful to offer a preliminary view and to alert you to an immediate, albeit non-statutory, consultation problem.

The establishment of the ALA and the secession of five of its members from the LBA, is already creating difficulties in relation to our White Paper commitment "to consult representatives of the London Boroughs on the development of a joint scheme to be operated when the Boroughs take back responsibility for concessionary fares for the elderly from the GLC". It is vitally important to make early progress towards securing the collective agreement of the London Boroughs at least to the objective, if not the details of a uniform scheme. Otherwise we shall be under strong attack on this issue - strictly a consequence of the abolition of the GLC rather than the establishment of London Regional Transport - in taking our proposals on the latter forward.

So far, to avoid giving de facto recognition to the ALA, we have consulted only the LBA. Peter Bowness - who naturally is not talking to the ALA either - has agreed with me to take matters forward on the basis of consulting the LBA membership as well as the five Boroughs which have seceded on an individual basis. The latter should find it difficult to disagree with the principle of a comprehensive scheme for London's pensioners and to deny co-operation in its development. But if, on the basis of the advice of the Law Officers, formal recognition of the ALA has to be given in the next few weeks, they will have to be brought in. And an announcement of amending legislation in which a threat - whether or not intended - to remove their right to consultation could be construed, would provide their members with a powerful excuse not to co-operate in a joint scheme in which they were to be denied a voice through their representative association.

Local Govt. Relations Pt 16

CONFIDENTIAL

It seems to me therefore that taking powers to discriminate between representative local government bodies will create acute problems in relation to executive functions (such as the London concessionary fares scheme and the highways and traffic management functions which will be devolved) where the co-operation of all the Boroughs will be essential. We would also miss out on useful contact on the less contentious issues. I fully accept that giving continued recognition to the ALA might encourage further unwelcome splits in other associations. But measures which might be seen as an attempt to silence the ALA are unlikely to bring the ALA membership back into the LBA fold and may themselves provoke further splits.

If we cannot talk the other Associations into holding together, I do not think on balance we should take powers to discriminate between rival associations. The mechanics of consultation would become more cumbersome. But we would be under no obligation to take notice of extreme views; indeed there might be advantage in having such views more clearly exposed to be seen for what they are.

I am copying this to the Prime Minister, to members of the Cabinet, to Michael Havers and to Sir Robert Armstrong.

Yours ever

Lynda

MRS LYNDA CHALKER

ce

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

16 August 1983

Prime Minister
To note
A 16/8

Dear Patrick,

ASSOCIATION OF LONDON AUTHORITIES

I have seen your minute of 5 August to the Prime Minister about the problems raised by the creation of the Association of London Authorities (ALA).

I must say that I am very concerned at the thought that still more legislation on local authority matters may be needed in this Session. We have, as you know, a heavy programme already, with a number of difficult contingent Bills waiting in the wings. Your rate limitation legislation and the Bill to postpone the elections in the GLC and the MCCs are going to provide considerable opportunity for delay as well as serious discussion on both sides of the House. To add to these a third Bill to amend the consultation process should in my view be ruled out now.

Even to add these provisions to one of your other Bills is going to cause difficulty and add to the problems of securing their speedy passage. It seems to me that your proposals will be misrepresented as enabling Ministers to exclude from the consultation process those authorities (or even classes of authority) with whom they are not in political sympathy. This, it will be said, is hardly a democratic process and would negate the purpose of the consultation process.

Could I, therefore, ask you to consider further the other alternatives of either ignoring the ALA until faced with a legal challenge, or living with them, at least until you see whether the fission process is going to extend to the other local authority associations. If this is a process which is limited to London, (and possibly the Metropolitan counties) legislation on the lines you propose would seem a premature and excessive response to the problem.

I am copying this to the Prime Minister, other members of the Cabinet, Sir Michael Havers and Sir Robert Armstrong.

Yours
John Biffen

JOHN BIFFEN

The Rt Hon Patrick Jenkin MP
Secretary of State
Department of the Environment

LOCAL GOVT. Relations

Pt 16.

16 AUG 1989

File

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c AGO MOD DTI SS
HO MAFF CSO
LCO SO WPSO
HMT WO D/N
FCO T+I D/M
DES WPO CAB
NIO MOT CO

10 DOWNING STREET

From the Private Secretary

12 August 1983

Dear Helen,

The Prime Minister has now seen your Secretary of State's minute of 5 August about the Association of London Authorities. Mrs. Thatcher has noted the position set out in the minute and has commented that if we do eventually have to consult the Association a rival one will inevitably have to be set up.

I am sending copies of this to the Private Secretaries to the other members of the Cabinet, Henry Steel (Attorney General's Office) and Richard Hatfield (Cabinet Office).

Yours ever

Tim Flesher

Timothy Flesher

Mrs. Helen Ghosh,
Department of the Environment.

CONFIDENTIAL

FILE

24/8 da

Ackd 15/8

Geoffrey FINSBURG, MP

10 DOWNING STREET

From the Private Secretary

10 August 1983

I enclose a copy of a letter to the Prime Minister from Mr. Geoffrey Finsberg M.P.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach this office by 24 August.

Timothy Flesher

Mrs. Helen Ghosh,
Department of the Environment.

CONFIDENTIAL

cc N.O

OFFICE OF ARTS AND LIBRARIES
Old Admiralty Building
Whitehall
London SW1A 2AZ
Telephone 01-273 4400

From the Minister for the Arts

8 August 1983

The Rt Hon Patrick Jenkin MP
Secretary of State for the
Environment
2 Marsham Street
London SW1

Dear Patrick,

ABOLITION OF THE GLC/MCCs: SECURING STAFF SAVINGS

Your letter to Leon Brittan of 29 July asked for an indication of the level of staff savings that might be feasible in those services of the GLC and MCCs in which each of us has an interest.

My own interest is limited to the staff involved with arts provision, a much narrower category than the figures given in line 19 of the annex to your letter. As you know, the arts are generally subsumed in local authority provision for leisure and recreational services, and I would expect a large part of the numbers quoted to be concerned with parks and sports provision, rather than the arts. I can give no separate figures for the number of staff involved in arts activities alone in each authority, but these would fall into two main categories, a majority of specialist staff concerned with running the authority's museums, art galleries and theatres (if any), and a few administrative staff concerned with grant-giving and general support to local performing arts.

We are asking the GLC and the metropolitan counties to give us figures of the numbers of staff employed in their arts institutions and my officials will forward these when they are to hand. But I do not think we should expect significant staff savings in the arts field, given that our policy will be to preserve if at all possible those institutions for which the authorities in question are directly responsible, and to continue, using the lower tier authorities, a substantial measure of support to the performing arts companies which they at present assist.

I am copying this letter to the recipients of yours.

Yours,
Tony

LORD GOWRIE

CONFIDENTIAL

1983

CMA

K9

HOUSE OF COMMONS
LONDON SWIA OAA

7th August 1983

Dear Prime Minister

First, may I wish you a speedy recovery and hope that all will go well.

In July you gave me a very robust and helpful answer about the phony Association of London Boroughs - the Labour front organisation - but from the answers I received to a series of questions addressed to Department Ministers on the 29th July on the subject, I am less happy because it does look as if they are not taking the lead which I thought you had given.

I hope you may feel able to persuade them to treat this body with the contempt it deserves.

Yours
Geoff

GEOFFREY FINSBERG

Rt.Hon. Margaret Thatcher, MP
Prime Minister
10, Downing Street.
SW1

Prime Minister

CONFIDENTIAL

I fear we have to consult this ass^n - we shall have to set up a rival one

The Law Officers say there would be serious risks in not recognising the ALA and consulting them where we are obliged to consult local authorities.

Mr Jenkins intends to explore with the three traditional local authority associations whether there are ways of stopping this drift towards "Labour" and "Tory" groupings. He is also considering a legislative remedy. For the moment he wishes to avoid being drawn on the question of recognition, and hopes to be able to say in September that legislation will be introduced.

Prime Minister

ASSOCIATION OF LONDON AUTHORITIES

You are aware of the move to set up a new "Association of London Authorities", composed of Labour boroughs, together with the GLC and ILEA. You answered a supplementary question from Geoffrey Finsberg about this on 14 July.

We have been watching developments closely over recent months. Irwin Bellwin has been in touch with Peter Bowness, who has been working to try to keep the Labour boroughs in the LBA. We have also taken steps to ensure that all Departments who might be approached by the new Association should take the same line.

The ALA was formally established on 5 July, and we now have to take a view on how Departments should handle their relations with the new body. I have received a letter from the Association - and no doubt so have other colleagues - which asks that they should be consulted in the same way as the LBA, and should participate in meetings of the Consultative Council and similar bodies.

This is clearly a very unwelcome development. However, our attitude to the new body has to have regard to the legislation governing our relationship with local government; and, given the political sensitivities involved, I have sought the advice of the Law Officers on the issues that are raised by the establishment of the ALA.

I have now received the views of the Law Officers. Briefly they consider:

(a) that there is no basis for challenging the legality of the new body; and

(b) that we would be seriously open to risk of challenge if we failed to consult the ALA on any issue where, in law, we are under an obligation to consult local government through its representative institutions.

Nevertheless, I am extremely reluctant to contemplate recognising the ALA. To do so would encourage splits in the other Associations, which could well lead to further splits reflecting for example different party factions on the left. This would be no more welcome to the great majority of people in local government (including moderate Labour members) than it would be to us.

Given that consultation must go on, and given the wider implications of the LBA/ALA split, I intend, as a first step, to have discussions with the Leaders of the three main Associations. The first aim here will be to see whether we can find any common ground on measures which would enable the Associations to hold together despite the political pressures - which will, of course, be exacerbated by our policies on rate limitation and abolition of the GLC and MCCs. If this cannot be achieved, then we should have to consider how best to manage a situation in which - as would seem inevitable if we recognised the ALA - we had separate Conservative and Labour Associations for each class of authority.

I cannot now meet the Association leaders before September. I have, however, asked my officials to consider, during August, in consultation with other Departments, the possibility of legislation. This might take the form of statutory provisions which would enable Ministers to specify in the schedule of an Act the bodies representing local government whom they will consult; existing provisions would be amended to relate to this statutory list. It might be possible to add provisions to this effect to the Rating Bill, but a separate urgent Bill might be necessary.

I would hope that legislation on these lines - if it proves to be feasible - would enable us to recognise only the existing Associations, would strengthen the hands of the moderate Labour people, and could demonstrate to our supporters that we do not intend to concede without a fight.

If we legislated and all the Associations split regardless we would in the end be compelled by natural justice to recognise both Conservative and Labour Associations on our schedule. We would however be able to leave off far left splinter groups.

If we do not legislate, we will face a situation where we will be compelled to consult the present Associations, plus the new Labour ones. This would be intolerable. Remaining Labour representatives in the present associations would muffle Conservative voices there; Labour voices elsewhere would be clear. We would probably do better in such circumstances if the Associations broke up decisively into party groups. However we should not then be able to limit in any way who we talked to as we would by means of an Act with a schedule of approved bodies.

There is of course one other option which I include for completeness: we could end the statutory requirement that we consult. I doubt if Parliament would allow us to do so.

It will be necessary in the short term to give an answer to ALA's request for recognition. Given the advice we have received, I see no alternative, pending amending legislation, to recognising them. This unwelcome course would however be more palatable to our friends in local government if, at the same time, we were able to announce an intention to legislate.

In the interim period before an announcement in September, if the results of the interdepartmental consultation are positive, it will be necessary to hold the line that the ALA request for recognition is being considered. It is important that ad hoc recognition is not afforded in this interval and I would be grateful if colleagues could let me know whether they foresee difficulties through imminent statutory consultation requirements.

All this is, of course, the first taste of the confrontation we shall face with local authorities over the next few years.

I am copying this to other members of the Cabinet, to Michael Havers and to Sir Robert Armstrong.

Helen Ghosh

PJ
(Approved by the Secretary of State and signed in his absence)

5 August 1983

Local Govt: Relations Pt 16

- 5 AUG 1983

Note
I have asked the DoE to provide a more detailed breakdown of Table A to show why the ILEA appears to have 10 x the number of support staff as the Police & Fire Service. WJ 8/8

cc NO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

CONFIDENTIAL

3 August 1983

Dear Michael

Your letter of 18 July said that the Prime Minister would like more details of the figuring which underlay the estimates of GLC/MCC central administrative staff levels in MISC 95.

I attach the following:

A - a copy of the table which was annexed to the MISC 95 paper;

B - a note defining the categories of staff identified in A;

C - an explanatory note and table giving a detailed breakdown of the estimates of central administrative staff.

The figure of 5,700 staff engaged on "central administration" is based on information contained in data local authorities are required to publish in manpower returns and information in their Annual Reports. Neither source gives a complete comparable picture and the note at C explains how the data were amended to arrive at the estimates in the paper.

Staff engaged on central administration includes staff in the chief executives', finance, legal, architectural, estates, personnel management and computer departments. It includes some, but by no means all, of the staff engaged on the administration of specific services. This depends upon the internal organisation of the authority. So, for example, the GLC figure of 2,700 on central administration includes staff engaged on the finance of ILEA but not staff engaged on personnel management in ILEA.

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The table at A separately identifies "direct support" staff engaged on each of three main services - ILEA, fire and police. There will be many administrative staff in this category - it includes for example ILEA personnel management.

In short, the category "central administration" does not cover all the administrators in the authorities, only those engaged in what the authority concerned classes as central administration.

Please let me know if the Prime Minister requires any further explanation of the data.

Finally, the Prime Minister may wish to be aware that my Secretary of State wrote recently to service colleagues stressing the need for substantial staff savings. I attach a copy of his letter.

I am copying this letter to the recipients of yours.

Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

Michael Scholar Esq

2F

CONFIDENTIAL

A

ESTIMATED STAFF ENGAGED ON GLC/MCC SERVICES 1982

Services to go to:-

	GLC	MCCs
Joint Boards		
ILEA:		
Teachers	31,000	-
direct support	27,000	-
FIRE		
Uniformed	6,900	10,100
direct support	900	1,300 [4]
POLICE		
uniformed[3]	-	31,500
direct support	-	6,500
Joint Boards: Total	65,800	49,000
(without uniformed police)		(17,900)
Boroughs/districts	10,170	16,600
Other bodies (eg Thames Water Authority)	1,330	-
Central Administration	2,700	3,000
TOTALS	80,000	69,000
(without uniformed police)		(37,500)

Notes

1. Estimates prepared by DOE based on data from Joint Manpower Watch and local authority Annual Reports.

2. Excluding staff of PTEs and Magistrates Courts and Probation Services Committees who are not GLC/MCC employees. PTA staff are assumed to be included in central administration.

3. Uniformed police are not MCC employees.

4. This estimate has been revised down from 1900 given in MISC 95(83)3.

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B

DEFINITIONS OF STAFF INCLUDED IN EACH SERVICE

1. ILEA - all staff employed in the Inner London Education Authority plus those employed in the GLC but working full-time on support for ILEA (such as school health service, gardening, and playing fields, and school maintenance);

   - "teachers" includes lecturers in further and higher education;

   - "direct support" staff covers all non-teaching staff including administrative staff located in schools etc. and ILEA's personnel management; it excludes legal, architectural, valuation, financial and committee clerk staffs provided by GLC.

2. FIRE - all staff employed in the London and County Fire Brigades including the Chief Officer and staff;

   - "uniformed" staff are all regular firemen;

   - "direct support" staff includes both non-manual staff (eg general administration, clerical and Secretarial) and manual staff (eg mechanics) wholly engaged on Fire Brigade work.

3. POLICE - all staff within the Police Force or working for the Police Committees;

   - "uniformed" includes police, cadets and traffic wardens;

   - "direct support" covers local authority staff, non-manual and manual, and includes specialists, maintenance staff and routine clerical and administrative staff; it excludes financial and other staff on services provided by the local authority to the Committee.

4. Services going to Boroughs and other bodies - all staff allocated by the local authorities to these services, generally including routine support.

5. Central Admini-Stration - all staff engaged on services for the authority itself, generally including chief executives, legal, financial, personnel, management, architectural, estates and computers.

STAFF OF CENTRAL ADMINISTRATION SERVICES IN GLC/MCCs

1. The attached table sets out the data on the internal staffing of the GLC and the MCCs. There are two sources: the DOE system of monitoring of local government manpower and the councils' own annual reports. Neither is fully satisfactory.

2. Monitoring of local government manpower is done in two ways. First, local authorities provide to LACSAB (a joint local authority body) details of their service by service manpower. This is then published as the Joint Manpower Watch (JMW) in aggregate for classes of authority. The GLC and ILEA are one group; the metropolitan counties are another. Second, since March 1983 each authority has been under a statutory duty to publish quarterly information on their manpower (MI), service by service. The Greater Manchester Council has not yet produced its first quarterly report so we have had to use the JMW figures to arrive at an estimate of GMC staff.

3. There is a code of practice setting guidelines for authorities on how the JMW and MI returns should be prepared. But it is designed to cover all types of authority from the smallest district to the GLC, and the categories of staff classed in the returns as "central services" are not precise enough to identify the central administration of the authorities. Moreover they are affected by the internal organisation of each authority. There is a further problem in that the JMW return is not corrected for part time working, although the MI return is corrected.

4. The Annual Reports are not all for the same date, are inconsistent in the way they identify their central services, and inconsistent in the staff they include in relevant services. But they do give a useful indication of the way each authority is organised and how many staff are engaged in its central machinery rather than specific services.

5. GLC Central Administration - the local government manpower returns include 3,500 staff engaged on GLC central administration but this includes 1,500 architects working not only on the GLC's offices but also on housing and ILEA property. If all these architects are deducted this leaves a balance of 2,000. The GLC's Annual Report indicates 2,700 staff on general services, and given that this is the mid point between 2,000 and 3,500 it has been adopted as the best estimate.

6. The central administration staff for all MCCs lies between the JMW figure of about 2,500 and the total from annual reports of about 4,000. The latter, however, includes staff such as Prosecuting Solicitors and Rent Officers who are in fact engaged on specific services, and probably some part-timers. Allowing 500 to cover these reduces the range to 2,500-3,500. The best estimate has been taken as the average of these, ie 3,000.

CONFIDENTIAL

SOURCE DATA FOR "CENTRAL ADMINISTRATION SERVICES" OF GLC/MCCs

MARCH 1983

Figures are for full-time equivalents wherever possible

	Local Government Manpower Returns		Annual Reports	
	Notes	Numbers	Numbers	Notes
A. G.L.C	Excludes staff full-time on ILEA work	3513	2739	General Services figure for 1981/2
B. MCCs				
West Midlands	MI	547	918	1981/2 figure for Finance, Legal, Property, Personnel Administration, Policy.
West Yorkshire	MI	412	695	1980/1 figure for "Policy & Finance Committee": accounts only for 1 981/2
South Yorkshire	MI	409	400	1981/2 JMW figure so may include part-time workers
Tyne & Wear	MI	312	479	1981/2 figure for "finance and Administrative Services".
Merseyside	MI	374	748	1981/2 figure for "Finance and General Purposes"
Greater Manchester	Estimated From JMW	[496]	796	1981/2 figure for "Finance &Estates ; Personnel; Policy"
TOTAL MET COUNTIES	JMW	2550	4036	

*Note - Local government manpower is monitored in two ways; the Joint Manpower Watch (JMW) returns for groups of authorities and in quarterly publications by each authority of manpower information (MI) which began in March 1983. Central services included here from JMW and MI are: Chief executive, finance, legal, architectural, estates, personnel, management and computers.

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

29 July 1983

Dear Leon,

ABOLITION OF THE GLC/MCCs - SECURING STAFF SAVINGS

At the second meeting of MISC 95 we discussed Irwin Bellwin's paper on securing staff savings and agreed on the importance of securing substantial staff economies on abolition. We now need to decide what savings are feasible and how we are going to secure them. This is urgent because, although we need not spell out our proposals in the White Paper, we must be clear before it issues that we can secure the kind of savings we are contemplating.

I am examining carefully the scope for savings in my own services and in central services. I should be grateful if you and other colleagues concerned could carry out a similar exercise and let me have an early indication of the level of savings which you consider feasible in the GLC/MCC services for which you are responsible. A table showing current staff numbers is attached.

We also need to consider whether, in order to deliver the savings we need, we should supplement the proposed financial controls on joint boards with specific measures to control staff in joint board services in the first year or two after abolition. I should be grateful for your views - and those of Keith Joseph and Tom King - on this point, and on the kind of measures which might be feasible.

Ideally, controls over staffing of the services to go to lower-tier authorities would have to apply to all the services of the 68 authorities. The staff levels would have to be worked out and controlled on a service by service basis by individual Secretaries of State. This looks impractical, but we must explore whether there are any measures, going beyond simple monitoring but falling short of overall control, which would help us to secure savings especially in the big blocks of staff in, for example, highways, housing and central services. One possibility would be to apply pressure at the top by controlling the number of posts over a specified salary. My officials are looking into this, but I should be grateful for colleagues' views on these propositions and any other measures which might be feasible for their services.

I should appreciate a response on these points by mid-August.

We must publish our White Paper on abolition in September. This means that officials will have to do a lot of work through August, so that we have a full draft to consider at the beginning of September. My officials will be circulating a first draft shortly for comment, and it would be helpful if your officials are able to respond quickly.

11/2/85

3/2.8.

I am copying this to other members of MISC 95, the Lord Chancellor, the Minister for Agriculture and the Minister for the Arts, and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Leon Brittan QC MP

CONFIDENTIAL

APPROXIMATE STAFFING POSITION IN 1982 OF SERVICES TO BE REORGANISED

Service	Staffing (full-time equivalents) GL	MCs
1 ILEA	58,000	---
2 Police (direct support)	---	6,500
3 Fire		
a) uniform	6,900	10,100
b) direct support	900	1,300
4 Public transport (mainly airports)	?	2,000
5 Waste disposal	750	1,900
6 Civil defence	40	50
7 Food and drugs	---	?
8 Animal health	---	?
9 Trading standards	---	700
10 Smallholdings	?	?
11 Tourism	?	?
12 Assistance to Industry	?	?
13 Historic buildings	30	---
14 Planning	400	800
15 Housing	4,700	---
16 Building control	500	---
17 Highways	1,500	7,000
18 Other services (mainly Crossing patrols)	?	1,000
19 Arts and recreation, Parks and Green Belt.	1,500	550
20 Flood protection	300	---
21 Central Services	2,700	3,000
22 Unidentified staff	1,780	2,600
Sub-TOTAL: direct employees of GLC, ILEA and MCCs	80,000	37,500
Staffing of associated services		
23 Police (uniform)	---	31,500
24 PTEs	---	/35,000/
25 Magistrates' Courts and Probation and After Care	1,600 *	3,000
TOTALS	81,600	/107,000/

CONFIDENTIAL

NOTES TO TABLE

1. Key to symbols:

---	not applicable to that authority
?	not known
[ ]	provisional
*	Outer London only

2. PTA and London tranport planning staff are included in GLC/MCC figures not in those for PTEs.

3. Figures are estimates for December 1982 from the Joint Manpower Watch, from GLC/MCC Annual Reports, and from Departments' advice, with very approximate allowance for part-time working.

LOCAL GOV: Relations: Pt 16

- 5 AUG 1983

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

3 August 1983

Dear Steve,

ABOLITION OF THE GLC AND MCCs

Thank you for your letter of 14 July.

My Secretary of State has asked me to stress the need to ensure that the arrangements proposed for tourism should not conflict with the general overriding policy that functions should be transferred to the boroughs and districts. If there is a need for cooperation between authorities, it should be on a voluntary basis. Moreover, there should be no question of central government acquiring an additional role in this area as a consequence of abolition.

I am copying this letter to the recipients of yours.

Yours sincerely

Helen Ghosh

Mrs H F Ghosh
Private Secretary

CONFIDENTIAL

Stephen Nicklen Esq

Local Govt, Relations, P716

JUL
- 4 AUG 1985

CONFIDENTIAL FILE da

1 August 1983

Abolition of GLC and Metropolitan County Councils: The Arts

Thank you for your letter of 28 July to Michael Scholar. The Prime Minister has noted Lord Gowrie's proposals without comment.

W F S RICKETT

Mrs. Mary Brown,
Office of Arts and Libraries.

CONFIDENTIAL

CONFIDENTIAL FILE da

10 DOWNING STREET

From the Private Secretary 1 August 1983

English Rate Support Grant Settlement:
Public Expenditure Provision and Targets

The Prime Minister was grateful for the Lord President's minute of 29 July in which he reported the conclusions of the Ministerial Sub-Committee on Local Authority Expenditure on the English Rate Support Grant settlement for 1984-85. She has noted this without comment.

I am copying this to Richard Hatfield (CO).

W. F. S. RICKETT

Bob Whalley, Esq.,
Lord President's Office.

CONFIDENTIAL

cc B1

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

1 August
~~July~~ 1983

Dear Willie WR 1/8

RATES WHITE PAPER/RATE SUPPORT GRANT SETTLEMENT 1984/85

I attach copies of the statements which my Secretary of State intends to make later today on the Rates White Paper and on the RSG settlement 1984/85. They are subject to last minute revisions and amendments.

Copies go to Private Secretaries to members of the Cabinet, the Chief Whip and the Attorney General, and to Richard Hatfield in Sir Robert Armstrong's office.

Yours sincerely

Roger Bright

R Bright
Private Secretary

Willie Rickett Esq

RATES: PROPOSALS FOR RATE LIMITATION AND REFORM OF THE RATING SYSTEM

STATEMENT BY PATRICK JENKIN, SECRETARY OF STATE FOR THE ENVIRONMENT, 1 AUGUST 1983

This White Paper sets out in detail how we intend to implement our Manifesto promise to put a curb on the rate increases of high spending local authorities. It indicates our intentions for a fallback power to limit the rates of all local authorities - though we hope this will never be needed. And it describes a number of measures to make the operation of the rating system fairer and to promote accountability.

I acknowledge the scope and importance of the services provided by local government. But local government's powers derive from Parliament. Local authorities form part of the wider community and should operate within national economic and social policies. Central Government cannot leave decisions about overall spending levels to local government. Neither can Central Government ignore the deep sense of grievance felt by many domestic and non-domestic ratepayers about excessive expenditure and rate levels.

The Government are firmly committed to the principle of its proposed legislation on rate limitation. We shall be introducing legislation this Session, probably early in the New Year. But we are ready to hear views on the detailed working of the rate limitation scheme and on our proposals for rate reform. This White Paper has green edges.

Despite the pressures of the grant system local government as a whole has continued to overspend. We have therefore been forced to take direct action on the rates of the high spenders.

The figures in the first chapter of the White Paper speak for themselves. 80% of authorities are budgetting to spend at or near to targets set by Government in 1983/84. But there is a budgetted overspend of £771m in 1983/84 on the aggregate of local authority targets, 75% of which was due to only 16 authorities.

The GLC accounted for £300m and ILEA for £100m. And the targets were based on expenditure provisions which themselves have been adjusted upwards to take account of past overspending.

My message today is therefore very simple. More economies are required. The worst offenders are a few authorities whose high spending and high rating has a disproportionate effect on spending and rates. The Government cannot ignore their activities, which are unfair to their ratepayers and damaging to industry and jobs in their areas. That is why we are bringing forward legislation for selective rate limitation to take effect from 1985/86.

I do not want to have to bring the general rate limitation scheme into force. But we cannot ignore the upward drift of local government spending as a whole. Even those who are spending at or near their targets this year must intensify the search for economies, for example through greater use of the private sector and more efficient operation. We would be prepared to implement the general scheme if it were necessary.

The White Paper also gives the background to our decision that rates should continue as the main source of local revenue for local government. There has been a long debate about this, following our Green Paper and the report of the Environment Committee. This White Paper represents the Government's formal response to that report. It is clear that there is no consensus for any alternative.

We intend to change and improve the rating system in a number of ways, legislating where necessary. The changes will include those foreshadowed in our Manifesto. These include requiring local authorities to consult local representatives of industry and commerce before setting their rates, extending the right to pay rates by instalments, and suspending local authorities' powers to levy rates in respect of empty industrial property with effect from 1 April 1984. We have decided that there will be a non-domestic revaluation. We shall be considering the case for and basis of a domestic revaluation.

RATE SUPPORT GRANT SETTLEMENT 1984/85

STATEMENT BY SECRETARY OF STATE FOR THE ENVIRONMENT, 1 AUGUST 1983

1. When I discussed expenditure in 1984/85 with local government leaders last week at the Consultative Council on Local Government Finance, I made it clear that the Government is determined to sustain the pressure on local authorities to restrain their spending.

2. This year, local authorities in England have budgeted to spend £770 million, or 3.8%, above the Government's target. That is a lower level of overspend than in the previous 2 years. And the aggregate overspend conceals the fact that most individual authorities have succeeded in making the necessary economies: about 80% of authorities are budgeting to spend at, or within 2% above, target in 1983/84.

3. I am today issuing provisional expenditure targets for 1984/85 to each local authority. An announcement this early gives every opportunity to local government to plan in good time for the necessary economies.

4. In setting the targets I have been careful to distinguish between low-spending authorities who have tried to spend in line with the Government's plans and others who have acted less responsibly. Under the target methodology I am proposing most high-spending authorities will be asked to make 6% cash reductions from their budget for this year. By contrast lower-spending authorities are being given a 3% cash increase over budget this year. If authorities spend less than they budget this year, their target next year will of course be higher in relation to actual expenditure.

5. These targets are undeniably tough. But I think they are also fair. Inflation has fallen, so for the lower spenders a cash increase of at least 3% is not unreasonable. At the other end of the spectrum, it seems only right to expect the highest spenders to make significant cuts: those who spend most can also save most if the will is there. Many of these authorities have persistently overspent their targets over a number of years.

6. The effect of these proposals on services provided by local authorities will depend on their ability to use resources more efficiently and to contain manpower costs by continued reductions in the rate of pay increases and the re-establishment of a downward trend in manpower numbers.

7. These targets add up to about £20.5 billion. When adjustments are made to take account of authorities' reduced National Insurance Surcharge payments, that represents an increase of £570 million, or almost 3%, over the total of targets this year. It is about 1% less than the total of authorities' budgets for this year.

8. Targets will again apply to the total expenditure falling to be met from the rate fund, including current expenditure and financing costs. I shall announce in the autumn the aggregate relevant current expenditure provision for 1984/85, and its allocation between services. The current expenditure provision will be a significant increase - about £500 million - over the existing provision for 1984/85 in the Public Expenditure White Paper, Cmnd 8789 (again, after National Insurance Surcharge adjustments). This will be provided in ways which are consistent with the Government's fiscal and monetary policies.

9. The Government is now consulting local government on these proposals before presenting a rate support grant settlement to Parliament. To that extent the figures are provisional.

10. I shall also consult local government in the autumn on proposals for Aggregate Exchequer Grant, and for grant holdback for authorities exceeding their target. I can say now, however, that the costs to the ratepayers of an authority choosing to overspend its target will be severe. I am making this early announcement so that authorities can take steps now to save their ratepayers from those costs. I hope that all authorities start now to plan to meet these targets for next year.

CONFIDENTIAL

T F Heiser

cc PS/L Bellwin
PS/Mr Waldegrave
PS/Sir G Howe
PS/PM
Mr Belfors
Dr Holgate
Mr Mattive
Mr Rowcliffe

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

15

My ref:

Your ref:

29 July 1983

Dear Leon,

ABOLITION OF THE GLC/MCCs - SECURING STAFF SAVINGS

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I should appreciate a response on these points by mid-August.

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I am copying this to other members of MISC 95, the Lord Chancellor, the Minister for Agriculture and the Minister for the Arts, and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

CONFIDENTIAL

APPROXIMATE STAFFING POSITION IN 1982 OF SERVICES TO BE REORGANISED

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5	Waste disposal	750	1,900
6	Civil defence	40	50
7	Food and drugs	---	?
8	Animal health	---	?
9	Trading standards	---	700
10	Smallholdings	?	?
11	Tourism	?	?
12	Assistance to Industry	?	?
13	Historic buildings	30	---
14	Planning	400	800
15	Housing	4,700	---
16	Building control	500	---
17	Highways	1,500	7,000
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CONFIDENTIAL

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3. Figures are estimates for December 1982 from the Joint Manpower Watch, from GLC/MCC Annual Reports, and from Departments' advice, with very approximate allowance for part-time working.

10 MAR 1983

cc PSO

OFFICE OF ARTS AND LIBRARIES
Old Admiralty Building
Whitehall
London SW1A 2AZ
Telephone 01-273 4400

(1)

Prime Minister

Content with this approach & and with the shortlist?

MCS 29/7

From the Minister for the Arts

29 July 1983

Michael Scholar Esq
Private Secretary
10 Downing Street
London SW1

Dear Michael,

ABOLITION OF GLC AND METROPOLITAN COUNTY COUNCILS: THE ARTS

Lord Gowrie has seen your letter to me of 20 July in which the Prime Minister asked him to specify the museums and galleries and other art bodies of special regional or national significance which would be likely to suffer serious funding loss through disappearance of the MCCs and the GLC.

My Minister welcomes the Prime Minister's endorsement of his view that in the main the arts responsibilities of the GLC and the MCCs should be left to the boroughs. This will deal with several hundred arts bodies currently in receipt of grant and over 20 local museums. As the Secretary of State for the Environment's paper makes clear, the Government will exert maximum pressure on lower-tier authorities and the private sector to provide support for as many of these artistic institutions as possible. Lord Gowrie accepts that there will be likely loss of support for some of them and accompanying potential difficulties and controversy. He feels, however, that a major effort of persuasion on his part may reduce the problems to manageable proportions.

But there are a few major bodies of international repute which cannot be left on this basis: regional institutions solely the responsibility of the GLC and MCCs which have little chance of 'home' borough support on the necessary scale; and national institutions which receive major funding from the GLC and MCCs which is unlikely to be made up elsewhere. ~~My~~ His short-list is attached: for example it would be most undesirable to let the South Bank Complex fall to Lambeth. As envisaged in Patrick Jenkin's minute to the Prime Minister of 27 July, ~~I~~ he would like to guarantee the future of these bodies by a transfer, within the existing public expenditure plans, from local to central government.

Lord Gowrie's overriding concern is to safeguard those centres of excellence in the arts - both national and regional - which have taken so long to build up and which make such a contribution

to national life. He is working on the assumption that local government re-organisation is not intended to reduce the overall level of arts support, and that his colleagues do not wish to burden the re-organisation with a high level of controversy irrelevant to its purpose.

Yours sincerely,

Mary Brown

MRS M E BROWN
Private Secretary

ANNEX

Institutions which are solely the responsibility of the GLC or the MCCs:

The South Bank Complex - particularly the concert halls (Lambeth)

3 major GLC museums: Kenwood (sited in Camden)

The Horniman Museum (sited in Southwark)

The Geffrye Museum (sited in Hackney)

The Walker Art Gallery (sited in Liverpool)

Institutions to which the GLC and the MCCs make substantial contributions:

LONDON

The National Theatre

The English National Opera

The London Festival Ballet

The London Orchestral Concerts Board (which finances the main London orchestras)

MCCs

The Hallé Orchestra

The Royal Exchange Theatre, Manchester

The Liverpool Philharmonic Orchestra

City of Birmingham Symphony Orchestra

Opera North

c B.I.

cc W.O.

Prime Minister (2)

MCS 27/9

PRIME MINISTER

English Rate Support Grant Settlement:
Public Expenditure Provision and Targets

The Ministerial Sub-Committee on Local Authority Expenditure (E(LA)) has held two meetings under my chairmanship about the English Rate Support Grant settlement for 1984-85. This minute reports our conclusions. The Secretaries of State for Scotland and Wales have held separate discussions with the Chief Secretary, Treasury, of the corresponding matters for their countries.

2. It is desirable to make early announcements to local authorities of total public expenditure provision for relevant current expenditure and expenditure targets so that they can take our decisions into account in framing their budgets for 1984-85. It is not necessary to make announcements on the Aggregate Exchequer Grant (which is crucial for the level of rates) or the distribution of provision between services until the autumn, though the Sub-Committee has in fact also taken decisions on the second of these. We shall return to the question of Exchequer Grant during the autumn.

Relevant Current Expenditure

3. The current public expenditure White Paper provides for relevant current expenditure by English local authorities in 1984-85 of £19.8 billion. In the light of budgetted expenditure in 1983-84, prospective inflation in local authority costs, the need to maintain stringent restraint on all public expenditure, and the need to retain the support of our friends in local government, the Secretary of State for the Environment and the Chief Secretary proposed that this should be increased to £20.3 billion. The Sub-Committee agreed to this proposal.

½ £ bn

Expenditure Targets

4. Local authority expenditure targets must make allowance for certain non-current items; and the total of targets must therefore be rather higher than the amount of £20.3 billion mentioned in the preceding paragraph. The Sub-Committee agreed that the total should be £20.5 billion. The basis for individual targets is that authorities should receive the higher of their 1983-84 grant-related expenditure assessment (GRE), adjusted for changes in the National Insurance Surcharge, and their target plus 2.5 per cent, subject to:

(i) a maximum increase from 1983-84 budgets of 3 per cent;

(ii) a maximum reduction from 1983-84 budgets of 6 per cent;

(iii) for authorities spending above the higher of target and GRE in 1983-84, a maximum increase from their 1981-82 'minimum volume budget' of 24 per cent.

(iii) is an overriding constraint.

5. The broad effect is that most high-spending authorities will be asked to make 6 per cent cash reductions from their budget for this year; by contrast, the lowest-spending authorities will be given a 3 per cent cash increase over this year's budget.

Provision for Services: The 'Unallocated Margin'

6. The above figures relate to an assessment of what local authorities are likely to spend rather than what the Government considers they need to spend. In recognition of that fact, this year's public expenditure White Paper contains an 'unallocated margin' for 1983-84 of some £900 million: this is the difference between the total provision in the White Paper for individual services (which is based on our assessment of spending needs) and the assessment of what local authorities will actually spend. The Sub-Committee has agreed that there should be a similar unallocated margin for 1984-85. It has reached agreement on its amount and on the

distribution of the remaining provision between individual services. The main point is that the increase in the White Paper provision for relevant current expenditure will not be taken as a sign that we are relaxing our view of the need to restrain local authority expenditure.

7. The Secretary of State for the Environment will be making an announcement early next week on the provisional expenditure targets for individual local authorities and on total public expenditure provision for relevant current expenditure in accordance with the conclusions reported in paragraphs 3 to 5 above. The announcement will not say that there is an unallocated margin or indicate the saving distribution.

8. I am sending copies of this minute to the other members of E(LA), the Lord Chancellor, the Minister of Agriculture, Fisheries and Food, the Minister for Arts and Sir Robert Armstrong.

Lord

29 July 1983

Local Govt Relations

cc Gibraltar file
Stock-exchange file
P/Exp file

2

PRIME MINISTER

STATEMENTS

There were four statements today.

1. The Scottish Rates Support Grant

This was a fairly routine occasion giving Opposition members a chance to complain generally about interference with local government. There was comparatively little support from Government benches but Mr. Younger had no difficulty.

2. Stock Exchange

Mr. Parkinson's statement predictably aroused the wrath of the Opposition who accused the Government of exempting their friends in the City from the requirements of the law. There was, however, a general welcome from the Government side for the statement and considerably detailed questioning about the agreement reached with the Stock Exchange. Opposition members were not interested at all in the contents of Mr. Parkinson's statement and he was able to make effective use of the point that the Opposition had given the trade unions very considerable immunities while requiring nothing from them in exchange. He also stressed the desirability of settling matters out of court at a great saving to the taxpayer. Generally speaking the Opposition were not able to make their charges stick.

3. Public Expenditure

Mr. Rees had a considerable success with his statement both in its content and style. The approach of the Opposition clearly demonstrated there would have been disproportionate trouble had the statement not been oral. But Mr. Rees' low-key approach was, I suspect, far more successful in diffusing the situation than would have been the Chancellor. The Opposition questioning concentrated on job losses, in particular in the National Health Service which suggests that you may have the figure of 8,000 job cuts quoted to you tomorrow.

/4. Gibraltar

29 JUL 1983

4. Gibraltar

Mr. Stewart's statement received a low-key response as befitted the fourth statement on a hot afternoon. The settlement was generally welcomed even amongst some Opposition members, who could not make up their minds whether the amount of work which had been guaranteed to the commercial dockyard was too great or too little. I think it unlikely that the subject will come up at Questions tomorrow.

5. White Paper on the Rates

Mr. Kaufman sought to cause a row about the delayed publication of the Rates White Paper calling on two occasions for a statement. It was clear that the Speaker was not going to be very helpful on this and in the end Mr. Jenkin had to come to the House to explain why the White Paper was not being published until next week. The Speaker allowed Mr. Kaufman to question Mr. Jenkin but he was able successfully to damp down the little excitment which was still left.

27 July, 1983

Statements

Mr. Speaker: As the House knows, there are no fewer than four statements to be made this afternoon, all of which are of great importance. I ask right hon. and hon. Members to be brief with their supplementary questions, please, and perhaps the Front Bench spokesmen would also help in this regard.

Mr. Gerald Kaufman (Manchester, Gorton): On a point of order, Mr. Speaker. It is directly related to the fact that the Secretary of State for Scotland is to make a statement. I have no idea of the contents of the statement, and no doubt my right hon. Friend the Member for Glasgow, Govan (Mr. Millan) will have his views on it. However, the Secretary of State is to make a statement on local government finance in Scotland.

What can you, Mr. Speaker, do to protect the House in relation to local government finance for England? The Secretary of State for the Environment promised the House that this month he would publish a White Paper on the rating system, but we now understand that he does not intend to publish that statement until the House is in recess, and that he does not intend either to publish the spending ceilings for English local authorites until the House is in recess, when Members of Parliament will no longer be able to question him and hold him to account.

As we are to get a statement from the Secretary of State for Scotland, what can you do, Mr. Speaker, to prevent this Administration, and in particular the Secretary of State for the Environment, from abusing the House of Commons and Parliament by withholding a White Paper and information on spending which is in their possession, which has been prepared, which could be made available, and which could be the subject of a statement, but which is deliberately being withheld, to the abuse of the House of Commons?

Mr. Speaker: I have no knowledge whether the White Paper is ready. I was in the Chair and I heard the Secretary of State say that a White Paper would be published this month and I imagine that that is the fact. As to the Scottish statement, there are many hon. Members in the House who would wish to hear it.

Rate Support Grant (Scotland)

3.33 pm

The Secretary of State for Scotland (Mr. George Younger): With permission, Mr. Speaker, I shall make an announcement about the rate support grant settlement for Scotland for 1983-84 and for 1984-85.

Scottish local authorities' planned expenditure for 1983-84 is £121 million, or 4·5 per cent. higher than was proposed in the rate support grant settlement, despite enhancement of the figures which had originally been contained in the public expenditure White Paper, Cmnd. 8494. When I met the Convention of Scottish Local Authorities on 17 June I said that in light of this planned overspend it was my view that there would have to be an abatement in the rate support grant payable in 1983-84. I could not indicate at what level that might be until I knew the outcome of the selective action which I had initiated against certain local authorities on grounds of excessive and unreasonable expenditure.

On 21 July the House approved reports proposing reductions in the rates of four local authorities equivalent to expenditure reductions of £18·8 million. As local authorities have still not brought their expenditure into line with the Government's plans, I have no alternative but to make a general abatement of grant to bring pressure on authorities to make commensurate savings in their expenditure. I will lay this week a variation order reducing the rate support grant payable in 1983-84 to Scottish local authorities by £45 million. As with the abatement in 1982-83, I shall make arrangements to ensure that no authority will suffer a loss of grant greater than its excess at outturn over current expenditure guidelines and this will be by means of an adjustment in the rate support grant settlement for 1984-85.

I now turn to 1984-85. Last year on 28 July I announced, on a provisional basis, the public expenditure provision for Scottish local authority current expenditure in the following year. To assist local authorities in their forward planning, I will now provide similar information for next year. The provisional figure for local authority current expenditure will be some £2,730 million—that is, about £60 million more than the provision in the public expenditure White Paper, Cmnd. 8789. In announcing this cash increase I have taken into account the views expressed to me in consultations by the Convention of Scottish Local Authorities.

I will in due course issue current expenditure guidelines to authorities for 1984-85. I have taken into account the views expressed by the convention regarding the treatment of the unallocated margin this year and I can say now that the total provision in 1984-85 will be included in the guidelines. I hope that all authorities will be prepared to make a real effort to bring their expenditure into line with those guidelines in 1984-85.

Mr. Bruce Millan (Glasgow, Govan): That was a disgraceful statement and the penalties being imposed against Scottish local authorities are even harsher than those imposed in the statement made by the right hon. Gentleman last year. It makes an absurdity of the debate that we had last week dealing with specific penalties amounting to £19 million when, as I forecast last week, an even greater penalty of £45 million is announced a week after the debate.

six years has been jobs and investment? Will the Government take any action to protect our industries, which are flying to the continent in order to take advantage of the unnatural subsidies that are being given by the other member states?

Mr. Channon: No, I cannot agree with the hon. Member. We send 43 per cent. of our exports to the Community. The figure was only 30 per cent. in 1970. Many jobs in the United Kingdom depend on that trade. The best estimate that we can make is that about 2·5 million jobs would be at risk if the Labour party's policy were to be carried out.

Sir Anthony Meyer: Is it not also a fact that the coverage of imports by exports is far greater in relation to our trade with the European Community than it is in relation to our trade with other advanced industrial areas —countries such as Japan and the United States?

Mr. Channon: What my hon. Friend says shows how important the market is to us and how important it is to stay in the Community.

Development Assistance Scheme

19. **Mr. Kirkwood** asked the Secretary of State for Trade and Industry if he will consider establishing a new rural development area status as part of the development assistance scheme.

Mr. Norman Lamont: Assistance is already available to rural areas from the appropriate bodies in the different parts of Great Britain. The hon. Member's constituency, for example, can obtain assistance from the Scottish Development Agency.

Mr. Kirkwood: I thank the Minister for his reply. Is he aware that there is a growing body of opinion in Scotland that believes that the machinery available to the Scottish Development Agency is not appropriate to rural areas, whose needs are quite different from, but just as great as those of the urban areas? Will the Government look at the problem again?

Mr. Lamont: That must be a matter for the Secretary of State for Scotland.

Ceramic and Pottery Industry

20. **Mr. Fisher** asked the Secretary of State for Trade and Industry if he will make a statement on the future prospects for the ceramic and pottery industry.

Mr. Trippier: I believe the industry is well placed to take advantage of a pick-up in demand.

Mr. Fisher: Is the Minister aware that the so-called "well placed" position has involved 25,000 jobs being lost and Britain becoming a dumping ground for cheap pottery goods from Malaysia and other far eastern countries? When will the Minister act to save a very lucrative and profitable industry from going down the drain?

Mr. Trippier: The hon. Gentleman should not assume that he has a monopoly of concern for the industry. I share that concern. The problems that the hon. Gentleman has outlined reflect the industry's past difficulties during the recession. I do not underrate them, nor should the hon. Gentleman underrate the strengths of the industry.

Greater Manchester

21. **Mr. Lloyd** asked the Secretary of State for Trade and Industry if he will reintroduce assisted area status for greater Manchester.

Mr. Trippier: Successive Governments have designated assisted areas by reference to the circumstances in individual travel-to-work areas and this continues to be the case. I am satisfied that on present evidence the current assisted area gradings of the eight travel-to-work areas in greater Manchester are appropriate to their circumstances.

Mr. Lloyd: Is the Minister aware of how badly greater Manchester has suffered over the past two years because of Government policies? Is he further aware that the enterprise zone in Trafford park has been a cosmetic exercise that has failed and that the greater Manchester area, unless given practical assistance by the Government, is doomed to further decline?

Mr. Trippier: Perhaps I was a little kind to the hon. Gentleman in my reply to his substantive question. If he had done a little more research, he would have realised that there are some travel-to-work areas within the greater Manchester county that are assisted. For example, Bolton and Leeds are intermediate areas and Rochdale and Wigan are development areas. I have said before, in a previous Question Time, that regional policy is being reviewed and that it is too early to speculate on the outcome.

Last year the so-called expenditure, net of specific penalties, was £170 million, on which a penalty of £27 million was imposed. This year, the net so-called excess expenditure is considerably less, at £120 million, and yet the penalty is considerably higher, at £45 million, which represents 45 per cent. of the so-called excess. From what the Secretary of State has just said, will not every local authority except three out of the 65 suffer from the penalties being announced today? I hope that Tory Members who voted for the penalties last week will remember that I said to them then that this is precisely what would happen to their authorities this week. Responsible authorities such as Strathclyde will suffer a penalty of no less than £20 million as a result of this statement.

As to the 1984-85 expenditure, as usual the Secretary of State has dressed up the figures to make them look as if they are a concession to the local authorities, but the figure of £2,730 million that he announced is not even sufficient to provide for a reasonable rate of inflation compared with the equivalent figure announced last year. The figure is only 3 per cent. higher than that which he announced last year and will not cover any reasonable expectation of inflation in 1984-85. It is less than the figures that the local authorities have already budgeted for in their cash terms for the current year.

On any reasonable estimate, to reach the figures that the Secretary of State has announced, local authorities in Scotland would have to reduce their budgeted expenditure next year by about 6 per cent. in real terms. There is no hope of the Secretary of State obtaining such a reduction in 1984-85. If he were to obtain it, it would mean slashing thousands of jobs, such as teaching jobs, and local authority services. The Secretary of State will not get such a reduction and we shall go through the same farce in 1984-85 of unrealistic guidelines and the vast majority of authorities going above the guidelines.

May I ask the right hon. Gentleman about an omission from his statement? In July last year, he announced the rate support grant for the following year. He has not made such an announcement today. Will he give an assurance that the rate support grant for 1984-85 will be at least the 61·5 per cent. that applied for 1983-84? Unless he can give that assurance, he is, typically, giving the House only part of the story. We shall see a further tightening of the screw on local authorities in Scotland if, as I believe is likely, the rate of grant is further reduced later in the year.

The right hon. Gentleman spoke about consultation and taking account of the views of COSLA, but his Under-Secretary refused to give COSLA representatives the expenditure figures for 1984-85 when he met them this morning. Now that we have seen the figures, we know that they represent a tightening of the screw on Scottish local government. They will mean poorer services and more unemployment among local authority personnel. The cuts announced today are serving no useful economic or social purpose.

Mr. Younger: The right hon. Gentleman must see my statement against the background of our efforts over many years to persuade local authorities in Scotland to trim their spending into line with the Government's general economic policy. The right hon. Gentleman has always accepted that the Government have an interest in determining what that general level should be. His position seems to be that he accepts that principle, but is against selective action—he made that clear last week—and a general abatement. We are in a full circle. The right hon. Gentleman has not made his view clear. Either he favours local government spending whatever it likes or he favours some method of Government influence. I hope that he will make his position clear.

I have made no secret of the fact that, having been generous in the past two years—last year I even made savings in my own programmes to make matters easier for local authorities—I have had to make it clear that the Government are in earnest this year and that local government will have to bring its expenditure into line with the Government's general economic policy. That is what the figure that I have announced is intended to do, and I hope that that is what it will do.

Of course, because of the overspending of previous years, it will be difficult for local authorities to achieve the figure that I have announced, but I hope that my statement gives them the clear signal that, however difficult it may be, it is essential in the national interest that expenditure should be brought within the reasonable rates that we have suggested.

My hon. Friend the Under-Secretary was naturally not able to tell the COSLA representatives this morning the figure for the enhancement for next year. If he had done so, the right hon. Member for Glasgow, Govan (Mr. Millan) would justifiably have complained that the figure should be announced to Parliament before being announced anywhere else. That is the main reason why I announced the figure to Parliament, and I hope that the House agrees that I was right to do so.

Several Hon. Members *rose*——

Mr. Speaker: Order. I have a duty to protect the business of the House, and a number of other important statements are to be made. I propose to allow questions on this statement to run until 4 o'clock and I ask for crisper questions and answers please.

Mr. Bill Walker (Tayside, North): My right hon. Friend will not be surprised to hear that Conservative authorities were expecting his announcement. They, too, are concerned that the expenditure over a long period of some of the high-spending authorities appears to give them an advantage over authorities such as Tayside, Perth and Kinross and Angus which have been prudent spenders for many years. Will my right hon. Friend bear that fact in mind when considering future figures?

Mr. Younger: I greatly appreciate what my hon. Friend has said. I am considering carefully whether we can do anything to make the general abatement operate more fairly.

Mr. Norman Hogg (Cumbernauld and Kilsyth): Given that local government is labour intensive and that there is a direct correlation between cuts in expenditure and lost jobs, can the Secretary of State say how many Scottish local government employees may expect to join the dole queue as a consequence of his disgraceful statement?

Mr. Younger: Like the hon. Gentleman, I hope that decisions can be implemented quickly enough to ensure that there is no need for redundancies. He knows that Lothian regional council decided some time ago not to take on extra staff in case this sort of thing happened. If expenditure is to be brought down, it is better that it is done quickly, so that there is no need for redundancies.

Mr. Albert McQuarrie (Banff and Buchan): Does my right hon. friend agree that the majority of local authorities that will be affected by his statement are the overspenders which have consistently ignored his representations to trim their expenditure? They have increased the number of their employees beyond my right hon. Friend's guidelines. Authorities such as Grampian, Gordon and Banff and Buchan have shown that the Government's guidelines are effective and can be carried out satisfactorily without causing the problems that confront overspending authorities.

Mr. Younger: My hon. Friend makes an extremely good point. If the figures were as unreasonable as the Opposition make out, no local authorities in Scotland could work within the guidelines. But some have done so, and all credit to them.

The principal fact, to which my hon. Friend is right to draw attention, is that it is easy to run a local authority if one can spend whatever one likes. It requires good and effective management to ensure that one spends within what the nation can afford, and that is what I am asking local authorities to do.

Mr. Gordon Wilson (Dundee, East): As local government expenditure is more than 50 per cent. of the right hon. Gentleman's own budget, will he explain what impact the changes will have on the pattern of public expenditure in Scotland, bearing in mind that such expenditure is declining in real terms, compared with that in the whole of the United Kingdom? What role is the right hon. Gentleman playing in Cabinet? Time and again, he comes up with poor results, leading to reduced public expenditure in Scotland, more unemployment and more misery.

Mr. Younger: The hon. Gentleman makes a good point when he says that more than 50 per cent. of the budget for which I am responsible is spent not by me but by local authorities. That is why it is impossible for me to ignore what they spend. The hon. Gentleman must accept that any Secretary of State must have some influence on what local authorities spend. If they spend more than they should, I have to make cuts in my programmes or in other spheres, and no hon. Member on either side of the House would be pleased to see that.

Mr. Michael Forsyth (Stirling): Will my right hon. Friend confirm that, bearing in mind the many representations made by leading national firms, such as Marks and Spencer, that rates in Scotland are more than twice what they have to pay south of the border, his statement, far from being a threat to jobs, is the greatest possible boost to employment prospects in Scotland?

Mr. Younger: I agree with my hon. Friend. All of us who are involved in these matters should bear in mind that a large proportion of the rates raised in Scotland are spent without those who pay them having any influence on the democratic process.

Mr. Gregor MacKenzie (Glasgow, Rutherglen): Will the Secretary of State answer the question asked earlier: how many people doing essential jobs—home helps and the like — will lose their jobs as a result of his statement?

Mr. Younger: I do not agree with the right hon. Gentleman. If I were on a local authority and had to make expenditure choices, I cannot imagine that the first service on which I should look to save money would be the home help service.

Mr. Hugh Brown (Glasgow, Provan): Does the right hon. Gentleman recognise that there has been a deplorable deterioration in the relationship between central and local government? Is not it like a marriage breakdown, where there are usually faults on both sides? Can the right hon. Gentleman offer any hope of conciliation to help to produce the better relationship that is desperately required?

Mr. Younger: I appreciate the spirit of the hon. Gentleman's question and respond to it sympathetically. I could end the controversy for good by agreeing that local authorities should spend whatever they like. It would be easy for me to do that, but that would be to condemn the rest of the Government's expenditure programmes to substantial cuts, and I am sure that the hon. Gentleman would be the first to oppose that.

Mr. Malcolm Bruce (Gordon): Will the Secretary explain how this statement will affect rural areas, as they have received less assistance from the Government than rural areas south of the border have received, and bearing in mind the fact that that is where services are most marginal? Does he acknowledge that rural areas are in the front line in cuts of this nature? Will he further explain whether councils such as Grampian, which has a surplus of £5 million, will be allowed to carry that forward or will have to give it back to the ratepayer, or will he cut it from next year's allocation?

Mr. Younger: I much appreciate what the hon. Gentleman says about rural areas. I can give him this comfort, that in general—there may be some exceptions —it is clear that authorities in rural areas have taken great care to keep their expenditure within reasonable bounds. I think I am correct in saying that the hon. Gentleman's own district authority is one that should not suffer at all from this abatement.

Mr. John Home Robertson (East Lothian): Who does the right hon. Gentleman think he is? This is the second week running that he has come to the House to interfere with the budgeting of Scottish local councils. Would it not be more appropriate to let those councils get on with their own jobs? Would it not be even more appropriate, instead of having a Secretary of State who seeks to represent the Treasury in Scotland, to have a Secretary of State who represents Scotland in the Cabinet.

Mr. Younger: The implication of what the hon. Gentleman says is that I should step back and allow local authorities to spend whatever they like. With respect, that is nor my view, not is it the view of his right hon. Friend the Member for Glasgow, Govan (Mr. Millan).

Mr. Jim Craigen (Glasgow, Maryhill): As only three of the 65 local authorities thought that the guidelines were realistic, are we to take it from today's statement that, in the view of the Secretary of State, there is no distinction to be drawn between selective action against local authorities and this indiscriminate assault on all our communities? Does he go to COSLA meetings with his ear muffs on because he does not seem to listen to its representations?

Mr. Younger: The facts do not bear that out. I said in my statement today that in the coming year the guidelines

will include what in the previous year was an unallocated margin, which COSLA strongly stressed should not be repeated. I have responded to that representation. On the general point, again the implication of the hon. Gentleman's question is that I should step back and allow authorities to spend whatever they like. Is that his view? It is certainly not the view of his Front Bench.

Mr. Robert Maclennan (Caithness and Sutherland): Does not the Secretary of State realise that to announce special penalties one week and then to announce the next week a general abatement makes it plain that the Government are not prepared to allow local authorities proper control over their own expenditure, and that by announcing a general abatement he is penalising authorities that are well within margins of expenditure that even he would acknowledge, and that by a subsequent rebate in the next financial year he does not ease the position of local authorities which are already in difficulties in this current year?

Mr. Younger: The hon. Gentleman used the words "proper control over their own expenditure". His question does not make much sense unless we know what that means. If it means that local authorities can spend whatever they like, irrespective of the Government's economic policy, I do not agree with him—nor, with respect, do the official Opposition—and I doubt very much whether even the SDP agrees with him.

Mr. Michael Hirst (Strathkelvin and Bearsden): Does my right hon. Friend agree that today's statement increases the obligations on Scottish local authorities to look at ways of making meaningful reductions in operating the various departments under their control? Does he further agree that councils could realise substantial savings by putting out services to tender, and will he encourage them to do so?

Mr. Younger: I am grateful to my hon. Friend for that suggestion. I should have thought that that was generally desirable wherever it produced acceptable services for the public at a lower cost. On general local authority expenditure, it is in the interest of the general public to have effective local authority services provided at the lowest possible cost. I hope that all local authorities will seek to do that as quickly as possible.

Mr. John Maxton (Glasgow, Cathcart): Is the Secretary of State aware that this extra cut in the expenditure of Glasgow district council must make it extremely unlikely that the Burrell gallery will be opened in October? Does not that more than anything else typify the Government's economic policy, in that enormous capital expenditure will have been undertaken although the revenue expenditure will not be available for the gallery to be kept open?

Mr. Younger: It depends on the priority that one gives to certain matters. I am bound to say that if I were on Glasgow corporation the Burrell collection would not be the first item that I would consider in making economies. I should add tht I have contributed from my budget, pound for pound, what Glasgow corporation has produced. It was not easy for me to find my share, but I made savings elsewhere in my programme.

Mr. William McKelvey (Kilmarnock and Loudoun): Will the Secretary of State say how long and how often he will perpetrate this series of gross injustices against the democratically elected Scottish councils? If he believes that to be kind he should be clinical, why does he not apply the coup de grace? Why not chop off their heads? Why not send in the Army, take over the councils and administer them himself?

Mr. Younger: If the hon. Gentleman's policy is to send in the Army to run local authorities, I cannot agree with him.

Mr. Tom Clarke (Monklands, West): Is the right hon. Gentleman aware that this may be the last question, but that it will be by no means the last word on the matter? Is he aware that it is demoralising in the extreme for local authorities to be given a lecture of this kind when their record on budgeting is far better than that of central Government, particularly that of this Government? Did the Secretary of State take into account the Chancellor's announcement about the reduction in health expenditure, which means an increasing burden on the social services of local authorities? Did he not therefore consider increasing the allocation rather than decreasing it in that respect?

Mr. Younger: I appreciate what the hon. Gentleman says, particularly in view of his experience in local government. He will understand that it would be very easy to run local government if one did not have to pay attention to whether expenditure was going up. He made a comparison between central and local government. The Scottish Office has achieved a reduction of about 14 per cent. in manpower, whereas local authorities are not remotely near that achievement. I hope that the hon. Gentleman will recognise that.

Mr. Norman Buchan (Paisley, South): Is it not an added impertinence for the Minister not only to take it unto himself to determine the level of services that should be provided in general terms, but to offer gratuitous advice —rather impertinent advice—from the Dispatch Box? Does he recall that on an earlier occasion an attempt was made to bring in museum charges? That was done when the present Prime Minister was Minister of Education, and she was beaten largely by members of her own party, which, I confess, was a rather more civilised and less philistine party than it is now.

Mr. Younger: It would, of course, be much easier for me and my Department to sit back and ignore the whole question of local government spending. The reason why we cannot do so—it is a common view on both sides, at any rate between the Front Benches — is that local government expenditure is an indissoluble part of public expenditure as a whole. It is agreed between both sides of the House that the Government of the day must have some say in local government spending. The hon. Gentleman cannot get out of that commitment, and I hope that he will not try to do so.

Mr. Millan: Will the right hon. Gentleman answer one question that he has not yet answered? I said that, on my calculation, for local authorities to reach his figures they would have to reduce expenditure next year by 6 per cent. in real terms. Is that the figure? If not, what is the Secretary of State's figure?

Mr. Younger: That depends on the figure that the right hon. Gentleman is reducing from. If he is reducing from local authorities' actual expenditure, which is very much above the figure that the Government suggested, that may well be the figure. I do not know precisely what it is. The

[Mr. Younger]

right hon. Gentleman has still not answered the question. If he agrees, as I understand he does, that the Government, of whatever party, must have some say in local government spending, if he is against selective action, and he is now against general action, what on earth is he in favour of? The answer is that he will not face these issues.

Mr. Speaker: I thank Scottish Members for their co-operation on the statement and wish them all a happy holiday.

Stock Exchange

4 pm

The Secretary of State for Trade and Industry (Mr. Cecil Parkinson): With permission, Mr. Speaker, I wish to make a statement about the case brought by the Director General of Fair Trading against the Stock Exchange in the Restrictive Practices Court.

Ministers have for some time been concerned that the court proceedings under the Restrictive Trade Practices Act 1976 may not be the best way to pursue the matters raised by the Director General. While these proceedings are pending, it is difficult for the Stock Exchange to make changes to enable its members to compete for business worldwide. There is also a danger that the legal proceedings within the framework of the Act may damage the effective operation of the Stock Exchange, which remains essential to the working of our economy. Accordingly, the Government would wish to see the matter settled out of the court, if the Stock Exchange is able to make acceptable changes.

I decided to discuss the matter with the Director General and thereafter with the chairman of the Stock Exchange. I explained that the Government had concluded that in order to safeguard the position of investors the separation of the functions of brokers and jobbers should be preserved at least for the time being in its present form. The House will recall that, in analogous circumstances, it insisted on separating brokers and underwriters at Lloyd's. The Stock Exchange's rules, which prescribe the separation of capacity, may have to be included in statutory provisions under European Community directives. In that case I intend to make regulations under the European Communities Act, 1972.

I said that I should also expect the Stock Exchange to make changes on points of concern to the Director General. Following discussions with his council, the chairman of the Stock Exchange has made the following proposals to me.

The council will take action to dismantle by stages and with no unreasonable delay all the rules which prescribe minimum scales of commission, completing this by 31 December 1986. The Stock Exchange will continue the rules prescribing separation of capacity of brokers and jobbers. The council will introduce rules to permit non-members to serve as non-executive directors of limited corporate members of the Stock Exchange, provided that there is always a majority of directors who are members of the Stock Exchange.

The council will recommend to the members of the Stock Exchange changes which would, first, introduce lay members to the council of the Stock Exchange, their number and the method of their selection to be agreed with the Bank of England. Secondly, the changes would establish a new appeal body, independent of Stock Exchange members of the council. If the council were to reject an applicant for membership who fulfilled the requirements of the rules, the appeal body could review the decision and over-rule it. This body would include lay members of the council, but Stock Exchange members of the council would not be eligible. Thirdly, the changes would introduce people who are not Stock Exchange members of the council to the Stock Exchange's existing appeals committee on disciplinary matters so that they will

(2)

Prime Minister

MCS 27/7

Secretary of State for Environment

RATE LIMITATION WHITE PAPER

with MCS.

MT

Thank you for sending me a copy of your minute of 22 July to the Prime Minister.

I am generally content with your proposals and the draft White Paper, subject only to four points below. Of the points mentioned in your minute, as you know I strongly share your belief that we must be ready to react immediately, if necessary, to questions about default and obstruction. I therefore welcome your statement that work on this is going ahead urgently.

My four points on the text are:

(a) The penultimate sentence in paragraph 1.6 ("Other important spending programmes such as defence, law and order, and social security, may have to be foregone") reads oddly in the context. The paragraph is about reducing public expenditure as a proportion of GDP. As it stands, the sentence suggests that, to that end, the spending programmes mentioned will have to be cut. Your intention (I assume) was rather to say that excessive local authority spending, given the need to reduce total public expenditure, could prejudice programmes of national importance, such as those you mention. An added difficulty, however, is that one of the programmes you mention (law and order) is itself predominantly a local authority service. I suggest below amendments which are designed to overcome these difficulties.

(b) My second point is related, and concerns paragraph 1.9, which is about local services of national character, and mentions education as an example. I should like to see the police mentioned here, rather than (by implication) in the penultimate sentence of paragraph 1.6. I should also prefer these services to be described as of national "importance", rather than of national "character". To meet the difficulties at (a) above, paragraph 1.6 would then be amended, I suggest, to delete the penultimate sentence, and extend the final sentence to conclude: " .... infrastructure, and to put pressure on Government programmes of national importance such as defence and social security."

/(c) Those

(c) Those attracted to the idea of a poll tax stress its simplicity and paragraph 2.9 could be misleading, I think, in saying that such a tax would necessarily be complicated. I think the argument would run more naturally if the fourth sentence ("If the electoral register were used ....") came after the second, to be followed by "If a special register was used, the scheme would be complicated ...." (continuing as in the present text but omitting "A new register would therefore probably be needed.")

(d) Finally, I welcome the fact that the White Paper does not say anything to suggest that either scheme will be applied to the Metropolitan Police precept, which, as you know, is approved by me.

I am sending copies of this minute to Cabinet colleagues, the Attorney General, the Chief Whip and Sir Robert Armstrong.

L.B.

27 July 1983

27 JUL 1983

Ref.A083/2264

PRIME MINISTER

Cabinet: Abolition of Greater London Council and Metropolitan County Councils: Police and Fire Services

BACKGROUND

When the Greater London Council (GLC) and Metropolitan County Councils (MCCs) are abolished it will be necessary to make fresh arrangements for the running of the fire service in all their areas and for the police in the Metropolitan Counties (the Home Secretary, of course, is already the police authority for the GLC area). All the Ministers concerned agree that the services should be organised under joint boards of the relevant local authorities. There is, however, a difference of view about how the boards should be financed. This difference is reported in his minute of 22 July by the Secretary of State for the Environment as Chairman of the Ministerial Group on the Abolition of the GLC and the Metropolitan County Councils (MISC 95).

flag A

2. There are two main options, described more fully in the minute. In brief, they are as follows:

Option A

Controls

Kill Fire

The joint boards would, so far as possible, be treated as independent bodies, deciding their own budgets, receiving specific and supplementary grants and block grants from central Government, and precepting on the constituent lower-tier authorities. They would be subject to the selective scheme of rate limitation which the Government is pledged to introduce.

Option B

The joint boards would be treated as extensions of the constituent bodies, who would decide the size of the budget and would contribute that part of the budget not covered by specific and supplementary grants. The joint board would not receive block grant and would not be subject to the scheme of rate limitation (except in so far as that affected the behaviour of the constituent lower-tier authorities).

3. A majority of MISC 95 favoured Option A, largely on the grounds that it would be more effective in controlling expenditure. But the Home Secretary favours Option B, partly because he believes that in practice Option B would actually be more effective in controlling expenditure, but more importantly because he sees serious political and constitutional difficulties in Option A.

4. The arguments all relate to the longer term. There is a separate question about the extent to which the police and fire joint boards, however financed, should be subject to direct control by Government of their manpower and budgets for a transitional period of two to three years after the abolition of the GLC and MCCs; but that need not concern the Cabinet on 28 July. It is a matter for MISC 95 to consider, at least in the first instance. The Home Secretary has offered, irrespective of the long-term decision, to consider the possibility of a scheme to control the establishments, both uniformed and civilian, of police and fire joint boards during a transitional period. Again, that will be for discussion in MISC 95.

flag B

5. The Cabinet agreed on 10 May (CC(83) 17th Conclusions, Minute 3) to introduce the abolition legislation early in the 1984-85 Session, with the aim of completing the transfer of functions by 1 April 1986; and that this would involve announcing the Government's proposals fully and beginning consultations not later than October, this year. The Secretary of State for the Environment regards it as essential to resolve the present issue in order to meet that timetable.

flag C

6. The Secretary of State for the Environment has reported separtely to you (his minute of 27 July) on the conclusions of MISC 95 regarding other matters. That minute should be useful background to the Cabinet's discussion; but you will not wish to discuss it in substance on 28 July.

7. The Minister for the Arts (Lord Gowrie) has been invited to attend because there will be problems in the arts field, affecting institutions now run or financed by the GLC and MCCs, which will be analogous to those under discussion in relation to the police and the fire services. But he is not expecting to speak, and the issues on the arts are not yet ripe for Cabinet discussion.

MAIN ISSUES

8. The issue before the Cabinet is simply which option is preferable. In resolving that issue, Ministers will wish to consider the following:

(i) Is one option more consistent with the Government's general approach to abolition?

(ii) Is one option likely to be more effective in controlling expenditure?

(iii) Are there any decisive political or constitutional arguments?

(iv) What are the implications for other services affected by abolition?

Consistency with general approach

9. An important part of the general approach to abolition is to rely as much as possible on the boroughs and districts. If joint boards set their own budgets independently and raise finance by precepts on the lower-tier authorities, they are to be abolished, the only difference being that they are confined to a single service and that their members are not directly elected. It may therefore be argued that, on general philosophical grounds, the joint boards ought to be financially dependent on the constituent authorities.

10. Against this it may be argued that joint boards are being contemplated only for those functions where it is desirable to have a single authority and devolution to the boroughs and districts is not practicable. In these cases the philosophical considerations should not be decisive and the choice should turn on which method of financing is more likely to make for the effective and economical discharge of the functions.

Expenditure control

11. The case for Option B on expenditure control grounds is as follows. One of the arguments in the past for reorganising the Innder London Education Authority (ILEA) has been that a single

service precepting authority, not facing the need to balance conflicting expenditure pressures or directly accountable to the electorate, is intrinsically likely to be extravagant. To this could be added the point that, in the particular case of police and fire, the Government will find considerable political difficulty in turning down requests for expenditure specifically for those services. The actual level of expenditure on the fire service in all areas (and the police service in several) is well above the relevant grant-related expenditure assessment (GRE). It will not be easy to increase the GREs; to cut back expenditure to match them; or to approve expenditure well above them. But these are the only options. In practice, then, even if not in theory, it might be easier to exercise restraint indirectly through the boroughs and districts: the Government could then argue about the total level of expenditure on all services, including contributions to police and fire joint boards, rather than expenditure on the police or fire services in isolation.

12. The expenditure control argument in favour or Option A is that it provides the opportunity to control expenditure by the joint boards directly than indirectly. Against the political difficulties under Option A of rejecting requests for additional expenditure from single-service police and fire boards must be set the fact that under Option B the only form of Government control, other than reliance on the general incentives to economy in the block grant system, would be through the effect of the rate limitation scheme on the constituent boroughs or districts, and this is to be highly selective. It might therefore have no effect on a particular joint board, if none of the constituent authorities was selected. Selection of only one of the constituent authorities might have little effect. There is also the point, to which Lord Bellwin attaches importance, that a constituent authority could be brought into selective control through being required to contribute, by majority vote of the other constituent authorities, to the budget of a joint board at a higher level than it thought reasonable. This might be regarded as so unfair as to jeopardise the acceptability of the selective control scheme itself. In the context of a general rather than a selective

rate limitation scheme, Option B would compare better with Option A on expenditure control grounds. The Government must however base its decision on the scenario of a selective scheme, since the general scheme is only to be kept in reserve.

13. A clear majority of MISC 95 considered Option A more likely to be effective in controlling expenditure; but the arguments are finely balanced.

Political and Constitutional arguments

14. The political and constitutional objections raised against Option A are as follows. First, it would mean that, for the first time, central Government would be determining the maximum amount that could be spent by a local authority on an individual service. This would be quite different from the position under the selective control scheme: under that, the Government determines the maximum expenditure on a range of services, but not the amount for any individual service. Secondly, there are particular sensitivities in the case of the police: Option A might be regarded as the precursor of a national police force.

15. The arguments on the other side are as follows:

(a) Apart perhaps from a two or three year transitional period, there is no need to assume that the budgets of all police and fire joint boards would be directly controlled by Government. On the contrary, the selective scheme or rate limitation is expected to apply to only about 15 authorities in all; only those authorities with manifestly excessive expenditure will be caught.

(b) The Home Secretary already controls about 80 per cent of the police budget through his powers over establishments and pay.

(c) Although budgetary decisions are bound to have operational implications, there is no suggestion that the Home Secretary should intervene in detailed operational matters. It is that sort of intervention that would raise the most serious constitutional objections.

16. A majority of MISC 95 took the view that although the political and constitutional objections to Option A were significant, they were not decisive; and that, in particular, they did not outweigh the advantages in terms of control of expenditure.

Implications for other services

17. The method of financing joint boards for police and fire does not have to be adopted automatically for other services run by joint boards (principally the ILEA and public transport in the MCs). But different methods would be hard to defend for the following reasons:

(a) If Option A is chosen for police and fire, it will presumably be chosen because arguments of expenditure control are thought to outweigh the political and constitutional objections. The expenditure arguments apply as much to the other services; the political and constitutional arguments do not apply to nearly the same degree. It is therefore hard to see why Option B should be adopted, in these circumstances for other services.

(b) The Home Secretary already has extensive statutory powers over police and fire; corresponding powers do not exist with regard to education and public transport. So if Option B is chosen for police and fire, it would not be easy to justify imposing more stringent control over the other services.

It therefore seems reasonable to assume for the purposes of the discussion on 28 July that a similar pattern is likely, even if not certain, to apply to the financing of all joint boards.

HANDLING

18. You will wish to ask the Secretary of State for the Environment to open the discussion: he will wish to comment both as Chairman of MISC 95 and in his departmental capacity. You could then ask the Home Secretary to reply. Other Ministers

with responsibilities for local government services, especially the Secretary of State for Education and Science (because of ILEA) and the Secretary of State for Transport (joint boards for public transport), will wish to comment. The Chief Secretary, Treasury will have views on the implications of the two options for control of public expenditure. Other colleagues may have views on the political and constitutional aspects.

CONCLUSIONS

19. You will wish the Cabinet to decide between Options A and B. Depending on the course of discussion, it may be appropriate to give the Secretary of State for the Environment guidance on how the matter is to be presented in the White Paper or consultative document on abolition which he proposes to publish in the autumn.

RTA

ROBERT ARMSTRONG

27 July 1983

CONFIDENTIAL

CC N.O.

Prime Minister

For Cabinet tomorrow.

MCS 27/7

PRIME MINISTER

Abolition of the Greater London Council (GLC) and the Metropolitan County Councils.

The Ministerial Group on the Abolition of the GLC and the Metropolitan County Councils (MISC 95) has met twice under my chairmanship. This minute reports our conclusions. I have sent you a separate minute about the financing of joint boards, with particular reference to the police and fire services.

Pt. 15 The Cabinet agreed on 10 May (CC(83) 17th Conclusions, Minute 3) that we should introduce the main legislation early in the 1984-85 Session with the aim of completing the transfer of functions by 1 April 1986. This would involve announcing our proposals fully and beginning consultations not later than October this year.

The Group has considered the following main questions:

(i) the reallocation of functions;

(ii) the constitution of joint boards;

(iii) financial implications, including the application of financial controls to joint boards;

(iv) the property and staff implications of the transfer of functions; and

(v) implementation and how to counter obstruction.

(i) Reallocation of functions

As many functions as possible should be transferred to the districts and boroughs: in addition to those already decided, waste disposal, planning and trading standards should be treated in this way. Where cooperation between authorities is needed for these functions, we propose to rely on voluntary arrangements, backed up where necessary with reserve powers.

Joint Boards will be needed to deal with fire, police in the Metropolitan Counties, and education in inner London. The Group has concluded, reluctantly, that they are also needed as Passenger Transport Authorities (PTAs) for public transport in most Metropolitan Counties (MCs). There are some areas, however, which might be exceptions to this pattern. The White Paper will make it clear that the Government will consider on their merits proposals from particular district councils to set up separate municipal services.

MISC 95 considers that it would be right to transfer to the proposed PTAs responsibility for the five airports in which the Metropolitan County Councils have a stake. However, in view of the strong local feelings about certain of the airports, the White Paper will not exclude the possibility of transfer to district level.

The Group considers that so far as possible the districts and boroughs should take over the responsibilities of the GLC and MCCs for supporting the Arts; but that special arrangements may be necessary to deal with some institutions of major national or regional importance. Subject to agreement between the Chief Secretary and the Minister for the Arts on the financial and manpower implications, the White Paper will set out this general policy. But it will be drafted in a way which enables us to keep the maximum pressure on lower-tier authorities and the private sector to provide support for as many artistic institutions as possible.

(ii) Constitution of joint boards

The Group has agreed that joint boards in MCs should consist of two members from the smallest authority in each area, with other seats allocated in proportion to the size of the electorates of nominating authorities. This links numbers of representatives to numbers of electors represented. Application of this method to the successor to ILEA, however, would produce a 36-member authority which, considering the amount of work to be done and the continuing obligations which members would have in their own boroughs, would not be large enough. The Group agreed that 48-50 members would be preferable: the arrangements necessary to achieve this are being reviewed. To avoid monopoly political control of these boards, the Minister for Local Government has proposed an arrangement under which each authority nominating representatives would be obliged to have regard to its party balance. The constitution agreed by the Group for boards in the MCs would produce a very large and unwieldy joint board for fire in London. We have concluded that this board should consist of a single nominee from each borough. The diversity of political control of the boroughs would be sufficient guarantee against political monopoly.

The basis of tenure of members of joint boards should be compatible with the electoral cycles of the nominating authorities.

(iii) Finance

Finance is an area in which we still have much work to do. I have minuted you separately on the question of how, in particular, police and fire joint boards should be financed. When a decision has been taken, it will be necessary for the Group to consider the implications for financial arrangements for other joint boards. In the meantime the Secretary of State for Education and Science is preparing proposals for the financing of ILEA; and the Secretary of State for Transport is preparing proposals for the financing of PTAs.

Whatever the longer-term arrangements for the financing of joint boards, the Group considers that there is a strong case for subjecting them to budgetary control by the Secretary of State concerned for the first two or three years of their existence, and then acting firmly to ensure that new structures are economical.

(iv) Transfers of property and staff

The transfer of property poses no insuperable problems of principle. In general, property will follow functions. Special arrangements will be needed to deal with property associated with more than one function or about which disagreements arise. These principles are enough for the drafting of the White Paper: we shall need to return to the details at a later stage.

It will be important to achieve substantial staff economies from abolition. The Group has invited the Minister for Local Government to discuss with colleagues concerned the levels of staff savings which we should seek to achieve on services going to joint boards. He is also looking further at the total savings which we should seek to achieve. The Group has not decided whether or not to impose specific staff controls on joint boards. But it accepts that there is a strong case for them as a logical extension of our view on the need for transitional control over the finances of joint boards.

The Chief Secretary is considering the implications for the Group's work of the EC Directive on Acquired Rights of Employees of Transferred Undertakings and will be reporting as soon as possible.

We need to win over the staff affected by abolition - or it will be delayed by lack of cooperation. This means complementing a tough policy on staff savings with a balanced package of terms. The Group has agreed in principle to proposals on these matters, subject to any detailed points that the Chief Secretary may put forward. Staff dealing with transferred functions who are retained will go on current terms. Any staff moving to less

well-paid posts will be compensated for the detriment. For most of those made redundant, existing local government day-to-day redundancy terms will apply. For staff aged between 41 and 49, however, these terms are considerably less favourable than normal practice in the public sector; and for this age group the same terms should apply as in the National Health Service and New Towns. The Group considered that there could be circumstances in which redundancy terms more favourable than these for some or all of the under-fifties might have to be provided; but that this should be done only if it become clear from negotiations that it was necessary to the successful completion of the exercise.

(v) Implementation and Obstruction

A Bill to defer the GLC and MCC elections due to take place in 1985, and to counter obstruction if necessary, is included in the legislative programme for the current Session. MISC 95 agrees that we should avoid any statement in the immediate future about our determination to combat obstructive behaviour, since that might itself provoke obstruction. We would need to be ready to act quickly, however, if such behaviour began to occur. The Minister for Local Government is urgently preparing a paper on the extent to which existing legal penalties might prevent or combat obstruction. He will be considering how particular types of obstruction might best be dealt with and making firm proposals for such legislation as he believes may be necessary this Session. The Group will return to this question well before the end of the Summer Recess.

Because of the possible need for urgent action, it would be helpful to begin drafting legislation. I therefore hope that I may ask Parliamentary Counsel to begin drafting as soon as MISC 95 has decided the policy.

(vi) Miscellaneous

The Group has decided that any political pressure for statutory provision for a body representing London should be resisted; such a body could well become a focus for the sort of pressures we already have from the GLC. The White Paper will suggest that it is for the boroughs to consider whether any arrangements are needed and to establish them through voluntary cooperation. But it will indicate a willingness to consider other proposals.

Finally, the Group has agreed that the Minister for Local Government should make clear his willingness to receive preliminary views from those affected by abolition, and may authorise officials to hold meetings with interested bodies which wish to put forward their views orally.

If we are to keep to our timetable, we must continue to press ahead. I intend to hold a meeting of the Group in early September to resolve as many outstanding issues as possible and to consider the first draft of a White Paper based on the proposals in this minute.

I am copying this minute to other members of the Cabinet, the Attorney General, the Minister for the Arts, and the Minister for Local Government, and to Sir Robert Armstrong.

PJ

PJ

27 July 1983

Local Govt:

Relations between central + local Govt

Pt 16

27 JUL 1983

Public Transport (London)

3.42 pm

The Secretary of State for Transport (Mr. Tom King): With permission, Mr. Speaker, I should like to make a statement.

I am today publishing a White Paper on Public Transport in London. Copies are available in the Vote Office. The White Paper sets out our proposals for fundamental changes in the way in which public transport in London is organised and financed. The present system has served the travelling public and the transport operators badly. Since 1970 costs in London Transport have risen way beyond inflation; public subsidy has risen thirteenfold, and fares have doubled in real terms. Last year the all-party Transport Select Committee unanimously recommended that the improvement of transport facilities in London should be regarded as a national priority and that responsibility for transport should be moved from the Greater London council.

The Government have accepted this need. As the first step we intend to reform the London Transport Executive into a new body on the pattern of a holding company with separate subsidiaries for bus and underground services. That new body — London Regional Transport — in addition to control of the subsidiaries, will have a wider responsibility for securing efficient public transport for London. It will be required to encourage other private or publicly-owned operators to provide services where they can be offered more efficiently and cheaply. I shall establish new liaison arrangements between British Rail and London Regional Transport to secure the maximum benefits from closer co-operation between them. Our proposals also include a reserve provision for London Regional Transport to take over responsibility for grant allocations to British Rail's London commuter services at a later stage, if experience shows the need for it.

I emphasise three points. While the Government's proposals for the abolition of the GLC would, in any case, have required new arrangements for transport, these proposals are right in transport terms. They will end the inefficient arrangements under which British Rail and London Transport served two different masters. The key elements in our proposals are to get the different public transport operators working together and to encourage the provision of new and competitive services.

London's ratepayers will be protected from seesawing rate demands for public transport. London Regional Transport will instead receive a grant direct from the Government, and a compensating adjustment will be made in the financial support arrangements for London.

Responsibility for granting concessionary fares will in future rest with the London boroughs. The Government will consult representatives of the boroughs to discuss how best to consider the operation of the scheme.

The new arrangements are designed to improve efficiency and to get a better deal for the London traveller. I am publishing this White Paper at the earliest opportunity in this new Session as a basis for consultation with interested parties on the details of our proposals. I shall take such views into account in preparing the legislation that I hope to bring before the House in the autumn.

Mr. Robert Hughes (Aberdeen, North): I thank the Secretary of State for making that statement to the House today.

The Select Committee on Transport report, published in July last year, has been overtaken by the Transport Act 1983, which received Royal Assent only on 28 March this year, which laid out in great detail the relationship between the Secretary of State and the planning arrangements for London Transport. Is the right hon. Gentleman aware that that measure was driven on to the statute book by the use of a guillotine motion? Has not the Secretary of State, while praying in aid the reasoning of the Select Committee on Transport, completely rejected recommendation 21 about the composition of the metropolitan transport authority? The Committee recommended that it should be composed of members of the GLC, representatives of the London borough councils and of the shire county and district councils, in addition to the Secretary of State's nominees?

Will the Secretary of State tell us, because the White Paper is silent about this, how the holding company will be directed? Will it be directed by Department of Transport officials, by Ministers or by London Transport management, or will the Secretary of State simply nominate members to a board? Does the right hon. Gentleman agree that it removes all democratic local government choice from the running of London Transport?

The suggestion that the capital's transport system be taken away from the GLC and given to the London boroughs and that joint arrangements will be made later, will mean that pensioners' concessionary fares will be adversely affected. With his Tory friends in the London boroughs, the lowest common denominator will have its way, and there will be a reduction in concessionary fares. Is not the White Paper a prelude to the privatisation of any profitable parts that may be extracted from London Transport and an encouragement to local private operators to cream off profitable services? Has not the Secretary of State fallen into the same trap as did the Serpell committee, in that he is more concerned with finance than with transport policy, and that his objective consideration of such serious matters has been clouded by the Government's vindictiveness towards the Labour-controlled GLC?

Mr. King: I appreciate the difficulty of responding to a White Paper without enough time to study it. When the hon. Gentleman has had an opportunity to study it, he may welcome some of the proposals. It will provide an opportunity for better co-operation and collaboration between London Transport and British Rail's commuter services——

Mr. Nigel Spearing (Newham, South): They do that now.

Mr. King: —which can achieve substantial benefits for travellers in London.

Mr. Spearing: What an excuse.

Mr. King: We have not followed every detail of the Select Committee's recommendations. The hon. Gentleman will know that the Select Committee could not reach agreement on the membership. It proposed generally that it might include members of the GLC and representatives of the London boroughs, the shire counties, the shire district councils and the consumer committees. The more one lists the possible membership, the more one sees how far we have moved towards the

[Mr. King]

alternative approach, which is the only one that can work, of an efficient management board that is capable of running an important transport undertaking. That is the approach that we have adopted. I shall not prejudge the concessionary fares issue, as the London boroughs will want to consider it, but, before the GLC operated the present scheme, the boroughs operated a standard scheme for concessionary fares across London.

Mr. Terence Higgins (Worthing): I welcome the publication of the White Paper. However, do not many of the serious problems of London Transport arise from the peak travelling hours? Will my right hon. Friend give further consideration to that aspect? Is my right hon. Friend aware that many people outside London believe that they are unfairly treated in the matter of concessionary fares because of the different age distribution in places such as Worthing compared with London? Therefore, will he consider the idea of a national standard?

Mr. King: We have always felt that it was up to individual authorities to determine appropriate concessionary fares for their areas, particularly as they are aware of the transport provision in their areas and the desirability or benefit of such schemes. This matter will need careful discussion in the weeks and months ahead.

I hear what my right hon. Friend says about the problem of peak hour travel, and understand his interest in this matter. I hope that the discussions with British Rail in London and the south-east region and with London Transport will enable us to achieve some real progress in improving the arrangements for facilities for Londoners both at and outside peak hours.

Mr. Sydney Bidwell (Ealing, Southall): As the only London Member of the Select Committee that undertook the study, may I point out to the Secretary of State that we observed the necessity for state aid to the capital and massive capital expenditure, which cannot be undertaken by the GLC by raising rates and so on. I am sure that the right hon. Gentleman will agree with that. However, does he recall that we emphasised the necessity for having on that body representatives of the public in the shape of members of shire county and district authorities and of the GLC? We deliberately left the size of the committee fluid so that possibly, under an enlightened Labour Government, it could include representatives of the trade union movement and so on. Will the Secretary of State undertake, in the coming discussion on the White Paper, to change his attitude, because it would be easy to have elected representatives of the people to serve on the authority that will emerge?

Mr. King: The hon. Gentleman will know that the London Transport Executive does not include elected representatives of the people. The duty of the GLC is to approve the plans and the expenditure, but not to interfere in the day-to-day running of London Transport. As a member of the Select Committee, the hon. Gentleman knows — I am grateful for his confirmation — that the Committee proposed that responsibility for the executive should be removed from the GLC. One of the reasons for that was that the executive encompasses a much wider area than the GLC. The hon. Gentleman knows that although the Committee was not short of time, there would have been real difficulty in establishing an elected membership. London Transport, with an efficient management board, is the right way to proceed. As I shall have responsibility for appointing the members, I shall be answerable to the House for those appointments and for the conduct of the people whom I appoint.

Mr. John Hunt (Ravensbourne): Is my right hon. Friend aware that his proposals will be warmly welcomed in the London borough of Bromley and throughout the Greater London area, where ratepayers have had to pay dearly for the politically-motivated fare experiments carried out by London Transport under the control of the GLC? Is my right hon. Friend confident that the creation of this new London Regional Authority will signal the return of sanity and responsibility to the financing of transport in London?

Mr. King: I recognise that no one knows better than my hon. Friend about the problems and distress caused to many of his constituents and to his local authority and travellers in London by the GLC's behaviour. I hope that the new proposals will lead to a more stable relationship plus a real improvement in the cost-effectiveness of the services provided, which is of great concern to the people of London.

Mr. John Cartwright (Woolwich): Does the Secretary of State accept that the travelling public want not liaison between British Rail and London Transport, but the closest possible integration of services? Will the new arrangements be geared to achieving just that? Does the right hon. Gentleman also accept that if London is to have the modern public transport system that it needs and deserves, it will require a substantial capital investment programme? Will the new arrangements for London Regional Transport enable that capital to be made available?

Mr. King: The liaison arrangements are to achieve that better co-operation and integration of services to which the hon. Gentleman referred. For instance, the facilities for common ticketing, through ticketing or inter-change facilities are all part of the whole range of possibilities that are being developed, and on which more can be done. New developments in technology make it possible to achieve some exciting advances, which I hope to encourage.

As to the sums that will be available for investment, it is obvious that the more efficient the operation of the service, the greater will be the sums available. There has been inefficient working and unnecessary cost, and that has taken money away from necessary investment.

Mr. John Page (Harrow, West): Is my right hon. Friend aware that after the raping of the ratepayers of Harrow by the GLC over the past few years, Harrow ratepayers will be delighted with these proposals? Will my right hon. Friend tell those of us who have not yet had the opportunity of seeing the White Paper whether he envisages the new regional authority taking responsibility for taxis and car hire firms throughout the London area?

Mr. King: I am grateful for my hon. Friend's welcome. I think that when hon. Members have a chance to study the White Paper, they will realise that it opens up interesting possibilities for the future of transport in London. It does not cover taxis, but I hear what my hon. Friend says.

Mr. Spearing: Is not the separation into separate subsidiaries of London Transport bus and underground

services a retrogressive step, putting the clock back to before 1912 and taking apart the merger that a Conservative Government agreed to in 1932? Therefore, is it not the opposite of the integration that the right hon. Gentleman claimed that he was seeking?

Will the Secretary of State assure us that the proportion of public support — and public support is found in capital cities everywhere — will not be reduced by the change of funding by his Department rather than by the GLC? If so, what is the case for any change?

Mr. King: The opening comparison made by the hon. Gentleman is not particularly apt. The point of establishing separate subsidiaries is to draw attention to the fact that the London Regional Transport will be responsbile not just for the management of those subsidiaries but for seeing how public transport services can best be provided within London. The envisaged structure would separate the new body from involvement in the operations. I do not think that the two parts, being adjacent subsidiaries within a holding company, mean the total collapse of communication suggested by the hon. Gentleman.

On investment, I refer the hon. Gentleman to the reply that I gave to the hon. Member for Woolwich (Mr. Cartwright).

Sir John Biggs-Davison (Epping Forest): In view of my constituents' grievances over services and concessionary fares, will this White Paper—which I welcome—be followed by consultations not only with the London boroughs but with local authorities in Essex as well?

Mr. King: One of the points that I made to the hon. Member for Ealing, Southall (Mr. Bidwell) was that these proposals affect people who live in a much wider area than the GLC area. I am conscious that the White Paper involves not only 32 London boroughs, but 15 shire counties which are, in one sense or another, directly concerned about and involved in the efficiency of the London Transport system. The answer to my hon. Friend is yes.

Mr. Tony Banks (Newham, North-West): Does the Secretary of State agree that the White Paper proposals amount to a further deterioration of local democracy in London, because a publicly accountable authority will be made into a quango to which I understand the Government are much opposed? Is he aware that some of the areas that will be brought into the new authority do not have the same concessionary fares for old age pensioners as those provided by the GLC? Will he give an assurance, first, that fares will not increase under this new quango, and, secondly, that the old age pensioners' free bus passes provided by the GLC will be safeguarded?

Mr. King: I have already made a clear statement about concessionary fares, and there will be consultations. The Select Committee, with all-party support, proposed to remove transport control from the GLC. The hon. Member for Ealing, Southall believes that transport should be removed from what he called the democratic control of the GLC, although other people might use a different form of words to describe the sort of control exercised by that body during the past couple of years.

Mr. Banks: They can have an election.

Mr. King: The Select Committee's proposals would have established a substantial quango covering all London traffic and roads. We have suggested converting London Transport to a more modest structure that could achieve most of the benefits envisaged by the Select Committee.

Mr. Sydney Chapman (Chipping Barnet): Is my right hon. Friend aware that my constituents desire an adequate and efficient public transport service system for London with a fare cost that is met fairly by taxpayers, ratepayers and the users of that system? Provided those objections are met, my constituents do not care who runs the London Regional Transport. Is he aware that they do not expect any more or less accountability then they have with the British Rail suburban line that runs through the constituency? Is he further aware that they welcome the fact that there will be an integrated public transport system throughout the metropolis, which includes British Rail suburban lines?

Mr. King: London travellers should not be treated as a political football to gratify the aims and political ambitions of certain people in county hall. This is a serious industrial matter. A public transport undertaking of the size and complexity of the one in London deserves the best management that we can bring to it. It is my intention to provide that management. I believe that the public are anxious to see that achieved. There are 92 GLC councillors and 84 London Members of Parliament. I and my hon. Friend the Under-Secretary will be answerable to the House for the appointments that we make to the LRT.

Several Hon. Members *rose*——

Mr. Speaker: Order. We have a heavy day and another statement in front of us. I propose to call those hon. Members who have been standing, but I ask for much shorter supplementary questions.

Mr. Frank Dobson (Holborn and St. Pancras): Will the Secretary of State confirm that, if these proposals are accepted, Greater London will be the only part of the country where democratically elected local government representatives will not play a direct part in the planning and subsidy arrangements for transport in their area? Will he confirm also that his proposition contains no benefit to London ratepayers because he intends to withdraw rate support grant equivalent to the amount that the ratepayers are presently contributing to London Transport?

Mr. King: The White Paper proposes that we should maintain the relative position of London ratepayers and those in other conurbations. That is a fair approach.

The Select Committee was unable to resolve the problem of how to achieve a comprehensive approach to public transport in London, given the area that the system must cover. The Select Committee made no proposals on how to build in some form of elected membership. It will be a duty of London Regional Transport, when preparing its plans, to consult the local authorities. I shall be answerable to the House and to London Members. In that way I hope to solve what I think the House will recognise is a difficult situation.

Sir Anthony Grant (Cambridgeshire, South-West): Is my right hon. Friend aware that his statement will be welcomed not just by London ratepayers but by taxpayers in other parts of the country who indirectly subsidise the antics of the GLC? Will he confirm that the new body will be unable to waste public money on party political advertising in the press, as the GLC did so disgracefully last year?

Mr. King: I know how strong feelings are in many parts of London about the way in which the GLC has abused its powers in so many ways. I hope that we can ensure that, under the proposals in the White Paper and under the legislation that I shall bring forward, we can provide a rather more stable and promising future for London travellers with local transport being managed professionally.

Mr. Norman Atkinson (Tottenham): Will the Secretary of State acknowledge that overwhelming numbers of Londoners will be opposed to these suggestions because he has thrown common sense out of the window and replaced it by sheer political ideology? How on earth can he talk about accountability if he proposes to set up a centralised holding company to which will be linked a labyrinth of public limited liability companies accountability for which will be confined to the board room?

Mr. King: The hon. Gentleman's opening remarks represent a serious attack on the all-party Select Committee's proposals. I sought to make that point clear in my statement. When the hon. Gentleman has a chance to read the White Paper, he will find that I have endorsed a number of the Select Committee's statements.

Mr. Edward Leigh (Gainsborough and Horncastle): As a former member of the GLC's Transport Committee——

Mr. Dobson: The hon. Gentleman made a mess of it, too.

Mr. Leigh: —may I congratulate my right hon. Friend on his excellent statement? Does my right hon. Friend agree that if there is one thing worse than London Transport being run by the present regime at county hall, it is for it to be run by an undemocratic burgeoning bureaucracy like the Thames water authority, upon which I have also had the misfortune to serve?

Mr. Dobson: Creep.

Mr. Leigh: Will my right hon. Friend ensure that this is a true privatisation measure? Will he further ensure that the new company is subject to commercial disciplines and it is not just a juggling of responsibilities between public authorities?

Mr. Dobson: Sell water to the highest bidder.

Mr. King: I look forward to discussing these matters further with my hon. Friend. He will see in the proposals that this will not be a limited liability company.

Mr. Eric Deakins (Walthamstow): Is not the replacement of democratic GLC control by that of the unelected Treasury a recipe for the end of cheap fares in London? Furthermore, does the Secretary of State recognise that his failure to give any assurances about pensioners' free bus and tube passes will lead to great anxiety among the many who live in Conservative-controlled Greater London boroughs where there will plainly be great reluctance to provide the subsidy necessary to maintain the present scheme?

Mr. King: I am sure that the hon. Gentleman is aware of the utter contradiction of his supplementary question. He accuses me of complete centralisation, but asks me to remove from the boroughs the discretion to determine what is appropriate for their areas. I thought the hon. Gentleman believed in local authority freedom and discretion. I stand by the proposals in the White Paper.

Mr. Roger Sims (Chislehurst): Does my right hon. Friend envisage that London Regional Transport will have any powers over British Rail in respect of the London commuter train services, or will its role be solely one of co-ordination and integration?

Mr. King: The initial proposal is that I should chair a liaison committee with which British Rail and London Regional Transport will be involved. I shall be seeking at the earliest date to obtain the maximum possible benefits from co-operation and co-ordination, the ending of duplication and overlap, better interchange arrangements and the various facilities and improvements that so many people feel are possible.

As my hon. Friend will see, the legislation will contain a reserve power which might later give London Regional Transport grant-making powers to enable it to take over responsibility for the payment to British Rail of the public service obligation grant for commuter services.

Mr. Simon Hughes (Southwark and Bermondsey): Given the shortness of the White Paper, will the Secretary of State assure the House that he has not yet ruled out including in the draft Bill some democratic participation in the authority to be set up to control London Transport? Will he grasp the nettle of integrating British Rail far more effectively than the proposals in the White Paper suggest? Will he consider the fact that London has an unused transport artery—the waterways—which, as far as I can see, is not referred to in the White Paper?

Mr. King: That is correct. That aspect could be worth considering.

On the hon. Gentleman's first point about democratic participation, I am sure that he will accept that it is a difficult problem because we are talking about a fairly wide area.

People are now commuting into London from as far away as Bristol and Leicester, and they have a right for their views to be considered as well. The problem of building in democratic accountability over this range is substantial. I believe that in the so-called "golden" days, London Transport was run in the way that I am now proposing. Some people may question whether democratic accountability, as seen in the last couple of years, is really the way to run London Transport.

Mr. Peter Bottomley (Eltham): Does my right hon. Friend accept that the most important part of the White Paper is paragraph 10, which shows that over the last 12 years unit costs have gone up in real terms while services have gone down? Increased prices as well as increased subsidies show that London Transport is not providing the service that is needed. When are the ratepayers and travellers in my constituency likely to see British Rail fares on a par with London underground fares and when are the ratepayers likely to get an advantage from the new proposals?

Mr. King: I would not like to give a specific date, but my aim is to see early progress. There is the will and a recognition that there is considerable scope for improvement. When we talk of greater efficiency and getting value for money, many people think that we are talking merely about saving money, but that can also mean improvements in the quality of service in certain areas —and in many parts of London that is long overdue.

Mr. Ron Leighton (Newham, North-East): Does the right hon. Gentleman understand that his action in arrogating to himself such wide ranging and dictatorial powers and eliminating any form of democratic participation by ordinary Londoners will be deeply resented in the capital? He has given no guarantees on the level of fares or travel concessions for the retired. Will he now use plain language—not weasel words—and say that there will be no increases in the real level of fares and that existing travel concessions will continue right across the capital in future?

Mr. King: The hon. Gentleman knows perfectly well that those answers will depend on the authority's performance and on the decisions of the boroughs. I have stated in the House that the power of decision should not be taken away from local authorities. They will have the right to determine what should happen about concessionary fares.

I do not agree ith the hon. Gentleman's other point. The evidence is not on his side, but I shall not continue endlessly to repeat the arguments that I have already made.

Mr. Harry Greenway (Ealing, North): Is my right hon. Friend aware that my constituents had their fares and rates doubled by the GLC last year and that the lower fares introduced recently have been much lower for inner Londoners, whereas outer Londoners have not enjoyed a commensurate reduction? Will he see that this unfairness is overcome in the new legislation?

As to concessionary fares, is my right hon. Friend aware that successive Conservative and Labour administrations at county hall have supported the present level of pensioners' passes? Will he use his influence to ensure that those passes are maintained at the present level, irrespective of what happens outside the Greater London area?

Mr. King: On concessionary fares I clearly stated:

"The Government will be consulting representatives of the boroughs to discuss how best to continue the operation of the scheme."

I hope that my hon. Friend will accept that that is the right way to proceed. It is wrong to read anything sinister into this, as Labour Members seem to do. That seems to be the proper way to proceed, and I hope that all hon. Members will endorse it. I hope that these proposals will genuinely be a more sensible way to proceed on the major problems and important issues connected with London's public transport. I am grateful for my hon. Friend's welcome.

Mr. Chris Smith: (Islington, South and Finsbury): Will the Secretary of State admit, as he failed to do in answer to my hon. Friend the Member for Holborn and St. Pancras (Mr. Dobson), that under the provisions of paragraph 19 of the White Paper, the rate contribution from Londoners, including those from Harrow and Bromley, will be the same as at present? Will he also admit that the only difference will be that those London ratepayers will not have the power to elect the people who make the decisions on services, fares and rate contributions?

Mr. King: If the hon. Gentleman reads paragraph 19 carefully, he will see that it will depend on what is thought to be the appropriate level of contribution. I undertake that it will not swing around as violently as it has in recent years, to the great damage of ratepayers in London. The hon. Gentleman will understand that it will be grossly unfair to ratepayers in other conurbations if London ratepayers did not have to contribute in that specific way.

Mr. Richard Tracey (Surbiton): I congratulate my right hon. Friend on introducing the White Paper. May we have some assurance that, for the benefit of the travelling public and the management of London Transport, this change will happen as quickly as is practicably possible?

Mr. King: I am anxious to avoid any unnecessary uncertainty for this important and major undertaking. I apologise if the White Paper has come forward in perhaps a shorter time than one might have wished for consultation, but it is important to carry the legislation through the House, with proper discussion, at as early a date as we can. I hope that vesting can go ahead at the earliest possible date thereafter.

Mr. Bryan Gould (Dagenham): If private operators are to be allowed to take their profits from the profitable services, will not the ratepayer be left with an even greater burden in respect of the unprofitable services?

Mr. King: The hon. Gentleman will have studied the proposals on the licensing of alternative services. I hope that he will recognise that there are areas in which new services or competition can make a major contribution to improving services for the public. I hope that the hon. Gentleman will bring his alert mind to bear on this issue and not be as negative as some of his hon. Friends who refuse even to entertain any suggestion that private enterprise can occasionally do things better, to the advantage of all concerned.

Mr. Nigel Forman (Carshalton and Wallington): As tricky issues such as efficiency, public accountability and social obligations are involved, would it not be prudent for the Government to hasten slowly on this matter, contrary to what my right hon. Friend said, and to have a sensible, full debate on the White Paper before proceeding to legislation?

Mr. King: My hon. Friend will have heard my views on that earlier. We shall have a full debate and full parliamentary procedure on the legislation as it comes forward. I shall be more than willing to discuss these matters with my hon. Friend and any other hon. Members in advance of the legislation.

Mr. Alfred Dubs (Battersea): At least twice this afternoon the Secretary of State has sought to justify the taking away of democratic control over transport from the people of London. He has done so by talking about London Members of Parliament having a direct line to him. How will that work? Is he saying that he is prepared to be answerable in greater detail than Ministers normally are to hon. Members on the day-to-day operation of the new transport authority?

Mr. King: I do not want this to be misunderstood, and I think that I have said it more than twice this afternoon. On accountability, an all-party Select Committee took the decision to take away democratic control of London Transport, as the hon. Gentleman calls it, from the GLC.

Mr. Spearing: Not a decision; a recommendation.

Mr. King: It recognised that it would need a far wider representation than the GLC. The Committee proposed that people should be brought in from a much larger area.

[Mr. King]

Therefore, it implicitly recognised that London Transport should be taken away from the so-called democratic control of the GLC. That is the issue that we must face if we wish to achieve a comprehensive approach to London's public transport issues, which affect an area that goes well beyond the GLC.

Mr. Neil Thorne (Ilford, South): I, too, welcome the White Paper. Will my right hon. Friend bear in mind what happened 15 years ago, when the then Labour Secretary of State for Transport had to go on bended knee to the Conservative-controlled GLC to beg it to take on London Transport, because she was incapable of dealing with it herself? Will he please ensure that the very best people——

Mr. Tony Banks: The hon. Gentleman means Tories.

Mr. Thorne: —are employed at the top of this organisation? Moreover, in the interests of my constituents, will he also ensure that the maximum use is made of private enterprise, particularly in peak transport periods?

Mr. King: I had better not get involved in the incapacity or otherwise of the then right hon. Lady to cope with those problems. However, these are difficult issues, to which the Select Committee said there was no easy answer.

I omitted to answer the question about accountability. The normal procedure regarding ministerial accountability will apply where ministerial appointments are made.

Mr. Robert Hughes: Will the Secretary of State admit that he has gone much too far in praying in aid the Select Committee? The Select Committee made 37 recommendations, the majority of which he rejected. Will he guarantee that, after the consultations have taken place, there will be a debate in the House so that Parliament may be consulted before the Bill is published and the legislative process begins?

Mr. King: As the hon. Gentleman knows, that is a matter not for me, but my right hon. Friend the Leader of the House, who will no doubt have heard what the hon. Gentleman said. I think that there will be ample time for parliamentary debate on these issues. I fancy that we shall spend many hours on them. I believe that that is the right way to proceed.

Steel Council

4.20 pm

The Secretary of State for Trade and Industry (Mr. Cecil Parkinson): With permission Mr. Speaker, I should like to make a statement about yesterday's meeting of the European Community Steel Council.

My hon. Friend the Minister of State and I attended the Council.

The central issue was whether to prolong the arrangements made under article 58 of the European Coal and Steel Community for mandatory production quotas. Ministers agreed that to provide the Community with market stability it was desirable to prolong the quota arrangements to the end of 1985.

The Italian Ministers, however, representing a caretaker Government, felt unable to impose such a long-term, legally binding obligation on future Governments. Because of that, the Council's formal decision was to prolong the arrangements to 31 January 1984, with a unanimous declaration of political intent to agree a further renewal to the end of 1985.

The Ministers accepted the need for member states to use this period of market stability to restructure their steel industries, in accordance with the Commission's decisions of 29 June. Those decisions recognised the British argument that we had made the major contribution to reducing European steel capacity and that it was now the turn of others to match those achievements.

The new production quotas also recognise what the British steel industry has already achieved. Our quota is to be increased by 380,000 tonnes of steel per year, which will benefit both the British Steel Corporation and the private steel companies.

Ministers also agreed to greater flexibility for private producers who face difficulties as a result of severe quotas. That should help our wire rod sector particularly. We also agreed to more effective monitoring and policing of the quota system.

The Commission will apply its price rules more firmly so as to tackle unfairly low-priced imports from other member states.

Another benefit to Britain is that we have been able to safeguard British Steel's exports of heavy steel sections, which might otherwise have been cut down by quotas.

While in Brussels, I raised the Port Talbot investment project with Vice-President Davignon and I am pleased to tell the House that he gave me a categorical assurance that approval for it would be given at the end of this week.

There is little doubt that failure to reach agreement on the quota regime yesterday would have led to damaging uncertainty in the steel market. I believe that the outcome of the council is a very satisfactory one, which will help both British Steel's progress towards financial viability and our private sector steel industry.

Mr. Stanley Orme (Salford, East): We welcome the small increase in output quotas announced by the Secretary of State, as we welcome the Port Talbort decision. Nevertheless, it is a pitiful return for the burden that the United Kingdom has borne in cuts, with the loss of 100,000 jobs, or 65 per cent. of the work force, since 1979. The 380,000 tonnes represents only about 4 per cent. of the output lost by British Steel since May 1979.

What can the Secretary of State report about quota changes for the other EC countries? Will he confirm that

CONFIDENTIAL

Prime Minister (2)

MCS 26/7

NO.

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: J/PSO/13492/83

Your ref:

25 JUL 83

Dear Cecil,

EMPTY PROPERTY RATES

Thank you for your letter of 6 July about our proposal to stop the rating of empty industrial property.

As you know from my letter of 13 July to Peter Rees, we have found a way to stop the rating of empty industrial property altogether from 1 April 1984. The draft White Paper which I shall be circulating to colleagues shortly proposes the suspension of local authorities' powers to levy such rates.

I have considered whether we should subsequently go further and abolish local authorities' powers in this respect, which would need primary legislation. But if you and other colleagues agree, I have concluded that it would be best to leave the powers suspended. Our justification for confining the suspension to the industrial sector is based on the prevailing market conditions. There is at present a surplus of empty industrial property which cannot be sold or let, but at the same time there is still a reasonable demand for commercial property in many areas. By suspending empty property rating for industry we avoid primary legislation on this point and we leave ourselves the option of reacting to a change in economic circumstances which might eventually suggest that empty industrial property should be rerated.

Suspension will resolve the problem which most concerns us of factory owners driven to vandalise their premises to avoid rates, and does it quickly. I am sure that it will be widely welcomed by industry.

Copies go to the recipients of your letter.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Cecil Parkinson MP

CONFIDENTIAL

Local Govt · Future of the Rating System Pt 3

20 JUL 1983

cc NO

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

(1)

Prime Minister

Agree this statement?

(the Treasury are content)

MCS 26/7

Noted by PM

PA

MCS 27/7

Tim Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

26 July 1983

Dear Tim,

STATEMENT ON SCOTTISH LOCAL AUTHORITY EXPENDITURE

We have now been informed of the contents of the letter which the Chief Secretary is about to issue on the Scottish Rate Support Grant settlement for 1983-84 and 1984-85.

File with MCS?

On the basis of this information the Statement enclosed with my letter of 25 July has been expanded and a copy of the revised text is now enclosed. I should be grateful for your early clearance of this Statement.

I am copying this letter to the recipients of my previous letter on this subject.

Yours sincerely

Eddie Gowans

EDDIE GOWANS
Private Secretary

DRAFT STATEMENT

LOCAL GOVERNMENT EXPENDITURE (SCOTLAND)

With permission, Mr Speaker, I shall make an announcement about the rate support grant settlement for Scotland for 1983-84 and for 1984-85.

Scottish local authorities' planned expenditure for 1983-84 is £121 million, or 4.5%, higher than was proposed in the rate support grant settlement despite enhancement of the figures which had originally been contained in the Public Expenditure White Paper (Cmnd 8494). When I met the Convention of Scottish Local Authorities on 17 June I said that in light of this planned overspend it was my view that there would have to be an abatement in the rate support grant payable in 1983-84. I could not indicate at what level that might be until I knew the outcome of the selective action which I had initiated against certain local authorities on grounds of excessive and unreasonable expenditure.On 21 July the House approved Reports proposing reductions in the rates of four local authorities equivalent to expenditure reductions of £18.8 million. Since local authorities have still not brought their expenditure into line with the Government's plans, I have no alternative but to make a general abatement of grant to bring pressure on authorities to make commensurate savings in their expenditure. I will lay this week a Variation Order reducing the rate support grant payable in 1983-84 to Scottish local authorities by £45 million. As with the abatement in 1982-83 I shall make arrangements to ensure that no authority will suffer a loss of grant greater than its excess at outturn over current expenditure guidelines and this will be by means of an adjustment in the rate support grant settlement for 1984-85.

I now turn to 1984-85. Last year on 28 July I announced, on a provisional basis, the public expenditure provision for Scottish local authority current expenditure in the following year. To assist local authorities in their forward planning I will now provide similar information for next year. The provisional figure for local authority current expenditure will be some £2730 million, that is about £60 million more than the provision in the Public Expenditure White Paper (Cmnd 8494). In announcing this cash increase I have taken into account the views expressed to me in consultations by the Convention of Scottish Local Authorities.

I will in due course issue current expenditure guidelines to authorities for 1984-85. While I will still not be allocating the total provision to services, thus leaving an unallocated margin, I can say now that the guideline total will include the unallocated margin. I have therefore taken into account the views expressed by the Convention. I hope that all authorities will be prepared to make a real effort to bring their expenditure into line with those guidelines in 1984-85.

NOPM

MCS 26/7

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon George Younger TD MP
Secretary of State
Scottish Office
Dover House
Whitehall
London SW1A 2AU

26 July 1983

Dear Secretary of State

LOCAL GOVERNMENT EXPENDITURE IN SCOTLAND 1984-85

Thank you for your letter of 22 July.

If you can accept the general abatement of £45 million for 1983-84 which I have proposed as a compromise, I can accept your proposals for 1984-85. Perhaps your officials could clear with mine the draft of the statement you will make.

I am sending copies of this letter to the recipients of yours.

Yours sincerely

Jst. Grier

for PETER REES

[Approved by the Chief Secretary]

Local Govt, Relations, Pt 16

26 JUL 1984

Local Govt & Rlns

EE/BI

2

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Tim Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

25 July 1983

Dear Tim,

Rme Murdo

STATEMENT ON SCOTTISH LOCAL AUTHORITY EXPENDITURE 25/7

Provisional arrangements have been made with Nick Huxtable for my Secretary of State to make a statement about Scottish local authority expenditure on Wednesday 27 July.

At present, the statement is confined to my Secretary of State's proposed reduction in Rate Support Grant, which will be the subject of a Variation Order to be laid on Thursday or Friday. I attach a draft of the statement and would be grateful for your clearance. If the agreement of the Chief Secretary to the Treasury is obtained beforehand, the statement will be extended to cover local authority expenditure in 1984-85 and the enhancement of the planned provision for that year.

I am copying this letter to John Ballard (Environment), Adam Peat (Welsh Office), John Gieve (Chief Secretary's Office), Murdo Maclean (Chief Whip's Office), Nick Huxtable (Office of the Leader of the House), Richard Hatfield (Cabinet Office) and to the No 10 Press Office. I am also sending a copy to David Beamish (Office of the Leader of the House of Lords) to consider whether a parallel statement should be made in the Lords.

Yours sincerely

Eddie Gowans

EDDIE GOWANS
Private Secretary

DRAFT STATEMENT

LOCAL GOVERNMENT EXPENDITURE (SCOTLAND)

With permission, Mr Speaker, I shall make an announcement about the rate support grant settlement for Scotland for 1983-84.

Scottish local authorities' planned expenditure for 1983-84 is £121 million, or 4.5%, higher than was proposed in the rate support grant settlement. When I met the Convention of Scottish Local Authorities on 17 June I said that in light of this planned overspend it was my view that there would have to be an abatement in the rate support grant payable in 1983-84. I could not indicate at what level that might be until I knew the outcome of the selective action which I had initiated against certain local authorities on grounds of excessive and unreasonable expenditure.

On 21 July the House approved Reports proposing reductions in the rates of four local authorities equivalent to expenditure reductions of £18.8 million. The planned expenditure of Scottish local authorities for 1983-84 is considerably above the level provided for in the rate support grant settlement, despite enhancement of the figures which had originally been contained in the Public Expenditure White Paper (Cmnd 8494). Since local authorities, after four years of detailed discussion are so far from having brought their expenditure down to the level required by the national interest, I have no alternative but to make a general abatement of grant to bring pressure on authorities to make commensurate savings in their expenditure. I will lay this week a Variation Order reducing the rate support grant payable in 1983-84 to Scottish local authorities by £45 million. As with the abatement in 1982-83 I shall make arrangements to ensure that no authority will suffer a loss of grant greater than its excess at outturn over current expenditure guidelines. This adjustment will be made through the rate support grant settlement for 1984-85.

cc NO

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

(2)

Prime Minister

To be aware of George Younger's statement next week. MCS 22/7

CONFIDENTIAL

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON SW1

22 July 1983

Dear Peter,

LOCAL GOVERNMENT EXPENDITURE IN SCOTLAND 1984-85

This letter follows the discussion in E(LA) on 19 July and aims at enabling me to make a statement in the House on Wednesday 27 July about enhancement of the figure in the Public Expenditure White Paper. I have arranged to make a statement that day about the Valuation Order which will enable me to withdraw grant across the board in respect of overspending in 1983-84. E(LA) invited me to agree with you what should apply to Scotland as regards enhancement.

This will be the first occasion for Scotland that the Variation Order precedes the main RSG Order for the following year. It will obviously be strongly resented by Scottish local authorities both because of its size - well above the £27 million withheld in the previous two years - and because of its timing. The timing is in accordance with your wishes to enable the payments of grant to be abated earlier in the financial year. So my announcement, if it is confined only to the general abatement of grant for 1983-84, will be bad news. That is why I hope we can agree that I should at the same time announce some better news in the shape of enhancement of the Scottish local government expenditure line for 1984-85.

The problems which concerned our colleagues in E(LA) about English local authorities' expenditure are not relevant for Scotland. I am solely responsible for all the service components in Scottish local authority expenditure, the Scottish authorities have their holidays mainly in July and would thus be able to get on with budget planning in August, and they will complain if we do not repeat the last two years' announcement in July.

One matter which caused endless trouble this year, particularly with District Councils and my justification of selective action, was the unallocated margin being withheld from guidelines. I hope you will now be able to agree that for 1984-85 the margin can be included in the guidelines, a matter which our officials have discussed; it would still not be attributed to particular services. That would very greatly ease my difficulties with Scottish authorities.

Because of the way in which the formula works for allocating to my block a share of whatever enhancement is agreed for England, I shall have to announce a lower percentage increase on the White Paper figure than Patrick Jenkin. If colleagues agree finally on the enhancement you and he proposed, that would produce a 4% cash increase for England but only 3.6% for Scotland. It would enormously ease my problem if I were able to announce my figures before Patrick Jenkin announces his; and since I have to make an announcement on 27 July which will be most unpopular, it would be helpful to alleviate it with an announcement on enhancement.

The figure which would be proportionate for Scotland to the £500 million being considered for England is £59 million. I hope that you would agree to my announcing that on 27 July. If the subsequent decision for England were a figure higher than £500 million, then I would naturally expect to be able to increase proportionately the figure of £59 million at the final RSG settlement.

I should be most grateful for a speedy response on the amount, on the attribution of the enhancement to guidelines, and on the timing of an announcement by me on Wednesday 27 July.

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

Yours ever,

George

Local Govt, Relations, Pub

22 JUL 1983

CONFIDENTIAL

Prime Minister (2)

For discussion at Cabinet on Thursday.

MCS 22/7

PRIME MINISTER

ABOLITION OF GREATER LONDON COUNCIL AND METROPOLITAN COUNTY COUNCILS: FINANCIAL AND CONSTITUTIONAL IMPLICATIONS FOR POLICE AND FIRE SERVICES

As part of its work, the Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95) has been considering the future organisation of the police and fire services in the relevant areas.

It is common ground that those services must be organised by joint boards: it would not be right to fragment operational responsibility among the boroughs or districts.

There is, however, a difference of view within the Group about the appropriate method of funding the joint boards and the extent to which their expenditure and staffing should be directly controlled by central Government. These matters were discussed at a meeting of the Group under my chairmanship on 20 July.

Possible Approaches

There are two main possible approaches.

Option A The joint boards could be made directly responsible for their expenditure decisions and the grant and rating consequences - including grant penalties - in the same way as local authorities. This implies that the boards should receive block grant and specific and supplementary grants from central Government and raise their own finance by precept. They should therefore be subject to the selective scheme of rate control which we intend to introduce.

Option B Responsibility for funding the boards would be placed with the constituent lower-tier authorities. The boards would receive specific and supplementary grants from central Government (eg police grant) but not block grant. The constituent districts or boroughs would receive block grant on their share of the boards' expenditure and rate for the rest of their contributions. The control schemes would have to be applied indirectly through the constituent districts.

The Group considers that there is in principle a strong case during a transitional period of 2-3 years, for direct control of budgets and staff numbers by central Government in the services transferred from the GLC and the metropolitan counties to joint boards. (It is likely to prove impracticable to have such control over staffing in services transferred to the districts or boroughs, although the Minister for Local Government is considering the possibilities here). It would be natural under Option A to apply such control directly to the police and fire joint boards. It would be less natural, but still possible, to apply such control under Option B.

Case for Option A

The Minister for Local Government argued strongly for Option A. In his view, it is a necessary condition of securing the savings in staff and expenditure which are the basic reason for abolition. The police and fire services account for about two-thirds of the manpower of the metropolitan counties and of these a sixth are support staff. Under Option B the boards would not be responsible for the financial consequences of their proposals and would have insufficient incentive to rein back expenditure. An individual borough or district could be forced by other constituent

authorities to contribute to an excessive budget. This contribution would count as its own expenditure for the purposes of both block grant penalties and the selective control scheme. The consequence could be that the authority was forced into grant losses or control through no fault of its own. This would be regarded as so unfair that it could lead either to the exemption of police and fire expenditure from any form of control or to the failure to carry the control scheme through Parliament. Either result would be disastrous.

Case for Option B

The Home Secretary argued that Option A would have far-reaching constitutional implications. For the first time, central Government would be deciding how much a local authority could spend on an individual service. Government would inevitably be dragged into detailed operational questions. It would be accused of making a covert assumption of control over police in inner city areas. In his view, Option B would be more effective in practice than Option A in controlling expenditure. Under Option B, members of joint boards would have a direct incentive to keep down the contributions from their districts, and hence the rates for which they would be directly accountable to the local electorate. If the Government wished to contain expenditure, it would not be put in the difficult, perhaps politically impossible, position of rejecting requests from single-service joint boards for additional expenditure specifically on police or fire: it would instead be requiring multi-purpose local authorities to reduce the totality of their expenditure, in which contributions to joint boards would be a relatively minor component.

The Home Secretary indicated that he would be willing to give serious and sympathetic consideration to taking powers, during a limited transitional period, to control the numbers of staff, whether uniformed or civilian, employed by joint boards for the

police and fire services. But he was strongly opposed to any scheme of control.

Implications for Other Services

It is not inevitable that the pattern adopted for police and fire should apply to other joint boards, such as the Inner London Education Authority and passenger transport authorities. The Ministers concerned will review the implications for these bodies of whatever may be decided for police and fire.

Views of the Group

Most members of MISC 95 took the view that Option A would be more effective than Option B in controlling the expenditure of police and fire joint boards. It was therefore a matter of weighing this advantage against the political and constitutional difficulties raised by Option A, which the Group fully appreciated. On balance, and in the light of the Home Secretary's substantial existing powers relating to the police and fire services, they favoured Option A. It was also relevant that the constitutional difficulties were presented more by control of police or fire operations, which was not being suggested, than control of total expenditure. But they recognised that these were matters on which you and other members of the Cabinet would wish to express a view.

The Group welcomed the Home Secretary's helpful offer to consider a scheme of control of establishments during a limited transitional period. He will be discussing this further with the Minister for Local Government and other colleagues concerned.

Action

In view of the important political and constitutional issues involved, I suggest that this matter which should be considered

urgently by the Cabinet. It is, in my view, essential that the White Paper which we hope to publish during the autumn should take a clear position on the question.

I am sending copies of this minute to the other members of the Cabinet, the Attorney General, the Minister for Local Government and Sir Robert Armstrong.

PJ

(Approved by the Secretary of State and signed in his absence)

22 July 1983

Local Govt
Relations Part 16

22 JUL 1987
REGISTRY

House of Lords,
SW1A 0PW

With the
Lord Chancellor's Compliments

CONFIDENTIAL

HOUSE OF LORDS,
SW1A 0PW

22 July, 1983

My dear Patrick:

Abolition of GLC and Metropolitan County Councils - Commissions of the Peace and Lords Lieutenant

Abolition of the GLC and Metropolitan County Councils raises issues affecting the lay magistracy.

When appointing Justices of the Peace under section 6(1) of the Justices of the Peace Act 1979 I appoint them to a Commission Area. Section 1 of the Act provides -

> "There shall in England and Wales be a commission of the peace for the following areas (in this Act referred to as "commission areas") and no others, that is to say -
>
> (a) every county;
> (b) every London commission area; and
> (c) the City of London."

London Commission Areas are defined in section 2 of the Act and they need not be disturbed by the abolition of the GLC. I am also anxious to retain the present Commission Areas in the metropolitan counties. These areas would be unaffected if the counties themselves remained even though their councils did not.

If the counties were abolished it would be possible to amend section 1 so that each metropolitan district (however designated in future) became a Commission Area and had its own Commission of the Peace, but there would be no practical benefits from this change

The Right Honourable
The Secretary of State for the Environment.

HOUSE OF LORDS,
SW1A 0PW

and there would be many disadvantages, including the need to issue new Commissions, the possibility of some justices becoming residentially disqualified - they must reside in or within 15 miles of the Commission Area - a reduction of magistrates' territorial jurisdiction and more consequential statutory amendments.

In the event of a decision to abolish the counties the legislation might nevertheless provide that the present grouping of metropolitan districts should be deemed counties for such purposes as Commissions of the Peace, Justices of the Peace, magistrates' courts, the Keeper of the Rolls and related matters. There is provision in similar terms in section 2(2) of the Justices of the Peace Act 1979.

I can see nothing to be gained by any change in the position of magistrates.

The position of Lords Lieutenant also needs to be considered. As a matter of practice I designate the Lords Lieutenant as Keepers of the Rolls in counties, although any justice may be so designated under section 11 of the 1979 Act. In non-metropolitan counties I appoint the Lords Lieutenant as Chairmen of my Advisory Committees on the Appointment of Magistrates, and in metropolitan counties, where there is usually one Advisory Committee for each metropolitan district, they are ex-officio members of each Committee and Chairman of any county coordinating committee of Advisory Committee Chairmen. These arrangements work well and I favour Lords Lieutenant retaining their present areas of responsibility.

There will no doubt be others who will argue strongly for the retention of the counties and their Lords Lieutenant.

I am sending copies of this letter to the other members of MISC 95, and to Lord Cockfield who, as Chancellor of the Duchy of

HOUSE OF LORDS,
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Lancaster is responsible for the appointment of justices in the metropolitan counties of Greater Manchester and Merseyside.

yrs:

LOCAL GOVT: Relations Pt 16

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10 DOWNING STREET

From the Private Secretary

20 July 1983

The Prime Minister was grateful for your Secretary of State's minute of 19 July, to which was attached a revised draft White Paper.

The Prime Minister noted your Secretary of State's views about the creation of a liaison committee and commented that he will need to get together some such group of people if the problems of overlap and duplication and so on are to be dealt with. Subject to the views of colleagues, the Prime Minister is now content with the draft White Paper and agrees to its publication on Tuesday of next week.

I am sending copies of this letter to the other Members of the Cabinet and to Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Miss D. Nichols,
Department of Transport.

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Local Govt Relns

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cc DOE DHSS TMP
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LPS MS/DOE
RM
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bcc Mount

10 DOWNING STREET

From the Private Secretary

20 July 1983

Dear Mary,

ABOLITION OF GLC AND METROPOLITAN COUNTY COUNCILS: THE ARTS

The Prime Minister has seen a copy of your Minister's letter of 18 July to the Secretary of State for the Environment.

The Prime Minister believes that the Government's decision to return as many as possible of the powers of the GLC and the MCCs to the boroughs implies that in the main, the Government should leave to the boroughs the decision as to what resources they will apply in support of the arts. But the Government should, at all events, not start from a position of distrust of the boroughs' tastes.

The Prime Minister has asked if your Minister would specify the "two or three museums or galleries and a few other arts bodies, of special regional or national significance which could not be left thus to take their chance"; and to consult with the institutions concerned and the borough councils to seek solutions for these by voluntary joint action.

I am sending a copy of this letter to the Private Secretaries to the other Members of MISC 95 and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

Mrs. Mary Brown,
Privy Council Office.

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HL

cc NO.

Prime Minister

PRIME MINISTER

Agreed MT.

Following our discussion on Friday, I have amended the White Paper on Public Transport in London to reflect the points we agreed. In particular the revise brings out that the immediate task is to take over LT and to get it into its new structure, and at the same time to start eliminating overlap and duplication and to secure appropriate economies with British Rail.

I note that your Private Secretary's letter mentions a Liaison Committee chaired by me, with representatives from the Authority, BR, LT, and the Department, and responsible for setting objectives and allocating subsidies. This is a much more formal version of what I clearly understood at the meeting, which was that I would take personal charge of ensuring that co-operation between LT and BR is improved and that the problems of overlap and duplication are urgently tackled.

This is what I propose, but under a more informal arrangement, since such an official Liaison Committee could clearly be represented as another quango.

The other point that I have included in addition to those in Michael Scholar's letter is that there should be a limited life for any LRT responsibility for payments to BR. The second stage therefore involving payments to BR Commuter Services would be brought in only by Order, and the arrangement would automatically expire after say 5 years unless the period were extended by Parliament.

You will also note that I have decided to drop the word 'Authority' and to call the new structure London Regional Transport.

If I could get clearance of this version by Wednesday lunch time I think we could still get it out by next Tuesday. I am sending a copy of this minute and the revised version to other members of the Cabinet to bring them up to date with the changes we have made; and to Sir Robert Armstrong.

TOM KING

19 July 1983

PUBLIC TRANSPORT IN LONDON (Draft of 19 July 1983)

1. The organisation of London's public transport services needs major change. The arrangements established in the 1960s have not worked well. Shifts in political direction at County Hall have deprived London Transport of stability and the chance to plan on a proper long-term basis. The public transport system has become progressively shabbier. The services provided by the British Railways Board and by London Transport have received financial support from two quite separate sources, although in many cases they serve the same customers. And over the past two years, the users of London Transport have experienced in rapid succession dramatic cuts in fares, their doubling, then further cuts. The traveller and the ratepayer have had to pay for these experiments by the GLC and for the high costs of the bus and Underground services, which have risen steeply in real terms.

2. Pressure for change has built up over the years, but became overwhelming during and in the aftermath of the Greater London Council's "Fares Fair" policy. After many months taking detailed evidence, the House of Commons all-Party Select Committee on Transport in July 1982 published a report on "Transport in London". Their unanimous view was that the mechanisms for the political and financial control of London's public transport were inadequate.

3. They concluded that a better deal was needed for the consumer for the money available and that the responsibility for public transport in London should be transferred away from the Greater London Council to a wider "Metropolitan Transport Authority". The Government accept that the case for change is now compelling. They believe that new arrangements are needed to secure the cost-effective delivery of services from both the public and the private sector. This White Paper sets out the Government's proposals.

London's Problems

4. The quality and performance of public transport in a capital city, especially one the size of London, has a crucial part to play

in its general prosperity and the quality of people's lives. London is one of the largest areas of continuous urban development in Europe and one of the largest concentrations of urban population in the world. It is not only the centre of Government, but also the nation's centre of trade, commerce and tourism and the hub of the country's freight and passenger transport system.

5. As the Select Committee noted:

> "The adequacy, or otherwise, of London's internal transport arrangements is therefore a matter of national, as well as local, importance. Quite apart from considerations of national pride, Britain cannot afford to allow the essential and vital functions of its commercial and transportation capital, and its seat of Government to be less than fully efficient. The rest of the country may well resent the cost, but cannot resist the logic, of the need for a determined national effort to relieve the crisis which faces London's transport system, and to ensure that standards of mobility and access at least begin to compare favourably with those in our other major conurbations and in major conurbations overseas." (Select Committee Report: paragraph 2.7).

6. The complexity of transport movements and requirements in London are on a scale quite different from anywhere else in Britain. The travel-to-work area spans over 100 miles, a large part of it densely built up. While most journeys take place by car - over 9 million trips in the area each day - public transport also plays a fundamental role. Every working day some 7 million journeys are made on London Transport and British Rail services in the London area, over half of them to and from work. London's Underground system, the largest of its kind in the world, caters for some 500 million journeys a year on a network of 240 route miles. The British Railways Board's London and South East sector handles over 400 million journeys a year, well over half of all British Rail passenger journeys, on a network of over 2000 route miles serving a population of 17 million. London Transport's bus operations cover more than 1,700 miles of road and cater for over 1,000 million journeys a year. London Country Bus Services provide bus and coach

travel for a further 25 million journeys annually within Greater London. And London's public transport system is particularly important for the tourists who make 125 million trips on it each year.

7. Since 1969 London Transport have been answerable to the Greater London Council, who have appointed the Executive, set the requirements and provided subsidies, partly from the rates and partly from the money made available from central Government through Rate Support Grant and Transport Supplementary Grant. The commuter services of British Rail on the other hand are provided by the British Railways Board as part of the Public Service Obligation (PSO) which covers the rail passenger system throughout Britain. Fares, the level and quality of services and investment priorities are determined by the British Railways Board within its financial duties and constraints. The Board is in turn accountable to the Secretary of State. The PSo grant which he determines after consultation with the British Railways Board currently includes some £280 million in respect of its London and South East services.

8. Between them, London Transport and British Rail's London and South East sector employ more than 100,000 staff and their combined costs in 1982 were some £1,550 million. These are very large businesses demanding highly competent management. They need clear objectives publicly stated. There must be close scrutiny of value for money obtained for the financial support they receive.

9. Effective management is particularly important at a time when public transport is facing the difficulties created by wider economic and social change. Total demand for public transport in London has been declining for the past thirty years. People and jobs have moved out of central London to the suburbs and beyond, causing a redistribution of travel demand for which the traditional networks of public transport services are imperfectly suited. Rising incomes have led to soaring growth in car-ownership, which in turn places great demands on the road system and has drastically cut the use of public transport. Between 1971 and 1981 the number of private cars and vans licensed in London rose by 15%, while

the population of Greater London fell by 10%. Travel on British Rail London and South East services remained fairly steady, but that on buses fell by 27% and on the Underground by 17%. Even so, public transport still accounts for over a third of all vehicular journeys by London residents and is a normal means of getting to work for half of those working in London - a very different picture from other large towns and cities in Britain, where public transport accounts for less than one-third of journeys to work.

10. The difficulties of London Transport have been compounded by failure for many years to control unit costs, to change services to suit different patterns of deamnd and to concentrate resources on key investment and refurbishment. Between 1970 and 1982, unit costs rose in real terms by over two thirds per bus mile and by nearly 50% per Underground train mile. Staff levels, which account for over two-thirds of costs, remained virtually static while demand fell. The total amount of grant paid annually to London Transport rose from £6.5 million to nearly £370 million. This represents a thirteen-fold rise after allowing for inflation. Despite this, fares almost doubled in real terms. So the taxpayer, the ratepayer and the farepayer have all had to dip deeper into their pockets to pay for the massive real increase in the cost of running London Transport.

11. While costs have risen and swallowed up resources, investment has suffered. The poor quality and decay of the London's transport system have made their own contribution to its declining use. The Select Committee concluded:

> "London's entire public transport system is in need of a face-lift, to improve the reliability of services, the cleanliness and comfort of the services provided, and the ease of movement between one service and another. Although every effort should be made to keep fares to a minimum, all the evidence we have received, and the experience of major conurbations overseas, suggests that the level and quality of service, rather than price, is the major factor in persuading travellers to transfer to public transport." (Ibid: paragraph 5.50)

12. The Select Committee's critical view extended over the services provided by British Rail as well as those of London Transport. Public complaints of rising costs and deteriorating services on the London and South East commuter services had already led to an examination by the Monopolies and Mergers Commission in 1980. Their report drew attention to the scope for increased productivity, efficiency anc cost control, the importance of matching supply and demand and the need for clearly defined objectives. Draft objectives were published by the Government in 1981, but this process was quite independent of the goals being pursued by the GLC, reflecting the different lines of responsibility and the different views of the priorities for London Transport and British Rail.

13. Between them London Transport and British Rail's London and South East sector now account for more than £500 million a year of public subsidies. The Government believe that the present system under which these subsidies are provided from two quite independent sources to meet independently set objectives is fundamentally flawed.

14. The Government share the view of the Select Committee that new and better arrangements for London to deal with these basic defects are imperative. They accept the first recommendation in the Committee's report that:

> "Central Government should henceforth regard the improvement of transport facilities in London as a matter of national priority. Unless the Government is now prepared to recognise the size of the transport problems faced in London, and is prepared to take the lead in resolving these problems, the capital could well face continuing decline and become increasingly unattractive to commerce and increasingly unattractive as a place of residence and as a centre of work, entertainment and tourism." (Ibid: paragraph 2.15).

15. This recommendation embraced a much wider field than public transport on its own. The Committee had also found the way the GLC had discharged their responsibilities on roads and traffic

management profoundly unsatisfactory and concluded that a major re-allocation of responsibilities was now needed. The Government share this view, but they believe that the size, complexity and importance of London's public transport are such that the body responsible for it should have public transport as its sole remit.

London Regional Transport

16. The Government have decided that control of the London Transport Executive should be transferred as soon as possible from the GLC to the Secretary of State for Transport. It will then be reconstituted on the pattern of a small holding company, with its bus and Underground operations established as separate subsidiaries. The holding body, which will be re-named London Regional Transport (LRT), will be responsible for the strategic control of its operating subsidiaries and for securing the cost-effective provision of bus and Underground services from these and other operators.

17. The plans of LRT will have to be formulated in the context of the wider economic and social aims for the capital. They will also have to be compatible with the land use strategies for London, and there will be co-ordination with the planning process to secure this. Proposals for the reallocation of road and traffic responsibilities on the abolition of the GLC and for strategic planning arrangements for London will be set out in a White Paper later this year.

18. LRT will have four initial tasks:

- to improve bus and Underground services for London within the resources available and make the services more attractive to the public;

- to reduce costs and the call on taxpayers' money and generally secure better value;

- to involve the private sector in the provision of services and to make better use of publicly-owned assets;

- to promote better management through smaller and more efficient units, with clear goals and measurable objectives.

19. New arrangements will be introduced to provide the necessary financial support for LRT. As with BR grant will come direct from the Secretary of State. This will replace the present system under which the GLC precepts on the London Boroughs for the ratepayers' contribution towards the cost of London Transport. Discussions will be held about the bridging financial arrangements while the new system is being established. When the GLC ceases to be responsible for London Transport ratepayers in the London Boroughs will no longer contribute in this way. There will however have to be arrangements to maintain the relative position between London's ratepayers and those elsewhere who continue to contribute directly to their local public transport services. Consultation will take place with local government representatives about the mechanisms to be adopted.

20. Local authorities in whose areas LRT's own services operate will be able to enter into agreements with the operators to buy specific additional services and to finance travel concessions. The Government will consult representatives of the London Boroughs on the development of a joint scheme to be operated when the Boroughs take back responsibility for concessionary fares for the elderly from the GLC.

21. The establishment of LRT's bus and Underground subsidiaries will be facilitated by the London Transport Executive's existing structure, in which the Underground and bus businesses are separately identified and managed. But the new body will need to examine the scope for further division of the operations in the interests of improved efficiency. The bus and Underground subsidiaries will have power to divide their operations into further subsidiaries; this will be particularly relevant to the bus business. LRT will be able to dispose of any of those further subsidiaries, subject to the consent of the Secretary of State.

22. It is envisaged that the London Transport Executive's existing assets and liabilities will pass to the LRT. The treatment of liabilities incurred by the GLC in the form of accumulated borrowing in respect of capital grants to the London Transport Executive will be determined in the context of decisions on the GLC's debt generally.

23. The assets and liabilities which LRT inherits from the London Transport Executive will be assigned as appropriate between the parent body and its subsidiaries when these are established. As far as possible existing staff of the London Transport Executive will continue to be employed within LRT and its relevant operating subsidiaries under the same terms and conditions of service.

24. At present local bus services may be operated in Greater London only by London Transport or with their agreement. Road service licences are not required for such services. LRT will be responsible for approving services and changes in services by its own subsidiaries and by other operators who have entered an agreement with it to provide services. Road service licences will still not be required for these services. But operators who wish to run bus services in Greater London without entering an agreement with LRT will in future be enabled to apply for road service licences from the Traffic Commissioners. These arrangements will avoid the bureaucratic procedures which would be entailed if all services in Greater London were brought under the control of the Traffic Commissioners, while providing for the licensing of competing bus services under the same conditions as apply in the rest of Great Britain.

25. The London Transport Passengers Committee will continue to be the consumer representative body concerned with the bus and Underground services provided by LRT and it subsidiaries.

Involving British Rail

26. The arrangements described above will help to secure the improved operating efficiency and cost savings in London's bus

and Underground services that are so urgently needed. The commuter services of the British Railways Board also need to be run within clear objectives and tight financial disciplines. Joint action will be required to cut out wasteful duplication between British Rail and LRT, to make services more attractive and travelling easier for the public and generally to cut costs in the interests of the taxpayer and the farepayer. The Secretary of State for Transport will set up new liaison arrangements with the British Railways Board and with London Regional Transport for this purpose.

27. The contribution that British Rail can make in response to the new liaison arrangements will be made easier by the recent appointment by the British Railways Board of a sector Director for all the London and South East passenger services, with clear accountability for what is being achieved and for the financial performance of the sector.

Extending the Role of LRT

28. The Government believe that their new proposals will by themselves secure a major improvement in the services offered by London's public transport operators and in their efficiency. However, the Select Committee considered that it might eventually prove desirable to transfer the support of British Rail's London commuter services to the authority responsible for London's bus and Underground services. Accordingly the Government propose to take reserve powers that would enable them to extend the responsibilities of LRT if experience shows that a more formal structure is needed.

29. Such a step would entail a further substantial development of the powers and responsibilities of LRT. The Government propose to formulate the relevant legislative provisions in such a way that they would be brought into effect by Order for a limited period which could only be extended with Parliament's agreement.

30. In outline, these extended arrangements would work as follows

31. LRT would have power to provide financial support for investment in, and operation of the services in and around London provided by the British Railways Board, as well as by its own subsidiaries. It would sanction borrowing by the British Railways Board in respect of the London commuter services for approved purposes. It would set objectives for these services and monitor their achievement.

32. At present the British Railways Board's London and South East sector covers a wide area including 15 counties around London, in which commuters represent some 60% of the sector's passengers. It might be sensible for the LRT to exercise its responsibilities over the sector as a whole, since it represents a well defined unit for financial and accounting purposes. However, the precise definition of the network for which LRT would provide support requires further study.

33. It would be necessary under this scheme to establish new arrangements for representing regional, local and consumer interests to LRT. Changes would be necessary in the present scope and responsibilities of the London Transport Passengers Committee and of the Transport Users' Consultative Committees which deal with the relevant services provided by the British Railways Board. The proposed legislation would include a power for the Secretary of State to establish new arrangements by Order. Appropriate consultation would take place before detailed arrangements were proposed.

34. Decisions on disputed rail closures would be taken, as now, by the Secretary of State.

The Next Steps

35. The Government believe that the first steps necessary to establish LRT and to set up the new liaison arrangements are now urgent. It would be wrong to leave the future of London's transport in a state of uncertainty for any prolonged period of time. This White Paper has therefore been published at the earliest opportunity as a basis for consultation. The principles

on which the Government intend to proceed are clear. But there are many detailed aspects on which the Government will wish to have the views of those concerned: the operators, the London Boroughs and authorities bordering London, those who work on public transport and the consumer. The Government are therefore inviting the views of interested parties as soon as possible, so that they may take them into account both in framing the details of the legislation and in agreeing with those concerned the arrangements associated with setting up LRT and providing an efficient, effective and convenient public transport system for London.

Local Govt. Relations Pt 16

HOUSE OF LORDS,
SW1A 0PW

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With the
Lord Chancellor's Compliments

HOUSE OF LORDS,
SW1A 0PW

19 July 1983

The Lord Bellwin
Minister of State for Local Government
Department of the Environment
London S.W.1

My dear Irwin:

Abolition of GLC and the Metropolitan County Councils

PE.15

I have read with interest your memorandum MISC 95(83)1 on the abolition of the GLC and the MCCs. This letter is concerned only with the point mentioned in paragraph 13 of your memorandum: the extent to which Council Directive 77/187/EEC - the acquired rights Directive - would apply to transfers of employees consequent upon the dissolution of the GLC and MCCs. This is a question which, as I have seen from subsequent correspondence, has also troubled other Ministers.

The paper by officials of your Department which accompanied your memorandum came to the conclusion (paragraph 4.3) that the Directive might have to apply wherever "the transfer of any identifiable group of employees within its own specific responsibility and a separate internal organisation" was involved. This conclusion was said to be based on an opinion of the Law Officers. The conclusion in fact reached by the Attorney General, the Lord Advocate and Professor Jacobs in paragraph 16 of their opinion was that "HMG should treat the transfer of any identifiable group of employees <u>with</u> its own specific responsibility and a <u>separable</u> internal organisation as the transfer of an undertaking".

/2.

While not much may turn on these small differences of wording, I question whether reliance should be placed on an opinion which, as is admitted in your officials' paper, was given in a wholly different context. The Law Officers were considering, first, whether the Directive could as a matter of principle apply to Crown servants who do not have contracts of employment, and secondly, assuming an affirmative answer to the first question, whether the Directive would apply to Crown servants transferred to the private sector following legislation privatising nationalised undertakings. They concluded (paragraph 9) that the European Court was likely to find that the Directive does apply to Crown servants, and furthermore (paragraph 14) that any undertaking which is to be transferred from the public to the private sector is ex hypothesi an activity of an economic character and thus falls within the scope of the Directive. I see no reason to disagree with either of these conclusions.

But the question you are facing is, I think, a very different one. What has to be decided is whether local government employees, even though they may fall into a readily identifiable group such as the police, the fire service or the education service, are covered by the Directive. The legal basis of the Directive is Article 100 of the EEC Treaty, which allows the Council to issue Directives for the approximation of such laws as "directly affect the establishment or functioning of the Common Market". While no one could seriously argue that the reorganisation of local government in this country affects the establishment or functioning of the Common Market, whether directly or indirectly, I am prepared to concede that an argument based on vires would be unlikely to find favour with the European Court.

I think however that we are on stronger ground if we look at the text of the Directive itself. Article 1(1) provides that it applies "to the transfer of an undertaking, business or part of a business to another employer as a result of a legal transfer or merger". The term "undertaking" is not defined in the Directive,

/but

but in our implementing Regulations - the Transfer of Undertakings (Protection of Employment) Regulations 1981 - "undertaking" is defined as including any trade or business, but as not including any undertaking or part of an undertaking which is not in the nature of a commercial venture. To the best of my knowledge the Commission have not taken exception to this definition, and indeed it seems to accord with the sense in which the word "undertaking" is used in Articles 85 - 94 of the EEC Treaty, and also with the Commission decision quoted in paragraph 9 of the Law Officers' opinion, where it is stated:

> "The United Kingdom Post Office and British Telecommunications are public corporations and economic entities carrying on activities of an economic nature. As such they are undertakings within the meaning of Article 86 of the EEC Treaty".

For all these reasons I think that, to put it at its lowest, there is considerable doubt whether the Directive will apply to the transfers of local government employees which you envisage. If the Directive were indeed applied it would add considerably to the expense of such transfers, and it seems to me therefore unwise to start with the assumption, based on an opinion given in a different context, that the Directive does apply. I suggest that, if you have not already done so, you should refer this question to the Law Officers for them to consider the precise point which is in issue.

I am sending copies of this letter to the other members of MISC 95, to the Attorney General and to the Lord Advocate.

Yrs.

CONFIDENTIAL

Prime Minister (2)

PRIME MINISTER

Agree X and Y?

Yes MT

MCS 29/7

THE ARTS AFTER ABOLITION OF GLC AND THE METROPOLITAN COUNCILS

(letter attached)

Abolishing the GLC and the Mets is supposed to save money. Grey proposes that up to £15 million of GLC and MCC expenditure on the arts should be transferred to the Exchequer. But he does not appear to propose compensatory reductions on RSG to the constituent authorities, although he refers to "adjusting" the criteria.

The argument that we must spare the Hallé Orchestra "three years uncertainty and demoralisation" is surely false. If the people in and around Manchester really are loyal to the Hallé, then the councillors of Manchester, Stockport and so on, will not reduce their local contribution to the Hallé's grant because that would make them unpopular with their electorates.

Grey does not consider the opposite possibility: that some boroughs will spend more pro rata on the arts than they did when enveloped in a Metropolitan Council.

The truth is that we do not know what the pattern of support will be after abolition. But if we believe that boroughs are best, it is surely irrational to show such distrust of their tastes.

X

We suggest that the Office of Arts and Libraries should be invited:

Y

i. to specify the "two or three museums or galleries and a few other arts bodies, of special regional or national significance which could not be left thus to take their chance."

ii. to consult with the institutions concerned and the borough councils to seek solutions for them by voluntary joint action.

FERDINAND MOUNT
19 July 1983

FM

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Local Govt.
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MS

bc Mr Owen.

10 DOWNING STREET

From the Private Secretary

19 July 1983

Abolition of the GLC and the Metropolitan County Councils

We have arranged a "tutorial" for the Prime Minister on Thursday afternoon, at which your Secretary of State and Mr. Heiser will be present. This arose from the Prime Minister's comments on Lord Bellwin's paper (MISC 95(83)2) on the financial arrangements for joint police and fire boards and the constitutional implications. The Prime Minister is opposed to making joint boards directly responsible for their expenditure decisions, and the grant and rating consequences of those decisions; and being given the right to precept and receive grant. The Prime Minister believes that they should be given these powers only if the Government can control their total expenditure and manpower; and that it would be preferable to have a single system of control as suggested in Option B of paragraph 3 of Lord Bellwin's paper.

I have written separately about the Prime Minister's questions on manpower in the GLC and MCCs.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

John Ballard Esq
Department of the Environment.

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Cc N.O.

OFFICE OF ARTS AND LIBRARIES
Old Admiralty Building
Whitehall
London SW1A 2AZ
Telephone 01-273 4400

(1)

Prime Minister

This looks troublesome. Await the Treasury's reaction before taking a view?

MCS 18/7

From the Minister for the Arts

18 July 1983

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

Dear Patrick,

ABOLITION OF GLC AND METROPOLITAN COUNTY COUNCILS: THE ARTS

I promised to let the Committee know how I proposed to deal with the implications for the arts of abolishing the GLC and the MCCs.

In purely financial terms the implications, though not massive in relation to the scale of the whole operation, are very substantial in relation to the OAL expenditure programme. Moreover, they give rise to severe problems for the state of the arts in general and for the Government's standing in relation to them.

I have two basic aims. One is to protect artistic institutions of accepted excellence from suffering damage as a result of a reorganisation taking place for quite different purposes. The other is to see that a local government reorganisation which is thoroughly worthwhile for its own sake does not become subject to needless public criticism from perhaps the most articulate and well organised lobby in the nation, on the ground that we are using local government reorganisation to make backdoor savings on the arts.

Whatever their other failings, the GLC and the MCCs do much worthwhile work in running museums and galleries, and in supporting the living arts. In line with our policy, I want to see the responsibility for continuing this work assigned, in general, to the local borough councils (by which I mean the metropolitan district and London Borough Councils). However, this inevitably involves a risk that some of the institutions and activities concerned will be inadequately provided for, particularly where (as often happens) they serve constituencies extending beyond the boundaries of their "home" boroughs. I intend to press the institutions concerned and the borough councils to seek solutions to such problems wherever possible by voluntary joint action, and I am prepared to accept the risk that solutions will not be found in all cases. But there are two or three museums and galleries,

and a few other arts bodies, of special regional or national significance which could not be left thus to take their chance. The Hallé Orchestra, for example, could not nowadays make good from local sources, public or private, the third of a million pounds it gets annually from the Greater Manchester Council. The prospect of three years' uncertainty and demoralisation, with constant pressure on the Government to intervene to "save the Hallé", would in my view be unacceptable both politically and artistically.

I propose therefore that provision should be made for securing the future of a few such bodies on a national basis, within the present structure of national arts support. One or two museums and galleries, which I would provisionally designate after informal private consultation with people who know the field well, would be assigned to new trustee or similar bodies created for this purpose and financed primarily by the OAL like the existing national museums. The major museums of the GLC would be assigned to the trustees of appropriate national museums and, with the latter, would also be supported directly by the OAL. A few major orchestras and other arts bodies in the areas concerned, which are likewise of special regional or national significance, are already supported primarily by the Arts Council or similar national bodies but rely also, to a substantial extent, on support from the councils which are to be abolished. I propose that the national bodies concerned should take over this additional support role. The GLC's responsibilities in respect of the South Bank would be assigned to the Arts Council, subject to the creation of a new trustee or similar body to manage the concert halls.

The financial requirements of this approach would be mainly confined to transferring to the central government element of the OAL expenditure programme, from the local government programmes on which they are now borne, the amounts - probably less than £15 million in total - spent by the GLC and the MCCs in respect of the institutions and other arts bodies selected for central financing (the additional administrative work involved would also require a small increase in the OAL manpower ceiling). It would also be necessary to adjust the rate support grant assessment criteria so as to reflect more closely the actual needs of the boroughs with regard to the arts and museums.

practical?

When the GLC and the MCCs are abolished there will probably be significant shortfalls in the support for many of the arts institutions and activities in their areas which are not protected by the measures of central financing which I propose. Some borough councils opposed to the reorganisation in principle may well try to embarrass the Government by refusing to replace the abolished councils' support of bodies which, though not so significant as to qualify for national support, are nevertheless highly regarded. If acute problems should arise in this respect it might be necessary to seek additional temporary resources to enable the central supporting bodies to ease some of the worst difficulties of the transitional period.

My own assessment is that it would be foolish not to safeguard in the way I propose £15 million of existing expenditure on things which are themselves of high quality in terms of our national life, which make a substantial contribution to employment and tourism, and which in political terms are about as visible as it is possible to be.

If colleagues agree, I propose to consult on this basis.

Copies of this letter go to other members of MISC 95 and to Sir Robert Armstrong.

Yours,

Greg.

LORD GOWRIE

LOCAL GOVT: Central/Local Relations

Pt 15

18 JUL 1983

CONFIDENTIAL

MPO.

cc: DES
DHSS
D/T&I
CSO HMT
LPS
DTM
D/Trans.
Ld. Gowrie
HO
CO

bc Nick Owen

10 DOWNING STREET

From the Private Secretary

18 July 1983

The Prime Minister saw over the weekend the Minister for Local Government's paper (MISC 95(83)3) on the Abolition of the GLC and the Metropolitan County Councils, in relation to staff savings.

The Prime Minister has commented that she does not believe the figures in this paper, and she would be grateful for a further breakdown, in particular of the figuring which leads to the estimate, in the Annex to the paper, that 5,700 staff are engaged in central administration in the GLC and MCCs out of a total of 149,600.

BF

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

M.C. SCHOLAR

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

DSS

10 DOWNING STREET

(1)

Prime Minister

Abolition of GLC + MMCs

You want a tutorial arranged with all the people involved.

Would you prefer to start off with a small one — Terry Heiser, Patrick Jenkin and Peter Gregson / Michael Buckley from the Cabinet Office?

MCS 18/7

bc. F. Mount

SUBJECT
LOCAL GOV: Relations : Pt 16
cc MASTER

10 DOWNING STREET

From the Private Secretary

15 July, 1983.

London Transport Regional Authority

The Prime Minister had a meeting about the proposed London Transport Regional Authority this afternoon. Your Secretary of State, the Chancellor of the Duchy of Lancaster, the Chief Secretary, the Parliamentary Under-Secretary of State, DOE (Mr. Waldegrave), Mr. Lazarus, Mr. Palmer, Mrs. Bridgeman, Mr. Osmotherley, Mr. Goldman (all from the Department of Transport), Mr. Burgner (HMT) and Mr. Ferdinand Mount were present.

After a discussion of the issues raised in my two earlier letters to you today on this subject, the Prime Minister said that it was agreed that the White Paper should propose that the new Authority should in the first instance be a purely holding company, with the bus and tube operations as subsidiary companies; and that your Secretary of State should chair a Liaison Committee of which the Authority, British Rail, and the Department should be members, together with any outside consultant help they required. The Liaison Committee's objective would be to cut out wasteful overlapping between British Rail and London Transport, to seek maximum operating efficiency and cost savings in both networks and to give objectives to, and allocate the minimum necessary subsidy between, British Rail and the new Authority. The White Paper should, further, indicate that the aim would be for the Liaison Committee to make maximum progress in relation to the above objectives; but the legislation would provide that the Government would have the power, by Order, to transfer to the Transport Authority the power to allocate grant as between its operating subsidiaries and the British Rail commuter network, and to pursue the other objectives listed above. There would be no automatic implementation of this second stage, and the Government's aim would be to achieve its objectives by means of the Liaison Committee.

The Prime Minister said that she hoped that it would be possible to publish the White Paper before the Recess.

I am sending copies of this letter to Alex Galloway (Office of the Chancellor of the Duchy of Lancaster), John Gieve (Chief

/ Secretary's

Secretary's Office), Joan Dunn (Mr. Waldegrave's Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.

CONFIDENTIAL

MCS

ACTION

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MISC 95 (83) 3 COPY NO 1 (2)

15 July 1983

I do NOT believe there is Labour Labour Party Jones

CABINET

Prime Minister

The annex is worth reading; and paras 2 and 3.

MCS 15/7

MINISTERIAL GROUP ON THE ABOLITION OF THE GREATER LONDON COUNCIL AND THE METROPOLITAN COUNTY COUNCILS

ABOLITION OF THE GLC/MCCs - SECURING STAFF SAVINGS

Memorandum by the Minister for Local Government

1. In MISC 95 (83) 1, I indicated that officials were looking again at the possibilities of controlling staff numbers on abolition to avoid up-grading of staff and over-large establishments. We shall need to return to this subject in detail when officials have completed their work and when the legal implications of the EC directive are clearer. Meanwhile, I should like to draw colleagues' attention to some general points which are emerging. We must attack these problems vigorously if we are to deliver significant savings.

BACKGROUND

2. Details of present staff engaged on GLC/MCC services are annexed. In summary, they are as follows:

Estimated numbers of staff currently engaged on services to go to:-	GLC	MCCs	Total
Joint Boards (operational and direct support staff)	65,800	50,000	115,800
Boroughs/districts	10,170	16,600	26,770
Other bodies (eg Thames Water Authority)	1,330	-	1,330
Sub Total	77,300	66,600	143,900
Central Administration	2,700	3,000	5,700
TOTAL	80,000	69,600	149,600

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3. Officials have estimated that there are potential staff savings in the range of 3,000-8,000, leaving aside any savings that might be made in operational and direct support staff of services going to joint boards. Ministers have not considered these estimates in detail but I am in no doubt that we must seek savings at the upper end of the range.

STAFFING IN SERVICES GOING TO JOINT BOARDS

4. Over three quarters of GLC/MCC staff are engaged in services going to Joint Boards (including perhaps half the central administrative staff). These are the big battalions and we must secure savings. It should be technically feasible (far easier than controlling staff in the boroughs districts); the financial control which I have proposed should operate for joint boards for the first two or three years might be used to deliver savings or, if necessary, we could supplement it by specific staff controls.

5. I appreciate that action to enforce savings in joint board areas of work, even though technically feasible, will present difficulties for colleagues. But I believe that consideration must be given urgently to:

(a) what savings are feasible in joint board services; and

(b) whether we shall need specific staff controls to deliver these savings and, if so, what form they might take.

STAFF IN SERVICES GOING TO BOROUGHS/DISTRICTS

6. This leaves the smaller, but important number of staff in services going direct to the lower tier. About a quarter of staff (including perhaps half the central administrative staff) are engaged in services going to the 68 boroughs and districts. With the maximum staff savings previously identified, most of the receiving authorities would be adding between 2% and 3% to their staff numbers.

7. Direct control of staffing levels in the receiving authorities looks impractical. We would have to apply it to all 68 authorities and to all of their services - otherwise control could be circumvented by simply switching staff between services. The staff levels would have to be worked out and controlled on a service by service basis by individual Secretaries of State and substantial numbers of extra staff would be needed in my Department and in other service departments. Any attempt to impose control levels in boroughs/districts would come under political and legal challenge.

8. However, we can rely on the following:

(a) to the extent that these authorities are "high" spenders they will be caught by the selective financial control system. We intend that this should apply to between 10 and 20 authorities, the majority of which will probably be London boroughs and metropolitan districts.

(b) quite apart from those authorities caught by selective control, authorities generally would be subject to the pressures of the rate support grant system.

9. Nevertheless, I have asked my officials to have a further look to see what more might be done to reinforce the pressures on the boroughs and districts to economise on staff.

EC DIRECTIVE

10. My Department's lawyers are discussing with their colleagues in the Attorney General's Office the effect of the EC Acquired Rights Directive on staff transfers arising from abolition. If we are required to apply the directive widely, staff would have to be made redundant after, rather than at the time of, transfer and this would make staff savings much more difficult. The directive raises important policy issues on a number of transfer exercises, and I think it important for us to develop a consistent line under the leadership of Treasury Ministers.

CONCLUSIONS

11. I invite colleagues:

(a) to note the critical importance of achieving staff savings;

(b) to look at the scope for savings in their services (including those going to joint boards);

(c) to note the need for clear guidance from Treasury Ministers on the policy to be adopted in response to the EC Directive.

I B

Department of the Environment
2 Marsham Street
London
SW1

15 July 1983

ANNEX

ESTIMATED STAFF ENGAGED ON GLC/MCC SERVICES 1982[1][2]

Services to go to:-

	GLC	MCCs
Joint Boards		
ILEA:		
Teachers	31,000	-
direct support	27,000	-
FIRE:		
uniformed	6,900	10,100
direct support	900	1,900
POLICE:		
uniformed[3]	-	31,500
direct support	-	6,500
Joint Boards: Total	65,800	50,000
(without uniformed police)		(18,500)
Boroughs/districts	10,170	16,600
Other Bodies (eg Thames Water Authority)	1,330	-
Central Administration	2,700	3,000
TOTALS	80,000	69,600
(without uniformed police)		(38,100)

Compare these two ratios!!

Notes

1. Estimates prepared by DOE based on data from Joint Manpower Watch and local authority Annual Reports.

2. Excluding staff of PTEs and Magistrates Courts and Probation Services Committees who are not GLC/MCC employees. PTA staff are assumed to be included in central administration.

3. Uniformed police are not MCC employees.

We need a breakdown of these figures.

MT

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Prime Minister (2)

This addresses MCS.

The question "should the joint Boards be allowed to precept?"

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MISC 95(83)2 COPY NO 1

15 July 1981

We all need a 'tutorial' on this before discussing the merits.

Can you convene one Home Ministers (with Summers) plus M.T. plus officials

P.S. + Lord Ministers

CABINET

MINISTERIAL GROUP ON THE ABOLITION OF THE GREATER LONDON COUNCIL AND THE METROPOLITAN COUNTY COUNCILS

MCS 15/7

FINANCIAL ARRANGEMENTS FOR JOINT POLICE AND FIRE BOARDS AND CONSTITUTIONAL IMPLICATIONS

Memorandum by the Minister of State Department of the Environment (Minister for Local Government)

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1. At the first meeting of the Group, the Home Secretary and I were asked to attempt to reach a common view on the financial arrangements for police and fire joint boards (MISC 95(83)1st). This paper has been prepared in collaboration with Home Office Ministers.

2. The main issues are:

i. the extent of the role that it is appropriate for central government to take in controlling the budgets for specific services and in particular for the police services where there are acute sensitivities;

ii. the choice of a method of financing joint boards that will place the maximum pressure on them to be economical and cost effective.

3. The note at Annex A sets out our agreed analysis of the present situation and the options available. In summary these are:

Option A

to make joint boards directly responsible for their expenditure decisions and the grant and rating consequences of those decisions; this implies that the boards should receive grant and precept; that they should therefore be subject to the select control scheme and I would argue to a direct control in their first transitional period;

Not unless we can control total up. + manpower.

MCS

CONFIDENTIAL

Option B

to place responsibility for funding the boards with the lower tier authorities that are represented on them; the boards would receive specific and supplementary grants (eg police grant) but not block grant; the constituent districts would receive block grant on their share of the boards' expenditure, and rate for the rest of their contributions. The control schemes would have to be applied indirectly through the constituent districts.

Recommendations of Minister for Local Government

4. I recommend that the new police and fire boards should receive block grant, be allowed to precept on their constituent districts and be subject to direct control in the transitional period and then to selective control under the proposed rate limitation scheme.

5. If the boards are not subject to direct control in the transitonal period, the whole thrust of our abolition policy would be put at risk. The basic rationale for this policy is our determination to have less wasteful and less inefficient local government. We must also secure substantial staff savings. Police and Fire services account for about half of the current expenditure of the metropolitan counties and about two thirds of the manpower. We cannot afford to exempt these services from control, in particular over the transition period. And any precedents created would be cited by any other boards such as ILEA which were created, further excaberating our problems. Joint boards could account for over three-quarters of the total manpower engaged in the services of the authorities we are abolishing.

6. The Home Office are recommending that responsibility for funding the boards should be placed on the constituent districts, and that control of the police and fire board expenditure be exercised indirectly through pressure on the districts. This would, in my view, have the following serious disadvantages.

7. First, the boards would not be liable to the consequences of their own financial decisions. They would have insufficient incentive to make proposals to rein back expenditure. And since the majority of the constituent districts of any police or fire board are not likely to be liable to selective control, the districts would find it correspondingly easier to accept any extra financial demands from the board.

8. Secondly, individual districts could face penalties on account of decisions by the board which they did not support. The contributions made by each constituent district to its police and fire boards would count as part of its own expenditure.

In setting the police or fire board's annual budget, there could well be a conflict of interests between the constituent districts. An individual district just below target or just outside the net of selective control, which pressed for a low board budget could be outvoted, and yet because of its consequently higher contribution to the board, be subject to holdback, or to selective control. This problem is exacerbated by the fact that magistrates currently have a third of the voting rights on police boards. The effects of the Home Office proposals could be seen as so clearly unfair by the 68 London boroughs and Metropolitan Districts that in my view we could run the risk of not getting it through the House. One possible result would be to exempt police and fire expenditure from control altogether. That would be disastrous.

9. I note the Home Office points about possible constitutional problems arising if boards are subject to direct control and about the inadequacies of the police and fire services GREs. I would make two points. First, 80% of police spending (on manpower, pay and allowances) is already not at the discretion of the police authorities. Furthermore, the Government would not be deciding how much a particular board should spend, it would be setting a maximum limit. Second, to the extent that the Home Office consider that police and fire service GREs are unjustifiably out of line with expenditure (see Annex B), I would welcome an urgent review, in consultation with the Home Office to improve them.

10. Colleagues will need to consider the trade off between putting our abolition policy at risk through excessive growth in expenditure and manpower in the transitional period and thereafter, and any constitutional problems flowing from central government responsibility for the maximum expenditure levels of police and fire boards.

Recommendations of Home Office Ministers

11. Home Office Ministers see powerful reasons for adopting Option B (applying control through the constituent districts). their objections to Option A (direct control) are:

a. the political objection that the Government would be drawn into deciding how much a local authority should spend on individual services. This is a large step from deciding (as the proposals for rate limitation will require) a total which a local authority should be allowed to spend on a range of services;

b. a new system would be created in the metropolitan areas while arrangements in the shire counties would be unchanged. The Government could expect to be accused of making a covert assumption of control over police in inner city areas.

c. GREs were devised solely for the purpose of block grant distribution. They would not be a satisfactory basis for calculating block grant entitlements of single service authorities. Current spending on police and fire in the metropolitan counties is considered to be broadly in line with need but departs widely from the GREs. Attempts to improve the GRE formulae have failed and it is doubted whether new formulae could be devised to give more satisfactory results.

d. Under option A, unless current expenditure targets were significantly increased, joint boards would face a choice between increasing their precepts (and possibly being caught by the selective schemes), or cutting back on existing provision. Neither is an attractive proposition from the point of view of the Government's policy towards these essential services, nor the statutory responsibilitiies of the Home Secretary and police authorities. The Home Secretary would, in all probability, feel bound to support expenditure proposals consistent with the present level of provision for these services. In those circumstances, it is difficult to see how significant reductions in current levels of spending on those services could be achieved. Indeed, the loss of indirect pressure on police and fire budgets through control over multi-service budgets would make it more difficult than under Option B for the Home Office to achieve improvements in the efficiency of these services;

e. approving budgets above GREs for single services in the metropolitan areas could have unwelcome results in the shire counties. If Ministers accepted that spending on services in the metropolitan areas should be above GRE level, the shire counties would expect similar latitude to be shown over spending.

The advantages of option B are:-

a. a coherent national pattern would be retained which would allow (as do the arrangements for existing combined police authorities) detailed arrangements which could be varied to take account as far as possible of the wishes of local authorities having responsibility for services;

b. the imperfections of GREs would be absorbed to some extent within composite GREs for each local authority;

c. local authorities would not be encouraged to spend up to their service GREs, a danger to which DOE Ministers have previously attached importance.

12. Home Office Ministers point out that since spending on the police is about 80% contained by the Home Secretary's responsibility for establishments, pay and allowances, joint boards for the police would have little scope for substantial increases in expenditure, if that were their intention. Control of their expenditure need not be prejudiced by being effected through the constituent districts. Local authorities seeking to do so will no doubt find scope for making difficulties out of whatever system is adopted but the particular dangers of that kind associated with control via the district councils do not seem to the Home Secretary sufficient to outweigh the wider problems that would come from direct control of joint boards.

Conclusions

13. We are faced with a political choice between Option A which would preserve the credibility of our policies on public expenditure and abolition and Option B which would avoid any constitutional problems arising from direct control of the expenditure of police and fire boards.

I B

Department of the Environment
2 Marsham Street
London
SW1

15 July 1983

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ANNEX A

FINANCING JOINT BOARDS

1. It is currently envisaged that when the Metropolitan Counties and the GLC are abolished, joint boards will be established in the metropolitan areas outside London to provide police and fire services. The Secretary of State for Transport is also considering the arrangements for public transport after abolition. In London, there will be a new joint fire board. In addition, the ILEA will be replaced by a joint board. Support for public transport will become the responsibility of the LRTA.

2. At present police, fire and transport services are the responsibility of the metropolitan counties - together they account for the great majority of those authorities' expenditure. This is financed from three main sources:

(i) specific and supplementary grants - eg police grant and transport supplementary grant (TSG);

(ii) Block grant. The counties receive block grat in their own right;

(iii) Rates. The counties precept for the balance of their financial requirement, after grants.

Like all other authorities, the metropolitan counties have been given individual expenditure targets in recent years, and been subject to holdback penalties where they overspent. Overspending by the counties has no effect on the metropolitan districts or London boroughs - the counties have to finance any holdback penalties by increasing their own precepts.

3. In London, the arrangements for fire (and transport) services - GLC functions - are similar to those in the metropolitan areas. But the metropolitan police is already a separate financial entity and is unique because the Home Secretary is the police authority. There is no police authority with elected representation. It receives block grant and block grant directly, and precepts for the remainder of its expenditure. Since its budget is approved by the Home Secretary it is not subject to targets or holdback.

OPTIONS FOR FINANCING NEW JOINT BOARDS

There are two main options:

Option A

totreat joint boards as separate financial entities. Each board would receive specific or supplementary grants (eg police grant); would receive block grant (calculated in the normal way on the basis of its expenditure in relation to its own grant-related expenditure assessment (GRE)); and would precept for the remainder of its financial requirement;

Option B

to treat joint boards as an extension of their constituent districts on the same basis as existing combined police authorities. The boards would still receive specific and supplementary grants, but the remainder of their expenditure would be funded by contributions from the districts. These contribution would count as district expenditure, against which each district would have a GRE assessment. The districts would receive block grant depending on the level of their aggregate expenditure in relation to GRE for all services, and would rate for the remainder of their financial requirement.

IMPLICATIONS FOR SELECTIVE CONTROL

5. On present plans the selective control scheme will come into operation in 1985/86, one year before the GLC and MCCs are abolished. These authorities will therefore be eligible for control in their last year, and it is likely that a number of them will actually be subject to control.

6. The two options in paragraph 4 for financing joint boards would have different implications for selective control. Under option A joint boards would be subject to control in their own right - if their expenditure decisions brought a board within the criteria for control, this would be applied through a limit on their precepts. Under option B selective control would not apply directly to expenditure by joint boards, but to the constituent districts. They would be subject to control if all their expenditure - including police expenditure - brought them within the criteria. So expenditure by a joint board could push individual districts into control, but this would depend on their expenditure on other services.

ANNEX B

METROPOLITAN COUNTY COUNCILS AND GLC

COMPARISON OF 1983/84 BUDGETED EXPENDITURE ON POLICE AND FIRE WITH SERVICE GREs

£ million	Police Exp.	Police GRE	Police % Variation	Fire Exp.	Fire GRE	Fire % Variation
Merseyside	47.850	40.869	+ 17.1	23.426	20.975	+ 11.7
Greater Manchester	68.071	63.514	+ 7.2	32.995	28.334	+ 16.5
South Yorkshire	28.100	26.335	+ 6.7	15.794	12.369	+ 27.7
Tyne and Wear	27.348	29.607	- 7.6	15.578	13.037	+ 19.5
West Midlands	62.146	69.134	- 10.1	29.818	28.779	+ 3.6
West Yorkshire	48.905	44.050	+ 11.0	25.891	19.066	+ 15.8
GLC	-	-		121.624	98.106	+ 24

Note

The expenditure figures are estimate

SUBJECT cc Master CONFIDENTIAL bc N.O. da

10 DOWNING STREET

From the Private Secretary 15 July 1983

The Meeting with Mr. Bob Reid

The Prime Minister had a discussion with Mr. Bob Reid, Deputy Chairman of British Rail, this morning. Your Secretary of State was also present.

The Prime Minister asked Mr. Reid if there was an overlap between British Rail's commuter services in London and the London Transport network. Mr. Reid said that there was an overlap, particularly in north London. In some places LT and BR track ran alongside one another, and there was scope for rationalisation and economies. The Prime Minister asked why, under the present system, such economies could not be forced through. Why was it necessary to create a new quango? Mr. Reid said that the problem in the past had been that British Rail were answerable to the Department of Transport, and London Transport were answerable to the GLC. Even before the present regime at the GLC this had made rationalisation difficult. London Transport was working to a different set of objectives, and in a different financial regime from British Rail. London Transport and British Rail had for a number of years sat together on a committee to bring about just those economies which the Prime Minister had mentioned. But the committee had been a failure for the reasons he had given.

The Prime Minister said that she suspected that if British Rail received subsidy from two sources, from the London Transport Regional Authority and from the Department of Transport, it would find it easier to obtain a larger total subsidy from the public purse. Your Secretary of State pointed out that the ultimate source of both subsidies would be the Department of Transport, who would be able to prevent this situation from taking place. The Prime Minister said that the Strathclyde Passenger Transport Executive did not provide a happy precedent for what was envisaged for London: the Secretary of State for Scotland had told her that the Strathclyde Executive were unable to challenge British Rail's costings, and simply paid whatever British Rail demanded. Mr. Reid said that it was not British Rail's intention to demand more and more subsidy; on the contrary, they sought to manage with a decreasing subsidy, and expected over the next five years to ask for a smaller grant

/ each

each year. So far as Strathclyde was concerned, their books were open to the Strathclyde Authority, and it was for them to challenge their costings if they believed them excessive. Mr. Reid said that he had some worry about the size of the undertaking which would be under the command the new new London Regional Transport Authority. It was always difficult to control vast undertakings. But he would find it helpful to be told what service quality and cost constraints he must preserve in providing commuter services in London. At present the Board handed down this framework to their regional directors, in the belief that this was what the Government wanted, but without any explicit direction from the Government. The framework within which the Board currently operated was the very unsatisfactory directive to maintain services up to the pre-1974 standard.

The Prime Minister said that she saw the force of these points. But she was not clear why the Department itself could not lay down the desired standards, and supervise the necessary rationalisation in London. Your Secretary of State referred to the earlier discussions between Ministers, in which it had been argued that a renationalisation of London Transport would in itself be undesirable, and that the Department's resources, stretched as they were to deal with the roads programme, airports, British Airways, ports, and so on, would be inadequate, particularly so far as the necessary managerial and business skills were concerned.

Finally, Mr. Reid was invited to say whether he favoured the creation of a new London Regional Transport Authority. Mr. Reid said that he favoured the creation of a small body of businessmen and financiers who would allocate subsidy as between British Rail and London Transport, would set down the service objectives and priorities which were desired, and who would ensure that the necessary economies were made.

The Prime Minister said that she was sure Mr. Reid was right to say that this should be a small body: a kind of holding company, with operating subsidiaries beneath it, no large staff of its own, and making extensive use of consultants, outside accountants and so on.

I am sending copies of this letter to John Gieve (Chief Secretary's Office), Alex Galloway (Chancellor of the Duchy of Lancaster's Office) and John Ballard (Department of the Environment).

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.

PERSONAL AND CONFIDENTIAL

SUBJECT

c.c. Mr. Owen

~~Mrs~~

cc Master

10 DOWNING STREET

From the Private Secretary

15 July 1983

The Prime Minister had a meeting with Dr. Keith Bright, the Chairman of the London Transport Executive, this morning. Mrs. Lynda Chalker was also present.

The Prime Minister asked Dr. Bright for his views on whether a London Transport Regional Authority, with powers for allocating grant to British Rail, was a practicable proposition; whether there was overlap between British Rail's and London Transport's services; and whether there was any need for a new Authority, given that the Department of Transport would have to make the ultimate political decisions in any event. The Prime Minister also asked Dr. Bright to give her an account of the current situation at London Transport.

Dr. Bright said that he expected to remove £70 million from London Transport's costs over the next three years. They were finding savings at a rate of £100,000 a week. Within five years savings of £140 million would be available, before even beginning to try hard. But the GLC were attempting to people his Board with their supporters who would try to stop the move towards greater efficiency, and would argue for increased services and increased subsidy. He would have difficulty in controlling this Board, although the legal obligations of Board members would help to ensure that the Board acted responsibly.

Dr. Bright said that there certainly were overlaps between British Rail and London Transport, for example on the Aylesbury line, the line to Dagenham and to Watford. There was scope for running services over the same track and securing sizeable maintenance economies thereby, for common ticketing and staffing of stations, and more streamlined and better services generally. Ten per cent of London Transport's customers currently switch between them and British Rail, depending on the fare structure at the time. There was much to be done at LT, which owned assets in excess of £2 billion. Their aim was to stop the decline in the use of LT services, to cut costs, and reverse the existing downward spiral of poorer

/ services

services and lower use. This would be helpful to the travelling public, to London's ratepayers, and to industry.

The Prime Minister enquired about the basis for judging how much of British Rail's PSO grant should be applied to a new London Regional Transport Authority. Mrs. Chalker said that British Rail's improved financial management meant that, within the last months, they had come to know very much more about where the subsidy went. They were now able to identify the element of the London and South East Region which was properly attributable to commuter travel.

Dr. Bright said that London Transport was at a critical moment. They had wondered whether it might be possible to have a two-clause Bill which would transfer their ownership to the Government from the GLC; or a quick Second Reading of the Bill which would ultimately come forward, which would enable them to freeze the situation vis-a-vis the GLC. Mrs. Chalker said that the Department of Transport had considered a quick, short Bill, but had concluded that it would be likely to force the GLC into still more extreme action. The Prime Minister said that the Government would need to think hard, and quickly, about this problem.

+ Mrs Chalker (DTp)

I am sending copies of this letter to John Gieve (Chief Secretary's Office) and John Ballard (Department of the Environment). I should be grateful if you and they would ensure that its circulation is very tightly restricted.

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.

DEPARTMENT OF TRADE AND INDUSTRY

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Ce NO

(2)

Prime Minister

JF3910

Secretary of State for Trade & Industry

14 July 1983

MCS 19/7

CONFIDENTIAL

Roger Bright Esq
Private Secretary to the
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3EB

Dear Roger

ABOLITION OF THE GLC AND THE METROPOLITAN COUNTY COUNCILS

My Secretary of the State has asked me to write to put on record a point that arose in the discussion at MISC 95 on 6 July which was not recorded in the minutes of the meeting.

2 As you know the abolition of the GLC and Metropolitan County Councils has implications for tourism. In particular the regional Tourist Boards will be faced with a funding problem, especially the London Tourist Board and the Northumbria Tourist Board which currently receive 30% of their income from the GLC and the Tyne and Wear Metropolitan Council respectively. But the Secretary of State thinks that it was agreed on 6 July that it should be possible to overcome these problems, perhaps by looking to the remaining local authorities to make up the deficit.

3 My Secretary of State has not suggested that there is any need to revise the minutes of the meeting but he thinks that your Secretary of State and other Ministers would find it useful to know that he has already asked officials to investigate possible solutions to this problem.

4 I am sending a copy of this letter to the Private Secretaries to the Prime Minister and other members of MISC 95 and to Richard Hatfield (Cabinet Office).

Yours ever
Steve Nicklen

STEPHEN NICKLEN
Private Secretary

LOCAL GOVT: Relations
Pt 16

29 JUL 1983

10 DOWNING STREET

Prime Minister

I attach Ferdie's notes on London ~~Transport~~ Regional Transport Authority.

I do think it will be important with Mr Reid to concentrate on the London issue – you will have ample opportunity in doing so to gauge his attitude to ~~wh~~ all that is wrong in BR without taking him on explicitly on this (which would take up all the time).

MCS 14/7

PA

(1)

10 DOWNING STREET

Prime Minister

London Transport Authority

I have set up a presentation by Tom King and his Dept. Transport team – it cannot be earlier than 3 pm on Friday because Mr King is opening the 'Bed pan' line that morning.

Shouldn't you see Dr Bright and Sir P Parker separately, and after the King meeting? (It would be embarrassing if Parker saw you and Tom King in disagreement.)

or before?

MCS 13/7

RESTRICTED

cc Master

File

da

SUBJECT

be. Mount
Sherbourne
Ingham

10 DOWNING STREET

From the Private Secretary

13 July 1983

Dear John,

Meeting with Mr. Alan Greengross

The Prime Minister had a meeting this morning with Mr. Alan Greengross, the Leader of the Conservative Group on the GLC.

Your Secretary of State, Mr. Ferdie Mount and Mr. Stephen Sherbourne were also present.

Mr. Greengross said that the Conservative Group on the GLC had declared themselves in support of the Manifesto commitment to abolish the GLC, and they believed that wherever reasonably possible the boroughs should perform the functions currently carried out by the GLC. The task was to identify these functions. But they believed that there were some functions which ought to be carried out at a higher level, because they went across borough boundaries, were too sensitive or too costly to be dealt with by the boroughs. The Government's proposal for Joint Boards might result in the creation of more overspenders of the ILEA kind, since the ILEA was no more than a Joint Board at present: the borough members of the ILEA consistently had argued in favour of higher expenditure, except in election years. But the principal concern of the Conservative Group was that London should continue to have a voice. This would require the creation of a new forum, whose membership, they suggested, should be part elected representatives, part representatives of important interests - industry, the arts and so on. This new forum would have no executive functions, but its task would be co-ordination, and the representation of London's interests to central government. The new body could be obliged by statute to work within whatever financial limits the Secretary of State for the Environment laid down, but to argue that, within this total, resources should be allocated in one way or another. Expenditure on the new body might be constrained, say, by the product of a penny rate.

The Prime Minister said that if there were a need for a voice for London this could be supplied in a number of ways: the House of Commons might decide to set up a London Grand Committee on the lines of the Scottish and Welsh Grand Committees; or there could be a Minister for London. She believed, however, that the Lord Mayor of London already provided the necessary representative office. She did not believe that the proposed new body would have any real function. It would turn into a lobby for higher expenditure from different parts of central government. She disliked the corporatist

/ aspect

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aspect of the proposal, and did not see the need for an advisory committee, which was what the new body would amount to. She did not accept that ILEA functioned as a pure joint committee, because of the existence of the co-opted members. Once such a body consisted, even in part, of elected members, it would be tempted to seek to override other elected bodies. As proposed, it would be a talking shop, and she suspected that industry would not nominate its best people to be members.

The Prime Minister, who had another meeting, then asked your Secretary of State to continue the discussion with Mr. Greengross.

Yours sincerely,

Michael Scholar

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

CM

file

B/c: Mr Mount

10 DOWNING STREET

From the Private Secretary

13 July, 1983

LONDON REGIONAL TRANSPORT AUTHORITY

Thank you for your letter of 12 July, which I showed to the Prime Minister yesterday evening.

The Prime Minister has also considered a revised draft of the White Paper, prepared after the discussion yesterday between June Bridgeman and Ferdinand Mount. The Prime Minister remains doubtful about the need for a London Regional Transport Authority on the lines proposed. She believes that it would be compatible with the Manifesto commitment on the subject to set up an authority which was no more than a holding company for the bus and tube operators, together with a statutory commitment to consult British Rail, to prevent over-lapping and duplication in the Greater London Area. The Prime Minister is unclear on what basis a sum would be earmarked from the British Rail Public Service Obligation Grant in respect of British Rail's purely London operations; she questions the wisdom of handing over to the new authority the right to approve or withhold approval of capital investment by British Rail in London; and, notwithstanding that references to integration and co-ordination have now been removed from the White Paper Mrs Thatcher dislikes the creation of an authority whose rationale appears to be co-ordination and integration.

The Prime Minister has asked us to set up a meeting at which a presentation can be given to her on this whole issue. We are arranging this for Friday, 15 July.

I am sending copies of this letter to John Gieve (Chief Secretary's Office, HM Treasury), John Ballard (Department of the Environment), Alex Galloway (Chancellor of the Duchy of Lancaster's Office) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Miss D. Nichols,
Department of Transport

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bc. 7M

SUBJECT

Subject: Local Gov:
Relations: Pt 15.

FILE

10 DOWNING STREET

From the Private Secretary

12 July 1983

LONDON REGIONAL TRANSPORT AUTHORITY

The Prime Minister held a meeting this morning about the draft White Paper on transport in London which was attached to your Secretary of State's minute to the Prime Minister of 5 July. Your Secretary of State, the Secretary of State for the Environment, the Chief Secretary, and Mr. Ferdinand Mount were present.

Your Secretary of State said that he could accept as a matter of policy all the Prime Minister's points about the White Paper which were recorded in my letter to you of 11 July. But he thought it would be a mistake to include these explicitly in the White Paper, since to do so would provide the Government's opponents within the GLC with a powerful propaganda weapon. In discussion, the Prime Minister expressed doubts about the need to set up a new body with a remit to integrate and co-ordinate London's transport. It was agreed that great care would be needed in the drafting of the White Paper not to create the impression that a powerful new quango was being set up with wide powers to interfere with the operations of British Rail in London and the buses and underground systems. The Secretary of State for the Environment pointed to the difficulty which would arise if the new Authority was set up in the middle of a financial year, since he had no power to give Rate Support Grant for only part of a year.

Summing up the discussion, the Prime Minister asked your Secretary of State to arrange for his officials, together with Treasury officials and the No. 10 Policy Unit, to revise the draft White Paper to take account of the points made in discussion. On fare increases and the level of subsidy for the new Authority, the Prime Minister said that it was agreed that your Secretary of State's statement should be on the lines that the level of fares would depend on the efficiency of, and the cost savings achieved by, the new Authority. There would be a continuing subsidy, but also considerable savings and economies in the operations of the new Authority.

I am sending copies of thie letter to the Private Secretaries to the Secretary of State for the Environment, the Chief Secretary and to Sir Robert Armstrong.

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.

RM

* But please see Arthur Cockfield's letter at flag B

Prime Minister (1)

12 July 1983
Policy Unit

PRIME MINISTER

LONDON REGIONAL TRANSPORT AUTHORITY

Agree* the revised White Paper?

MCS 12/7

I attach a revised draft of Tom King's White Paper.

May I have a word with Fowler?

MT

1. We have got rid of all the "integration" talk in the original paper, and we have brought into prominence the proposal that London Buses and London Underground should be separate operating companies, as promised in our Manifesto. The London Regional Transport Authority would be little more than a quango for dispensing subsidy in return for efficient services. It would not run services itself - although the wording of the original draft was so confused that it looked as if it would; and the confusion was made worse by the LRTA being created out of the existing London Transport with Dr Bright at its helm. We have also rewritten the "urgent tasks" for the LRTA with the emphasis on efficiency and cutting costs.

2. It would, of course, be possible for the subsidy-dispensing to be carried out by the Department of Transport, but:

(a) We promised an LRTA in the Manifesto, after Cabinet agreement.

(b) The DoT does not believe that it is competent enough to scrutinise the operating companies, and who are we to disagree?

(c) The subsidy arrangements are removed at one degree from the political process. Of course, the Secretary of State will still get questioned in the House, but at least the day-to-day distribution of subsidy and scrutiny of efficiency will be carried out on non-political transport criteria.

(d) It is important to act as quickly as possible in order to stop the GLC from running wild with public money for yet another financial year. As you will see from Tom's note to Peter Rees of 7 July, the GLC is already spending £110 million more this year than what we have set out as reasonable in our Protected Expenditure Limit and, unless challenged in the courts under our Transport Act 1983, is likely to attempt to do even more damage in 1984/5.

3. I therefore conclude that we ought to clear the new draft White Paper for publication and then attempt to iron out its remaining imperfections before the proposals are turned into a Bill.

Do you agree?

FM

FERDINAND MOUNT

Used extensively

12 July 1983
Policy Unit

PRIME MINISTER

MEETING WITH ALAN GREENGROSS, 13 JULY 1983

Alan Greengross, the new leader of the Conservatives on the GLC, is worried about the arrangements for London after the break up of the GLC. He does not defend the GLC in its existing form, but he believes that London cannot be the only city in the world without a voice.

This weakness in our proposals is liable to become more exposed as Ken Livingstone rouses the opposition. In the metropolitan counties, the proposals may well become more popular as the citizens of Birmingham and Newcastle etc look forward to reclaiming their old civic pride and responsibility. But in London the best prospect at the moment seems to be an enhanced role for the London Boroughs Association, which is at present a rather second-rate institution to which most local authorities send unimpressive representatives. Of course this might change with the disappearance of the GLC, but I suspect that the Department of the Environment is unlikely to produce an imaginative answer.

Mr Greengross' own solution - a mixed "London Forum" of elected members with representatives of the CBI, Chambers of Commerce, City, Arts etc - may not be the right answer.

But we do suggest that the DoE be encouraged to consult widely - eg the GLC Tories, the Arts lobby - before coming to a final conclusion on the "voice of London" question.

FERDINAND MOUNT fm

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Michael Scholar Esq
Private Secretary
10 Downing Street
Whitehall
LONDON SW1

12 July 1983

Dear Michael,

As you know, June Bridgeman has discussed with Ferdinand Mount some of the revisions to the draft of the London Regional Transport Authority White Paper and a revised text will be with you this evening.

The Secretary of State would like to draw your attention to the specific decisions which Ministers took collectively about the setting up of the Authority and the commitments which have been made publicly.

The report of MISC 79 (C(83)1) recommended:

"Public transport in the London area should be reorganised by making the London Transport authority responsible to the Secretary of State for Transport ..... and by converting it in two stages into a metropolitan transport authority. It would co-ordinate, and distribute Government financial assistance between, the London Underground and buses and the South Eastern commuter services of British Rail."

Paragraph 4 of the report outlines the organisational arrangements for the new Authority in more detail. In particular, it said:

"Even if the GLC is retained, there is a strong independent case for organisational change to make transport policy in London more coherent, notably by rationalising and co-ordinating the London Underground and the London commuter services of British Rail (BR). In the Group's view this would best be done by converting the existing London Transport Executive (LTE) in two stages into a new Metropolitan Transport Authority (MTA) appointed by the

A

Secretary of State for Transport and responsible for allocating grant (which it would receive from the Government) among BR's London commuter services, the Underground and London bus operators. It would approve investment in these services and would have a general obligation to ensure that public transport was provided efficiently and cost effectively throughout Greater London and for commuters into it."

X

In summing up the discussion (CC(83)1st) the Prime Minister said that the Cabinet endorsed the proposals for the reorganisation of transport in London. The Secretary of State should arrange for the work to give effect to this decision, which was independent of the other matters before the Cabinet, to be put in hand.

Chapter 6 of the Manifesto said:

"The GLC has grossly mismanaged London Transport. We shall set up a new Regional Transport Authority for the Underground, buses and commuter trains in the London area. This will provide the opportunity to split the different types of transport into separate operating bodies, put more services out to private tender and offer the passenger better performance."

The Queen's Speech on 22 June 1983 said:

"Legislation will be introduced to reform the organisation of public transport in London"

As you know, it is vitally important to publish the White Paper before the Recess to enable the legislation to be introduced at the beginning of the next session. The Secretary of State attaches great importance to as speedy as possible introduction and enactment of the legislation in order to minimise the opportunities for the GLC to make mischief and to shorten as far as possible the period of uncertainty for London Transport and for the travelling public. I hope, therefore, that the Prime Minister will be able to consider the revised draft as quickly as possible.

I am copying this to Ferdinand Mount.

Yours,

Dinah

MISS D A NICHOLS
Private Secretary

2F

2 JUL 1983

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

Prime Minister

Very clear and persuasive. But see X at flag A.

MCS 12/7

File with RB

12 July 1983

Dear Tom,

LONDON REGIONAL TRANSPORT AUTHORITY

Do we really need this body at all? I thought at first the proposal was to create an authority which would actually run all the London passenger services. But that is not so. The operators would still be BR for the Railways and some sort of London Transport for the buses and tubes. The new Authority would simply sit on the top.

This is bureaucracy-building of the 1970 style. We are now busily engaged in dismantling the 1970 bureaucracies - in health, local government and water. Do we want to start all over again with another round of creating bureaucracies? What you would end up with would be two or three authorities operating services, another authority co-ordinating them, the Department of Transport supervising the co-ordinating authority and Parliament and a Select Committee overseeing the lot. We won't see much enterprise or efficiency emerging from that set-up.

I am copying this letter to the recipients of your minute of 5 July to the Prime Minister.

Yours,

Arthur

COCKFIELD

The Rt Hon Tom King MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London SW1

c/c Joan Rosés

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

My ref: W/PSO/33761/83
Your ref:

12 July 1983

Dear Robin FRES

Thank you for your letter of 29 June about two points raised by the Lord Lieutenant of Lancashire.

We are aware of the concern that abolition of the metropolitan county councils may lead to a reduction in funding for the arts. This is certainly the right time for views about the implications of abolition to be fed in. Mr Towneley may want to put his views to those who will be involved locally in pressing the case for arts funding to be protected as well as the relevant Government Departments.

On Mr Towneley's second point, we are well aware from previous reorganisation exercises of the need to consider the implications for Lord Lieutenants. However, we have not yet reached the stage of taking decisions on this issue. As we move towards the preparation of a Bill, we shall have to decide whether to abolish the metropolitan counties altogether, and to give these areas a new form of designation; or whether simply to abolish the councils and leave the counties in existence. The Lieutenancy arrangements are clearly one of the factors that will need to be taken into account when decisions are being made.

Yours Sincerely

Joan Dunn

JOAN DUNN
Private Secretary

Robin Butler Esq

PERSONAL AND IN CONFIDENCE

PRIME MINISTER

I enclose some briefing for Wednesday's meeting with Alan Greengross the Conservative Leader on the GLC.

He is facing some difficulty in holding his group together. Some of them want to retain the GLC more or less as it is. Others are entirely content with our Manifesto commitment. Alan is going about saying that the group fully supports the Conservative Manifesto but is anxious to see that this time we get it right. What he really wants is a continuing directly-elected body to run the fire and some other services and to be a "voice for London" - in fact a mini GLC.

I have been making it abundantly clear to him and to any of his colleagues whom I meet, that this is not our policy. It would be extremely helpful if you could make this abundantly clear to him.

At present he is really facing both ways. While trying to give us the appearance of enthusiastic support, he continues to offer comfort to the retentionists. (You ought perhaps to know that my own GLC councillor, Robert Mitchell, is a vocal opponent of abolition!)

11 July 1983

PJ

(dictated by the Secretary of State and signed in his absence)

Local Govt: Relations Pt 15

NOTE FOR THE PRIME MINISTER'S MEETING WITH COUNCILLOR GREENGROSS

Councillor Greengross was concerned before the Election about the Government's possible commitment to abolition of the GLC. Since the Election he has supported abolition but argued for the retention of a democratically elected voice for London.

Councillor Greengross has met Mr Jenkin and Lord Bellwin separately since the Election to explain his views and to hear of the Government's intentions.

Attached are:

A. Councillor Greengross' proposals and some counter arguments;

B. Notes on the general case for abolition and the plans for implementation;

C. Notes of meetings with Councillor Greengross.

ANNEX A

PROPOSALS BY GLC CONSERVATIVE GROUP

1. The Conservative Group on the GLC has produced a paper, with an introduction by Councillor Greengross, on "Restructuring London's Government" (copy attached). This sets out proposals on how the manifesto commitment might best be implemented. The paper accepts that the changes are necessary, particularly the devolution to the boroughs of all GLC functions which can reasonably be carried out at that level. This would leave, however, some major functions which would have to be dealt with at a higher level. The paper concludes that the Government's proposed joint boards could result in more ILEA-type overspenders, and favours instead some form of democratically elected upper tier body to follow the GLC.

THE GOVERNMENT'S VIEW

2. The Government has decided that there is no need to retain a democratically-elected body for London as a whole. The aim must be to have authorities capable of running economical and effective services, and in London this means the boroughs. Where services need to be administered over a wider area, joint boards of borough representatives will be established. Present plans envisage only fire, throughout London, and the replacement for ILEA being dealt with in this way. Making such functions the responsibility of a single successor body would risk exactly the same problems of waste and remoteness which have bedevilled the GLC.

3. The main exception to this general rule is the proposed London Regional Transport Authority, which will take over the GLC's responsibility for public transport in London. However, this change is justified regardless of the future of the GLC; a new body is needed

to replace the GLC's mismanagement of London Transport.

4. It may be argued that London needs an <u>elected voice</u>. If boroughs wish to come together under the new arrangements to express views they will be free to do so; it is not necessary to set up a new bureaucratic structure for this purpose.

First thoughts on the restructuring of LONDON'S LOCAL GOVERNMENT

Produced by the Conservative Group on the Greater London Council

INTRODUCTION

RESTRUCTURING LONDON'S GOVERNMENT

The 1983 Conservative Election Manifesto announced the new Government's intention to abolish the Greater London Council and the Metropolitan Authorities. In London the Manifesto proposes to devolve some of the GLC's functions to the London Boroughs whilst those services which need to be administered over a wider area will be run by Joint Boards.

The Conservative Group on the Greater London Council supports the Manifesto. But two things are essential. Firstly, when London's local government is restructured, a democratically elected body must surely be established to provide an effective and financially disciplined voice and direction for the specific tasks that must be done for London as a whole, and, secondly, when all this is complete we must ensure that Londoners do not end up having to pay even more than they do now. If we are to go through the exercise we must make certain that we get it right.

This paper gives a few first thoughts on the subject and poses various questions that will, in due course, need answers. Further papers, each on a different aspect of the problem, will follow.

ALAN GREENGROSS
Leader of the Opposition
Greater London Council
June 1983

Further copies of this Paper can be obtained by telephoning 01 633 1022

Why bother to try and restructure London's local government ?

It is now generally accepted that the GLC in its present form has outlived its original usefulness and, again in its present form, no longer has a role to justify its existence.

Was the whole idea of a `top tier´ authority a nonsense ?

No. Any city, if it is to prosper and serve its citizens fairly, needs some sort of broad framework. The idea of a 'strategic' authority meant nothing more than that. Unfortunately, because of the way in which it was set up, the GLC never really found the role that was envisaged for it.

What went wrong then ?

Many things went wrong but one of the most glaring was the way in which the GLC started to duplicate the work of the Borough Councils. This not only stopped them doing a proper job of work but was costly and bureaucratic. It is now generally accepted that THE BOROUGHS ARE THE APPROPRIATE 'EXECUTIVE'LEVEL WHEREVER THAT IS REASONABLY POSSIBLE.

How does London achieve this ?

Quite simply by devolving to the Boroughs ALL those functions that exist in the GLC - or indeed within Central Government - that can reasonably be carried out at Borough level.

Is there much to be devolved from the GLC ?

In fact a substantial start has already been made in that direction. Conservatives at the GLC from 1977 - 81 transferred most of the housing stock to Boroughs so that they

became virtually the sole managers and providers of municipal housing. Conservatives also made a substantial start in devolving Planning powers. Those functions that can and should still be devolved should not be overestimated. They probably consist of:

Licensing

Entertainment licensing is still carried out at County Hall. Individual Boroughs could do this if an overall code could be clearly established. A few years ago such a devolution was actually attempted and it was the LBA that turned down the idea.

Some more of what remains of conventional planning

. . . but clearly not all since much planning transcends Borough boundaries. Those aspects clearly could not be carried out by any individual Borough.

Certain Traffic management functions

although in fact many of these are even now in the process of such devolution.

Building Control

. . . might also go if some sort of overall standard could be established. This could then go some way towards the case for actually extending Inner London regulations to the whole of London.

When all that is devolved to the Boroughs will we have taken care of everything ?

Unfortunately no. There are 32 London Boroughs plus the City of London all of which have widely differing social, demographic and economic profiles and often fundamentally different approaches to problems. Many functions now carried out within the GLC either transcend Borough boundaries or cannot reasonably be carried out by individual Boroughs.

What sort of functions are those ?

Public Transport

. . . is probably the most obvious but the Government already has plans to set up some sort of Regional Transport Authority.

Does that not solve the problem ?

Not really. If the new Transport Authority really does cover an area much wider than the present GLC area (as is being suggested) then the Shires will clearly be represented and have their 'voice'. Someone or somebody will have to provide London's voice.

But there are a number of other functions that cannot reasonably be devolved to individual Boroughs.

What about a planning 'framework'

If the Boroughs are to carry out more of the day to day planning, it is essential that a proper framework for London is provided and continuously up-dated. This not only prevents or solves conflict between various Boroughs but also enables them to carry out their functions properly. This is not a case of duplicating or impeding the Boroughs' work but of enabling them to do the job allocated to them.

What other functions present problems

Because they too cannot reasonably be devolved to the Boroughs the following will also need to be considered:

Roads and mobility on a London-wide scale

. . . and clearly other similar areas.

Flood Prevention

. . . is another vitally important function for London as a whole. It goes much wider than the Barrier and covers

a host of matters connected with both tidal and non-tidal waterways.

Research and Intelligence

. . . has been provided by the GLC for all the Boroughs. Individually they would not have the resources to carry out such work. This clearly is a London-wide function.

Emergency Planning

. . . including Civil Defence, in their broader London-wide aspects.

Refuse Disposal

The Fire Service

Judicial Services (which could go to the Lord Chancellor)

Regional Parks

. . . also need administration. Theoretically they could go to the individual Boroughs within which they stand but one would then be asking an individual Borough to pay for in effect is a London-wide facility.

Housing Mobility and Special Housing Problems

. . . are of increasing concern yet mobility clearly cannot be administered by an individual Borough whilst special problems such as homelessness can throw very special problems onto a small number of Boroughs.

Green Belt Land

. . . is one of London's most jealously guarded amenities. A uniform and scrupulously monitored policy is required if this precious facility is to both survive and be enhanced.

Historic Buildings

. . . devolution of these to the Boroughs would present problems, not only because of the facilities required but also because the funding necessary for their protection would be a burden beyond the resources of most of the Boroughs concerned.

But surely other bodies can carry out ALL these functions?

Certainly. The only point is that some sort of body or bodies WILL BE NEEDED. Individual Boroughs alone, with all the support and goodwill in the world, cannot do it.

The Manifesto talks of Joint Boards—why not

There is no doubt that some of the above functions could be carried out by Joint Boards of Borough nominees but considerable care will need to be exercised.
THE ESTABLISHMENT OF A WHOLE SERIES OF ILEA-TYPE BODIES WITH POWERS TO PRECEPT ON THE BOROUGHS, AS DOES THE ILEA ITSELF, COULD LEAD TO EVEN HIGHER RATE LEVELS IN LONDON THAN THOSE UNDER WHICH THE CAPITAL PRESENTLY SUFFERS.

What about other solutions

There are indeed other solutions. Quangos offer one type of approach - but one of the major achievements of the last Government was the elimination of many of these. It would seem to be retrograde to go back on this now.
Certain other functions might theoretically be 'centralised' within the Government at Westminster, but again this is contrary to basic Conservative philosophy.

Are you then trying to say that the real question is not 'Should the GLC be abolished?' but rather 'WHEN the GLC is abolished how do we carry out those functions that cannot reasonably be executed at Borough level?'

Exactly! If we have at last got to the stage of restructuring London's local government then let us make as certain as we possibly can that we get the new structure right - for everyone.

What then should we do

Firstly,if we are serious in our desire to 'get it right this time',then we will need all the information we can get with regard to the present situation and the implications of any possible courses of action. We will need considerable discussion and consultation at ALL the levels that will, or might, be affected.

Secondly, we must make absolutely certain that whatever replaces the present situation does not make life MORE difficult for the Boroughs to do a proper job, nor must it cost Londoners even MORE than the existing set-up.

In the end, though, isn't this all just 'special pleading' by the members of the GLC

No. As long ago as 1977 Sir Horace Cutler, on gaining control of the GLC, set up the Marshall Enquiry to look at the future of that whole tier of London's local government. The Conservative Group on the GLC is united in its opinion that the GLC, as it now stands, must go. That is why we supported the Conservative Election Manifesto.

But it is essential that when London's local government is restructured, a democratically elected body is established to provide an effective and financially disciplined voice and direction for the specific tasks that must be done for London as a whole.

A publication by
The Conservative Group
on the Greater London Council
June 1983

JUSTIFICATION FOR ABOLITION

1. The Manifesto described the GLC (and the metropolitan County Councils) as "a wasteful and unnecessary tier of government" and made the commitment to "abolish them and return most of their functions to the boroughs and districts".

2. Ministers have justified abolition of the GLC on several grounds:

- Declining role. The GLC has lost a number of its functions since its formation in 1965. Most important has been the transfer of most of its housing to the boroughs, but it has also lost responsibility for the London ambulance service to the Regional Health Authority, and for sewerage and sewage disposal to the Thames Water Authority.

- Waste and profligacy. Despite this declining role, the GLC is the worst overspender of all local authories. Many of its more extreme expenditure proposals have attracted widespread criticism.

- Confused accountability. Some GLC functions - eg roads and housing - overlap with borough functions causing confusion for the public.

- value for money. The conclusion the Government draws from all these factors is that by abolishing the GLC and passing its functions to the boroughs, local government in London would become more economical and more effective.

3. Abolition of the GLC is expected to yield significant savings, particularly through reduced staff costs. During the election campaign

staff savings of 9,000 (for GLC and the six MCCs taken together) were quoted, although these were tentative estimates based on incomplete information, and it would be preferable not to quote precise figures until more reliable estimates can be provided.

IMPLEMENTATION

4. The main points in the timetable announced by the Secretary of State in the Debate on the Address are:

- White Paper this autumn containing detailed proposals.
- Followed by wide consultations with all concerned.
- Legislation during 1984/85.
- Abolition to be completed by 1 April 1986.

ANNEX C

Mr Heiser

MEETING WITH GLC OPPOSITION MEMBERS

1. You were present at the meeting the Secretary of State and the Hon William Waldegrave had with Mr Greengross and Mr Lemkin on 17 June. In the course of the discussion the Secretary of State outlined how the Government hoped to proceed with the Bill to cap rates and the Bill to abolish the GLC.

2. Mr Greengross and Mr Lemkin expressed their concern that the reallocation of GLC functions to other bodies should take account of the value of London as a whole having an elected voice. The new structure should be accountable but also efficient. They had a number of ideas which they would like to discuss. It was agreed that Mr Waldegrave would act as an intermediary in drawing up an agenda for possible future discussion with the Secretary of State.

3. Mr Greengross asked whether any GLC by-election would have to be fought on existing boundaries or whether use could be made of new boundaries based on the new Parliamentary constituencies. You undertook to pursue with the Home Office.

4. The Secretary of State said that there was no intention to amend the existing boundaries of the outer London boroughs.

J F BALLARD
PS/SECRETARY OF STATE

17 JUNE 1983

cc
PS/Mr Waldegrave
TSF - JB.

CONFIDENTIAL

Mr Heiser

ABOLITION OF THE GLC

Lord Bellwin and Mr Waldegrave had a meeting this afternoon with Alan Greengross, leader of the Conservative group on the GLC.

Mr Greengross stressed the group's agreement with the manifesto pledge but was very concerned that Government should not adopt a "top down" approach to the problem of restructuring London's local administration. The first step should be to identify precisely the problems which were prevalent in the GLC and then to find an alternative which presented reasonable solutions. He feared that too many people were seizing on solutions without any analysis of the problem.

Mr Greengross was happy to see as much as possible going to the boroughs but wondered whether this was cost effective. As an example he estimated that allowing for staff savings a pro-rata distribution of GLC staff to the boroughs would leave Westminster with an additional 4000 bodies, requiring ½m sq ft of office space, putting greater demands on the estates section etc.

For services that could not devolve there was concern that the successor precepting bodies might not be truly democratic because not directly elected. He also suggested (contrarily?) that while they should have elected borough representatives there might also be a role for nominees of directly affected, non-enfranchised organisations such as the CBI.

Finally, Mr Greengross handed over his paper on restructuring (copy attached). This is the first of what is to be a series dealing with specific aspects of replacing the GLC.

Gareth Davies

GARETH DAVIES
APS/Lord Bellwin

21 ~~July~~ June 1983

cc PS/Mr Waldegrave
Mr Rowcliffe
Mr Evans - minute only
Mr Medcalfe - " "

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

11 July 1983

London Transport Regional Authority

The Prime Minister was grateful for your Secretary of State's minute of 5 July, to which he attached a draft White Paper which he hopes to publish in the week beginning 18 July.

The Prime Minister is not persuaded of the general thrust of the draft White Paper. She is doubtful about whether it is necessary to set up a new body to "integrate and coordinate" London's transport. She wonders whether the terms of reference of the proposed Authority should be made more specific, and should require operators to reduce costs, so that fares and subsidies will fall in real terms, to publish detailed costings showing profits and losses per passenger mile on each individual route, and to end over-manning. The Prime Minister would also like the White Paper to be more explicit about the role of the private sector: the Authority should consider giving firms a right to tender for any or all of the services supplied by publicly owned operators; and offering firms the option of purchasing these assets or being franchised to operate individual routes or groups of routes at a profit or at a smaller subsidy than the current operators require. The private sector might also be invited to tender for contracts for such ancillary services as catering, mechanical repairs and ticketing.

The Prime Minister also thinks that some limitation should be imposed on the power of local authorities to spend ratepayers' money on subsidising loss-making routes over and above the central subsidy (paragraph 20).

Finally, the Prime Minister is opposed to the idea that your Secretary of State should say that he foresees no need, given responsible direction and efficient operation of these services, for real increases in the current general levels of fares. The Prime Minister believes that to give such an answer at the outset of this Parliament would be to give a hostage to fortune preventing any substantial reduction in subsidy or increase in fares.

The Prime Minister has asked for a meeting to discuss this, and we are arranging this as soon as possible.

I am sending copies of this letter to John Gieve (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Miss D.A. Nichols,
Department of Transport.

NO

JF3835

CONFIDENTIAL

PRIME MINISTER

LONDON REGIONAL TRANSPORT AUTHORITY

I have seen Tom King's minute to you of 5 July enclosing a draft White Paper on public transport in London.

2 I have one point of detail on the new consultative body mentioned in the Annex to the White Paper. The existing, independent Transport Users Consultative Committees for London and the South-East are very useful bodies which represent consumer interests effectively. I doubt whether the new body proposed would have the same credibility and I hope Tom King can agree to make clear in the White Paper that the basis of appointment of the new body, and its statutory remit, will be settled in the light the consultations he proposes - a thought which should also of course be reflected in the consultative note he will be putting out at a later stage.

3 I am sending copies of this minute to other members of the Cabinet, to the Chief Whip and the Leader of the House and to Sir Robert Armstrong.

C.P.

Department of Trade & Industry
Ashdown House
123 Victoria Street
London
SW1E 6RB

C P

11 July 1983

ECNO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Dear Secretary of State

11 July 1983

LONDON REGIONAL TRANSPORT AUTHORITY

Thank you for sending me a copy of your minute of 5 July to the Prime Minister, enclosing a draft White Paper.

You say that the Government will not be able to make any immediate substantial reduction in levels of subsidy for public transport in London. As I understand it, the Department of Transport's permitted expenditure limit for GLC's revenue support for London Transport amounts to £125m in 1983-84. The component in the GLC's 1983-84 budget relating to revenue support to LT amounts to £235m. No doubt we shall have an opportunity to consider the implications when we settle the public expenditure provision for next year.

I am in full agreement with you that London ratepayers should continue to bear part of the cost of the public transport subsidies in London. I understand that our officials have already had discussions about possible means of achieving this. The basic choice lies between a levy on London authorities or a reduction in the block grant entitlements of individual boroughs. The drafting of paragraph 10 of the Annex to the White Paper precludes the former option. There is nothing to be lost at this stage by keeping our choices open, and putting the matter out to consultation. I suggest that the last two sentences of the paragraph might be redrafted as follows:

> "There will have to be arrangements to maintain the relative position between London ratepayers and those elsewhere who continue to contribute directly to the financing of their public transport services. Consultation will take place with local government representatives about the mechanisms to be adopted."

I am sending copies of this letter to those who received copies of yours.

Yours sincerely

PATRICK JENKIN
(Approved by the Secretary of State and signed in his absence)

The Rt Hon Tom King Esq MP

11 JUIL 1983
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VC

file be Ferdy Mount

10 DOWNING STREET

From the Private Secretary

11 July 1983

Dear John,

Abolition of the Greater London Council and the Metropolitan County Councils

The Prime Minister saw the record of the discussion at MISC 95 on Wednesday of Lord Bellwin's paper on the abolition of the GLC and the Metropolitan County Councils.

The Prime Minister has noted with interest the arguments about whether the joint boards should have the power to precept, or whether they should be financed through the nominating authorities (raised in relation to the Police Joint Boards at (f) on page 3 of MISC 95(83) 1st meeting). I would be grateful if you would keep me in touch with the development of policy on this matter.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholar

John Ballard, Esq.,
Department of the Environment.

BrP.

cc NO

NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Prime Minister

Rt Hon Tom King MP
Secretary of State for Transport
2 Marsham Street
LONDON SW1

8 July 1983 MCS 12/7

Dear Tom,

LONDON REGIONAL TRANSPORT AUTHORITY

Thank you for copying to me your minute of 5 July. I have no objections to the course of action you propose, but I have two observations.

First, it remains to be seen what detailed arrangements you are able to make to achieve "an appropriate reduction ..... in London's rate support grant". But the fact remains that, at the moment, London's ratepayers contribute only to London Transport costs. British Rail's commuter services into London are funded by the generality of taxpayers, not by the local ratepayers. Londoners are thus privileged by comparison with commuters elsewhere in the country. The arguments for treating London as a special case may be more evident to Londoners than they are to the rest of us, particularly the ratepayers in PTE areas who not only have to foot substantial bills for their rail services, but have to treat with British Rail on a very unequal basis in determining those bills. We need at least to look again at the Section 20 arrangements which govern the financing of PTE rail services. I raised this with your predecessor, but do not have the impression that the issue is being pursued vigorously. I think it should be.

Second, the draft White Paper has much to say about the need for proper co-ordination and planning of London transport. I do not quarrel with that, but it is bound to look odd when set against a number of recent appeal decisions on bus licensing. Local authority objections based on the need for co-ordination and minimising of resource commitment have been fairly systematically disregarded in favour of the freer operation of the market. That has been entirely appropriate in some cases. But the time has come, in Scotland at least, to indicate that we are still prepared to attach due weight to local authority co-ordinating responsibilities. I hope that, in line with what the White Paper says about London, you will bear this in mind in considering a number of bus licensing appeals from Scotland which are now or will shortly be before you.

I am sending copies of this to the Prime Minister, other members of the Cabinet, the Chief Whip, the Leader of the House, and to Sir Robert Armstrong.

Yours ever,

George

12 JUL 1985

How would we benefit from a meeting with Tom & his Chief Planning Officer?

Prime Minister

Agree I write making the points at 1-4 below?

MCS 8/7

(1)

8 July 1983

Policy Unit

PRIME MINISTER

LONDON REGIONAL TRANSPORT AUTHORITY

Slag A

Tom King's draft White Paper ought not to be published in its present form. If this means that there will be insufficient time for consultations to allow the Bill to be introduced in the Autumn, then the Bill will have to be delayed. But a better course would be to rewrite the White Paper in simple, straightforward language which reflects the purposes of this Government.

We accept that transport must be taken away from the present GLC, and that bus and rail services are costing more and getting worse. But we have yet to be persuaded of the case for trying to "integrate" and "co-ordinate" London's transport. BR and LT lines were independently built, do not connect well, and cannot handle each other's rolling stock. Where they should connect better, there is no need for a fresh quango to handle the task. In any case, Annex para. 4(ii) makes it clear that one of the principal tasks of the new Authority would be not to integrate, but to separate the buses from the London Underground.

We suggest that the White Paper should be rewritten to make the following points:

1. The terms of reference of the proposed Authority should be more specific and should include explicit references to the following duties: to require operators -

   (a) to reduce costs so that both fares and subsidies will fall in real terms;

   (b) to make and publish detailed costings showing profits/losses per passenger-mile on each individual route, and to plan services accordingly;

   (c) to end overmanning (eg unnecessary guards, more split shifts, flat fares to reduce ticket staff).

2. The White Paper should be more explicit and enthusiastic about letting the independent sector in on the act. The Authority should consider;

   (a) giving independent firms a right to tender for any or all of the services supplied by the publicly-owned operators;

(b) offering independent firms a menu of options including outright purchase of all assets, franchises to operate individual routes or groups of routes at a profit, franchises to operate such routes at less of a subsidy than the publicly-owned operators can manage, and contracts for such ancillary services as catering, mechanical repairs and ticketing.

3. Some limitation should be imposed on the power of local authorities to spend ratepayers' money on subsidising loss-making routes over and above the central subsidy (para.20). The production of detailed passenger-mile costings, suggested above, will help in drawing up criteria.

4. Above all, Tom King must not be allowed to make the statement he proposes in his letter to you: "With responsible direction and efficient operation, I foresee no need whatever for real increases on the current general levels of fares. This will mean that we shall not be able to make any immediate substantial reduction in levels of subsidy". To give such an answer at the outset of this Parliament would be the worst possible hostage to fortune, preventing any substantial reduction in subsidy or increase in fares to come. And the Chief Secretary is entirely right to protest.

May B

FM

FERDINAND MOUNT

CC NO

CONFIDENTIAL

FROM: PETER REES
DATE: 7 July, 1983

PRIME MINISTER

LONDON REGIONAL TRANSPORT AUTHORITY

with MCS?

I have seen Tom King's minute of 5 July. I have one or two points on the draft White Paper - mainly on the Authority's relationship with British Rail commuter services where I think we must keep our options open while still considering Serpell. I am letting Tom King have a separate note on these.

2. I am worried, however, by the implications of the statements about continuing levels of subsidy, and the promise Tom King understandably wishes to make about avoiding increases in the current general levels of fares.

3. I accept, of course, that the very high levels of subsidy now paid to public transport operators cannot be eliminated overnight. But it has always been understood that the central thrust of our policy is to reduce subsidy, and we have been extremely critical of the GLC in their disregard of the interests of ratepayers and taxpayers in pushing their grants way beyond the levels for which provision is made in PES, and over £100 million more than the levels which Department of Transport themselves accept as maxima in guidance issued under the Transport Act.

4. I cannot see, therefore, that it is either consistent or sensible for us to permit the new Authority to retain the present general levels of fares which have just been reduced by 25 per cent and which are clearly uneconomic. There is no PES provision for this. I hope therefore Tom can let us have quickly his proposals on finance. In the meantime, I do not believe we can reach final conclusions on the White Paper.

5. I am copying this minute to Cabinet, the Chief Whip, the Leader of the House and Sir Robert Armstrong.

PR

PETER REES

CONFIDENTIAL

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

cc NO

Rt Hon Peter Rees QC MP
Chief Secretary
HM Treasury
Parliament Street
LONDON SW1

7 July 1983

Dear Peter

LONDON REGIONAL TRANSPORT AUTHORITY

My minute of 5 July to the Prime Minister with the draft White Paper on the LRTA draws attention to the problems we face on fares in London.

The present level of expenditure by the GLC is well in excess of the provision we have made in our public expenditure plans. I attach a note setting out the position. The new LT fare structure is a move in the right direction. An immediate cut in the subsidy on getting control of LT could only be achieved by increasing fares, which would be highly unpopular. Unless we can rule that out we give the political advantage to the GLC just at the time when the battle over abolition will be fiercest.

Setting up the LRTA is the key to abolishing the GLC. It will bring major savings in public expenditure in the longer term, both through abolition of the GLC itself and reducing the cost of public transport through increased efficiency and cost effectiveness. But we must face up to the transitional costs.

I should be glad if we could have an early word about how we resolve this problem.

I am copying this to the Prime Minister and Patrick Jenkin, and to Sir Robert Armstrong.

Yours

TOM KING

CONFIDENTIAL

LOCAL GOVT: Relations: Pt 15

LRTA - RESOURCE IMPLICATIONS

The Problem

1. The LRTA's first full year of operation will be 1985-86. In the current year 1983/4 the GLC are spending much more than allowed for in the Government's expenditure plans and this could not be reduced quickly without very big fare increases. The GLC may well make matters worse before control passes to the Government in the second half of 1984. There will be a particularly difficult transitional problem in 1984-85.

The Present Position

2. The level of subsidy determined by the GLC for 1983-84, compared with provision, is as follows (£ million):

GLC subsidy	Allowance in DTp PES Provision	Protected Expenditure Level
235	89	125

3. Under the Transport Act 1983 the Secretary of State sets a Protected Expenditure Limit (PEL) for the public transport subsidies paid by the GLC and metropolitan county councils. This is statutory guidance on the amount which he considers appropriate and places the expenditure within the PEL beyond legal challenge. Authorities have discretion to spend more but they are at risk to challenge from ratepayers if they cannot justify the extra expenditure in terms of a proper and considered judgement of transport benefit, holding the scales fairly between the traveller and the ratepayer.

4. The PEL set for the GLC this year allows for a subsidy of £125m. The difference between the specific PES provision and the PEL was covered from the unallocated margin for local government current expenditure allowed for in Cmnd 8789. (In total the PEL's for the GLC and metropolitan counties involved a call of £140m on the unallocated margin).

5. The figure for the GLC would have covered LT's deficit for 1983-84 if fares had been held at their April 1983 level. But in May the GLC introduced a new zonal system with an overall 25% reduction in fare levels.

1985-86

6. When the LRTA is set up there will need to be a transfer of PES provision from local expenditure to the Department of Transport's own programme.

7. Under the Transport Act 1983 LT are required to submit a three year plan to the GLC. LT's subsidy proposals in their new plan, assuming that fares and wages are held constant in real terms, are as follows:

	£m cash	£m 1983 prices
1984-85	203	190
1985-86	196	175
1986-87	197	167

This plan involves a productivity increase of 8%-9% over three years with 5700 redundancies and additional cost-saving investment.

8. It is very unlikely that the GLC will adopt this plan. They may opt for further fares cuts or increases in services. So the LRTA may start from a worse position. It will probably not be possible for LT to start implementing their plan until the LRTA is set up.

9. It is too soon to say how much the actual transfer of PES provision will need to be. The proposals for capital investment, which apart from cost-saving items consists largely of renewals, will need to be examined in next year's PES round. But it is clear that current expenditure will be over £100m more than is allowed for in the Department's present PES provision, and could only be cut back by major fare increases.

It will probably not be practicable for the LRTA to take responsibility for subsidising BR commuter services until 1986-87. By that time much of the cost savings identified in the Serpell Report should have been achieved.

1984-85

11. There will be a difficult transitional problem in 1984-85. A PEL will have to be set in the autumn of 1983 for a full year, 1984-85, before the new legislation is enacted. Depending on the date of enactment and the phasing of the hand-over, the Secretary of State will effectively be in control of the LRTA for the latter half of the year. The PEL could therefore be taken as a statement of his intention as regards subsidy and fares when the LRTA take over. If it is maintained at the current year's level, it could therefore be taken to imply a return to pre May 1983 fare levels. A PEL at this level would need to be accompanied by a firm statement that the Government would provide the LRTA with sufficient resources from 1985-86 onwards to prevent it having to abandon the May 1983 fares strategy.

Local Gov Relations

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C. N.O.

Prime Minister

Please see, for, the Chief Secretary's minute (flag A). Shall I say you share the Chief Secretary's view at X, and look forward to Mr King's revised proposals?

MCS 8/7

Prime Minister

LONDON REGIONAL TRANSPORT AUTHORITY

I must publish quickly our detailed proposals for a new London Regional Transport Authority, to allow time for consultations on the details before introducing the Bill this autumn. I attach a draft White Paper which I should like to publish in the week beginning 18 July.

The proposals follow those agreed by Cabinet in January this year (CC(83)1st).

Although the GLC will campaign against us on the theme of local democracy, it is likely that they will continue to show by their actions that they cannot be trusted to give London Transport a sound basis for operation. I believe we shall be able to command wide support, although there will certainly be opposition. This will centre on concern about centralisation and the accountability of the new body, and that is why I have inserted a new proposal for a consultative council. We can listen to views on that, and take our final decisions when we come to the legislation.

I shall be in touch separately with the Chief Secretary about the financial prospects for the new organisation, and of course it is entirely possible that before we can get control, the GLC will have taken further steps to worsen the finances of London Transport. I shall however be challenged directly and quickly on whether the new organisation means increases in fares, and on that I believe that I must be

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able to say that I want to see common fares policies across the LT and BR services, and that with responsible direction and efficient operation I foresee no need whatever for real increases on the current general levels of fares.

This will mean that we shall not be able to make any immediate substantial reduction in levels of subsidy. We clearly must reduce the total levels of subsidy for London's public transport over the next four or five years. Both Serpell and Dr Bright have identified significant scope for savings. But the necessary redundancies and cost-saving investment will take time. If we cut subsidies right at the outset, the only option open to the new LRTA will be to raise fares substantially. This is exactly what the GLC will immediately claim we are planning to do and I must refute it right away.

I hope that colleagues can let me have by the end of this week any points on the text, and subject to those that I may be authorised to publish the White Paper in the week beginning 18 July, and that I may take the line on fares that I have set out above as part of the public presentation of the White Paper. I intend to discuss with the Chief Whip and the Leader of the House whether a written Parliamentary answer or an oral statement would be the best way of informing the House about our proposals. I enclose a draft on the lines I envisage.

I am sending copies of this to other members of the Cabinet, to the Chief Whip and the Leader of the House and to Sir Robert Armstrong.

TOM KING

5 July 1983

2F

STATEMENT BY THE SECRETARY OF STATE

TRANSPORT IN LONDON

I am today publishing a White Paper setting out the Government's proposals for public transport in London as promised in our Election Manifesto.

The Select Committee on Transport concluded in their Report "Transport in London" almost exactly a year ago that in the interests not only of London but of the country as a whole a fundamental change was needed in the transport arrangements of the capital. This is what we propose. A new London Regional Transport Authority will be set up to integrate the planning and finance of public transport within London and the railway system that serves it from outside. [The Chairman of BR and LT have both welcomed this step as the necessary means for getting London's public transport on a sound long term basis.] The new Authority will seek more cost effective ways of getting the right services at the right price. A small board of people will be appointed with the necessary skills and experience to provide effective direction and management of this major undertaking. New financial arrangements will be established to ensure that public money paid to the Authority comes by a single route through my Department.

The new Authority will be accountable through me to Parliament and will be required to consult closely with those concerned during the preparation of its plans. A new consultative committee will be set up to consider these plans and to report on the effectiveness of London's public transport system.

Clearly we cannot leave these important undertakings in a state of uncertainty for a prolonged period of time. I therefore propose to bring forward legislation this autumn. Meanwhile wide-ranging consultations are beginning with those affected and I shall welcome any views and suggestions made to me about the details of the new arrangements.

CONFIDENTIAL

PUBLIC TRANSPORT IN LONDON

1. The organisation of London's public transport services needs major change. The system established in the 1960s has not worked well. Shifts in political direction at County Hall have deprived London Transport of stability and the chance to plan on a proper long-term basis. The system has become progressively shabbier. The services provided by the British Railways Board have been planned on a quite independent basis, though in many cases serving the same customers. And over the past two years, the users of London Transport have experienced in rapid succession dramatic cuts in fares, their doubling, then further cuts. The traveller and the ratepayer have had to pay for these experiments and for the high costs of the system, which have risen rapidly in real terms.

2. Pressure for change has built up over the years, but became overwhelming during and in the aftermath of the Greater London Council's "Fares Fair" policy. After many months taking detailed evidence, the House of Commons all-Party Select Committee on Transport in July 1982 published a report on "Transport in London". Their unanimous view was that the mechanisms for the political and financial control of London's public transport undertakings were inadequate.

3. They concluded that responsibility for public transport in London should be transferred away from the Greater London Council to a wider Metropolitan Transport Authority, which would secure co-ordination with the British Railways Board's services and a better deal for the consumer for the money available. The Government accept that the case for change is now compelling. This White Paper looks at the major defects of the present arrangements and puts forward proposals designed to ensure a better deal for the travelling public.

CONFIDENTIAL

London's Problems

4. The quality and performance of public transport in a capital city, especially one the size of London, has a crucial part to play in its general prosperity and the quality of people's lives. London is one of the largest areas of continuous urban development in Europe and one of the largest concentrations of urban population in the world. It is not only the centre of Government, but also the nation's centre of trade, commerce and tourism and the hub of the country's freight and passenger transport system. The efficiency of its transport system affects not only the prosperity of London itself, but economic life in the country as a whole.

5. As the Select Committee noted:

> "The adequacy, or otherwise, of London's internal transport arrangements is therefore a matter of national, as well as local, importance. Quite apart from considerations of national pride, Britain cannot afford to allow the essential and vital functions of its commercial and transportation capital, and its seat of Government, to be less than fully efficient. The rest of the country may well resent the cost, but cannot resist the logic, of the need for a determined national effort to relieve the crisis which faces London's transport system, and to ensure that standards of mobility and access at least begin to compare favourably with those in our other major conurbations and in major conurbations overseas." (Select Committee Report: paragraph 2.7).

6. The complexity of transport movements and requirements in London are on a scale quite different from anywhere else in Britain. The travel-to-work area spans 80 miles, a large part of it densely built up. While most journeys take place by car - over 9 million trips in the area each day - public transport also plays a fundamental role. Every working day some 7 million journeys are made on London Transport and British Rail services in the London area, over half of them to and from work. London's Underground system, the largest of its kind in the world, caters for some 500 million journeys a year on a network of 240 route miles. The British Railways Board's London and South East sector handles over 400 million journeys a year, well over half of all British Rail passenger journeys, on a network of over 2000 route miles serving a population of 17 million. London Transport's bus operations cover more than 1,700 miles of road and cater for over 1,000 million journeys a year. London Country Bus Services provide bus and coach travel for a further 25 million journeys annually within Greater London. And London's public transport system is particularly important for the tourists who make 120 million trips on the buses and Underground each year.

7. This huge and complex system requires effective co-ordination of the different public transport services and effective management. The present responsibilities and financial arrangements serve neither well. The main providers of public transport in the area, London Transport and British Rail, between them employ more than 100,000 staff and their combined costs in 1982 were some £1,550 million, more than one-third paid for through subsidy. Despite the fact that they share the task of meeting Londoners' travel needs and that a large proportion of their customers make use of both systems each day, there has been little co-ordination between the objectives of the two operators, between the allocation of resources on the two systems or on the fares and service levels of each.

8. A basic reason for this is that since 1969 London Transport have been answerable to the Greater London Council, who have appointed the Board, set the requirements and provided subsidies, partly from the rates and partly from the money made available from central Government through Rate Support Grant and Transport Supplementary Grant. The commuter services of British Rail on the other hand are provided by the British Railways Board as part of the Public Service Obligation (PSO) which covers the whole passenger railway throughout Britain. The policies on fare structure, service level and quality and investment priorities are determined by the British Railways Board within their financial duties and constraints. The British Railways Board is in turn accountable to the Secretary of State. The PSO grant which he determines after consultation with the British Railways Board includes some £280 million in respect of their London and South East services.

9. This divided responsibility is one of the major reasons why the fundamental issues of integrating the systems have never been adequately tackled. But even within each of the systems the customer has not been served satisfactorily. Effective management is particularly important at a time when public transport is facing the difficulties created by wider economic and social change. Total demand for public transport in London has been declining for the past thirty years. People and jobs have moved out of central London to the suburbs and beyond, causing a major redistribution of travel demand which the traditional networks of public transport services fit only partially. Rising incomes have led to soaring growth in car-ownership, which in turn places great demands on the road system and has drastically cut the use of public transport. Between 1971 and 1981 the number of private cars and vans licensed in London rose by 15%, while the population of Greater London fell by 10%. Travel on British Rail London and South East

services remained fairly steady, but that on buses fell by 27% and on the Underground by 17%. Even so, public transport still accounts for over a third of all vehicular journeys by London residents and is a normal means of getting to work for half of those working in London - a very different picture from other major cities in Britain, with travel to work by public transport now accounting for only a quarter of such trips.

10. Coping with such fundamental changes in use requires great management skills and a readiness to respond by adapting patterns of provision and rigorously containing costs. The difficulties of London Transport have been compounded by failure for many years to control unit costs, to change services to suit different patterns of demand and to concentrate resources on key investment and refurbishment. Between 1970 and 1982, unit costs rose in real terms by over two thirds per bus mile and nearly 50% per Underground train mile. Staff levels, which account for over two-thirds of costs, remained virtually static while demand fell. The total amount of grant paid annually to London Transport rose from £6.5 million to nearly £370 million. This represents a thirteen-fold rise after allowing for inflation. Despite this, fares almost doubled in real terms. So the taxpayer, the ratepayer and the farepayer have all had to dip deeper into their pockets to pay for the massive real increase in the cost of running London Transport.

11. While costs have risen and swallowed up resources, investment has suffered. The poor quality and decay of the London's transport system have made their own contribution to its declining use. The Select Committee concluded:

> "London's entire public transport system is in need of a face-lift, to improve the reliability of services, the cleanliness and comfort of the services provided, and the ease of movement between one service and another. Although every effort should be made to keep fares to a minimum, all the evidence we have received, and the experience of major conurbations overseas, suggests that the level and quality of service, rather than price, is the major factor in persuading travellers to transfer to public transport." (Ibid: paragraph 5.50).

12. The Select Committee's critical view extended over the services provided by the British Railways Board as well as those of London Transport. Public complaints of rising costs and deteriorating services on the London and South East commuter services had already led to an examination by the Monopolies and Mergers Commission in 1980. Their report drew attention to the scope for increased productivity, efficiency and cost control, the importance of matching supply and demand and the need for clearly defined objectives. Draft objectives were published by the Government in 1981, but this process was quite independent of the goals being pursued by the GLC, reflecting the different lines of responsibility and the different views of the priorities for the separate London Transport and British Rail systems.

A New London Regional Transport Authority

13. The Government share the view of the Select Committee that new and better arrangements for London to deal with these fundamental defects are imperative. They therefore propose to establish a new London Regional Transport Authority. They accept the first recommendation in the Committee's report that:

"Central Government should henceforth regard the improvement of transport facilities in London as a matter of national priority. Unless the Government is now prepared to recognise the size of the transport problems faced in London, and is prepared to take the lead in resolving these problems, the capital could well face continuing decline and become increasingly unattractive to commerce and increasingly unattractive as a place of residence and as a centre of work, entertainment and tourism". (Ibid: paragraph 2.15).

14. This recommendation embraced a much wider field than public transport on its own. The Committee had also found the way the GLC had discharged their responsibilities on roads and traffic management profoundly unsatisfactory and concluded that a major re-allocation of responsibilities was now needed. The Government share this view. But they believe that the size, complexity and importance of London's public transport are such that the task of co-ordinating it should form the sole remit of the new London Regional Transport Authority. Preparation of public transport plans, the setting of objectives and the allocation of resources will all have to be considered in the context of the wider economic and social aims for the capital. They will also have to be compatible with the land use strategies for London, and there will be co-ordination with the planning process to secure this. But the principal purpose of the new body will be to develop coherent, comprehensive and efficient public transport for London, securing services that cater properly for the capital's needs. Reallocation of road and traffic responsibilities will

form part of the wider set of arrangements that will follow on the abolition of the GLC and the Metropolitan County Councils. Proposals on this, and on the overall strategic planning arrangements for London, will be set out in a White Paper later this year.

15. The Select Committee noted the difficulty of constructing arrangements that adequately met all the criteria that such a system should ideally have. The Annex to this White Paper sets out the basic features the Government propose for the new Authority.

16. First, the arrangements must look much more widely than the present boundaries of the GLC if they are adequately to reflect the way London's public transport needs are actually met. But they must not infringe the responsibilities of the County Councils surrounding London to plan for transport in their areas. To designate a specific geographical area outside London's boundaries would create many difficulties. Instead the new Authority will cover comprehensively the public transport provision in the area of the present GLC together with those services of the British Railways Board that carry London's commuter traffic, in many cases from well beyond London's boundaries. They will also cover the services of London Country Bus that serve the capital.

17. Second, the new arrangement must bring the planning of the services of British Rail and London Transport together in a very real sense. It must integrate with the rest of public transport provision that part of the grant paid to the British Railways Board that is specifically attributable to commuter services, policies on fare structure and service quality and determination of investment priorities according to the needs of London and its region. This will be made easier by the recent introduction by

the Board of a separate business sector for the London and South East services, giving clear accountability for what is being achieved and what cost is involved. The Authority will decide how much grant to pay to this sector of the railways, on the basis of the plans prepared for London services as a whole, reflecting the service levels and fares structure they consider appropriate.

18. The Authority will provide a comprehensive public transport framework by drawing up three-year rolling plans covering all the public transport services of the area. It will be able to enter into agreements with the operators who supply the services, both the existing ones and others who may seek to meet identified needs. In doing so it must ensure that needs are met as cost effectively as possible. It will need to consider buying in a wide choice of services from independent operators and encouraging the private provision of services where appropriate. It will decide the allocation of subsidy between the operators and sanction appropriate investment within the resources made available and on the basis of its three-year plans approved by the Secretary of State for Transport. Because it will have responsibility for all London's public transport it will be able to seek the most effective mix and apply pressure and resources for change where that is needed. It will be responsible for setting and monitoring policy objectives and performance targets, for rationalising rail and bus services, for levels of service and quality of provision and for the general level, structure and consistency of fare scales. It will also be concerned with transfers of services between the major operators where this will achieve a better provision for the traveller within the resources available. It will for the first time secure real integration of the system.

19. Third, the new arrangements will put the funding of the capital's transport on a more effective and coherent basis. The Government believe that the features of public transport in London are such that a special set of financial arrangements is needed. There will no longer be a local authority precept to supply part of the finance. Subsidy will instead come by the single route of authorisation by the Secretary of State for Transport. This rationalisation of the subsidy regime for all London's public transport services will lead to greater stability. Because it will apply right across London's public transport services it will also give new discretion for resource allocation within the overall financial ceiling.

20. Part of the cost of public transport subsidies throughout the country has traditionally been borne by ratepayers. The new financial arrangements for London as described in the Annex therefore will seek to reflect this present basic approach even though there will no longer be a direct GLC precept. At the same time it will remain the responsibility of local authorities to pay directly for special travel concessions for the elderly and disabled people financed by the relevant combination of rates and Central Government grants. It will also be open to individual authorities to make further more limited payments to the Authority if they wish it to provide a specific local transport service not covered in its annual plan.

21. These specific features of the new arrangements for London - the wide area covered, the association of the responsibilities for setting objectives and providing financial support for public transport, and the direct funding by Central Government of the investment and revenue support requirements of the new Authority - in themselves help to define the appropriate form of the Authority and its relationship with the operators. The management of this substantial undertaking will need a Board of

experience and ability to plan and allocate resources right across the system; and to ensure that services are provided by those who do so most effectively. In the period immediately after enactment of the legislation, its nucleus will be the existing London Transport organisation, but it will be required thereafter to establish its bus and Underground operations in separate subsidiaries, thus creating a clear "arms-length" relationship between the Authority and the public transport operators from whom it "buys" its services.

22. The Authority will be funded directly from Central Government and its duty will be to cater for the public transport needs of the area as a whole. The Government believe the right course is to have a small appointed Board of people with the necessary skills and experience to provide the effective direction and management of this important undertaking. The Government considered whether the Board should consist of elected members from the authorities concerned. But the area where the Authority will have responsibilities ranges over 32 London Boroughs and the City and some 15 adjacent counties. Moreover the proper functioning of public transport in the nation's capital is of real interest to very many people even beyond these authorities. There are therefore clearly major difficulties in establishing a truly representative and yet effective Board of elected members. For this reason the Government have decided to propose the establishment of a small appointed Board.

23. This does however raise the important issue of accountability. It is clear that the Authority must be fully accountable for its plans, for its claim on national resources and for its standards of service. This will be achieved in three ways. First, it will be fully accountable through the Secretary of State to Parliament. Second, it will be required to consult closely during the preparation of its plans with those concerned

with London's economic, planning and social needs. Third, itwill be required to work closely with a new London Regional Transport Consultative Committee, a statutory body which will be set up to represent passengers, local authorities and industrial and commercial interests.

The Next Steps

24. The new Authority will have five urgent tasks:

- to establish a comprehensive plan to provide better transport for London; and in particular

- to integrate fares and different public transport services, both to cater more satisfactorily for the existing traveller, and to attract more people onto public transport;

- to promote greater involvement of private enterprise in order to extend the variety of services available to travellers and to make greater use of publicly-owned assets;

- to promote better management through smaller and more efficient units, with clear goals and measurable objectives;

- to secure better value for money from fares revenue and the public subsidy being provided by the taxpayer.

25. The Government believe that establishment of the framework to secure an improved public transport system is now urgent. This White Paper has therefore been published at the earliest opportunity as a basis for consultation. Legislative proposals

will then be brought forward this autumn. It is important not to leave planning for London Transport in a state of uncertainty for any prolonged period of time. The principles on which the Government intend to proceed are clear, but there are many detailed aspects on which the Government will wish to have the views of those concerned - the operators, the London Boroughs and authorities bordering London, those who work on public transport and the consumer. The Government are therefore inviting the views of interested parties as soon as possible, so that they may take them into account, both in framing the final details of the legislation and in agreeing with those concerned the detailed arrangements associated with setting up the new Authority and rolling forward plans for an efficient, effective and convenient system for London.

ANNEX

THE LONDON REGIONAL TRANSPORT AUTHORITY

Nature of the LRTA

1. The LRTA will be responsible for the strategic oversight of London's public transport. It will comprise a small Board, say up to 12 members, appointed by the Secretary of State. Its members will be drawn from those with appropriate skills or experience.

2. The responsibilities of the LRTA will extend to the major public transport networks which serve London and its commuters. These are the London Transport bus and Underground services; those services of London Country Bus which operate partly within the Greater London area and are now supported by London Transport; and the British Railways Board's London commuter network. The precise geographical area covered will thus be different as between bus, rail and Underground.

3. The British Railways Board's London and South East sector covers a wide area including 15 counties around London, in which commuters represent some 60% of the sector's passengers. Initially the LRTA will deal with the sector as a whole, but the possibility of adjusting the definition of the network for which the LRTA is to provide support will be examined.

How the New System will be set up

4. The new system will be established in three stages:
   (i) at the first stage, immediately after the enactment of the legislation, a Board will be appointed by the Secretary of State for Transport, responsible for the assets, liabilities and staff of the London Transport Executive, which will be reconstituted as the LRTA with powers and duties appropriate to the new body;
   (ii) at the second stage, at an appointed time, the London Transport Underground (including the Docklands Light Railway) and bus operations will be established as subsidiaries of the LRTA;

(iii) at the third stage, at a further appointed time, the LRTA will take on responsibility for providing financial support for the British Railways Board's London commuter network, within its overall plans for public transport in London.

5. The establishment of the bus and Underground subsidiaries will be facilitated by the London Transport Executive's existing structure, in which the Underground and bus businesses are separately identified and managed. But the LRTA will need to examine the scope for further division of the operations in the interests of improved efficiency. The bus and Underground subsidiaries will have power to divide their operations into further subsidiaries, and this will be particularly relevant to the bus business. The LRTA will be able to dispose of any of those further subsidiaries, subject to its duty to secure economic and efficient public transport in London within the resources available to it and subject to the consent of the Secretary of State.

6. It is envisaged that the London Transport Executive's existing assets and liabilities will pass to the LRTA at the first stage. The treatment of liabilities incurred by the GLC in the form of accumulated borrowing in respect of capital grants to the London Transport Executive will be determined in the context of decisions on the GLC's debt generally

7. The assets and liabilities which the Authority inherits from the London Transport Executive will be assigned between the parent body and its subsidiaries at the second stage as appropriate. As far as possible existing staff of the London Transport Executive will continue to be employed within the LRTA and its relevant operating subsidiaries under the same terms and conditions of service.

Finance

8. The Secretary of State for Transport will determine the amount of the grant to be paid to the LRTA for each year. He

will do this in the light of the public expenditure plans for transport over the country as a whole for the year in question. The allocation of funds to the LRTA will be based on a three-year plan rolled forward each year in the light of advice by the Secretary of State on the general levels of grant likely to be available over the relevant three-year period and guidance on relevant national policies. The plans will be accompanied by estimates of the cost of services and facilities described; the level of demand for the services; and the benefits to potential users.

9. The LRTA will have power to provide financial support for both investment in and operation of public transport services in and around Greater London provided by the British Railways Board and by its own subsidiaries; and within Greater London by other operators. It will also have power to sanction borrowing by its subsidiaries for approved purposes. Its funds will be provided by the Exchequer and it will be given an external financing limit (EFL) covering both its Exchequer grant and the total borrowing it will be able to sanction.

10. At present the GLC precepts on the London Boroughs for the ratepayers' contribution towards the cost of London Transport, and discussions will be held about the bridging financial arrangements while the new Authority is being established. When the GLC ceases to be responsible for London Transport, ratepayers in the London Boroughs will no longer contribute in this way. To maintain the relative position between London ratepayers and those elsewhere who continue to contribute directly to the financing of their public transport services, an appropriate reduction will be made in London's rate support grant. Consultation will take place with local government representatives about the mechanisms to be adopted within the Rate Support Grant system.

11. Local authorities in whose areas the LRTA's own services operate will be able to enter into agreements with the Authority to buy additional services and to finance travel concessions. The Government will consult representatives of the London Boroughs on the development of a joint scheme to be operated when the Boroughs take over responsibility for concessionary

fares for the elderly from the GLC.

Relationship with the British Railways Board

12. A transfer of the Secretary of State's responsibilities for the British Railways Board's commuter services has been assisted by the Board's appointment of a Director for the whole of the London and South East sector. In order to discharge its overall responsibilities, the LRTA must be in a position to decide, within the overall resources at its disposal, the appropriate level of support and investment by the London and South East sector. It will set the objectives for the commuter services and monitor their achievement. Objectives will include fares policy and levels of services and closer integration between the London and South East sector and the Underground network.

Consultative Body

13. A new statutory body, the London Regional Transport Consultative Committee (LRTCC), will be set up to represent regional, local and consumer interests to the LRTA. Members of the LRTCC will be appointed by the LRTA after consultation with the Secretaries of State for Transport and for Trade and Industry and will include representatives of passengers, of local government, commerce and industry. The LRTA will be required to consult the LRTCC during the formulation of the Authority's annual three-year plan prior to its submission to the Secretary of State. The LRTCC will take the place of the London Transport Passengers Committee. The consequences for the arrangements for representing the consumer interest in passenger services not supported by the LRTA will be the subject of detailed consultations.

Bus Licensing

14. At present local bus services may be operated in Greater London only by London Transport or with their agreement. Road service licences are not required for such services. The LRTA

will be responsible for approving services and changes in services by its own subsidiaries and by other operators who have entered an agreement to provide services for the LRTA. Road service licences will still not be required for these services. But operators who wish to run bus services in Greater London without entering an agreement with the LRTA will be able to apply for road service licences from the Traffic Commissioners. These arrangements will avoid the bureaucratic procedures which would be entailed if all services in Greater London were brought under the control of the Traffic Commissioners, while providing for the licensing of competing bus services under the same conditions as apply in the rest of Great Britain.

Rail Closures

15. As the LRTA will have financial responsibility for the networks, it will also be responsible for considering closures proposed by its Underground subsidiary or by the British Railways Board. Where there are objections to a proposed closure, the LRTA will be required to follow a statutory procedure, which will include a requirement to consult the LRTCC and a provision for objections to be heard in public. The final decision will be taken, as now, by the Secretary of State.

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

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

5th July, 1983

Dear Patrick,

PUBLIC TRANSPORT IN THE METROPOLITAN COUNTIES

Before we meet tomorrow to discuss Irwin Bellwin's paper (MISC 95(83)1) I thought it might be helpful if I put in writing my views on his suggestion that the Group should consider the case for joint boards for public transport in the Metropolitan counties.

My approach is to avoid joint boards if at all possible. In the case of roads and traffic, this can be achieved. But public transport in the Metropolitan counties is in the hands of the passenger transport executives (PTEs) which were set up in 1969 well before the Metropolitan counties were created (except for those in West and South Yorkshire, which were established after local government reorganisation in 1974). In the 15 years since then, reorganisation of their operations means that it is now less easy to divide up all these bus operations into separate ones to fit the structure of the Metropolitan districts.

The PTEs are also responsible for major grants to British Rail, totalling £54m in England in 1982/83. If the PTEs were no longer there, this responsibility would inevitably transfer back

to central government, directly contrary to the policies we wish to pursue towards British Rail. In the event, Strathclyde could hardly continue as the sole case of local payment for rail services. In Tyne and Wear the PTE operate the Tyneside Metro. That must inevitably remain a single operation. Several other PTEs have made quite substantial adjustments to fit bus and rail services together, for example in West Midlands and Merseyside. We have also just put on the Statute book the 1983 Act to increase central government influence over public transport planning and efficiency in the PTEs.

Moreover, the joint boards would be subject to direct budgetary control, whereas some of the districts could escape the selective control under the new legislation which would be particularly unfortunate given the history of overspending on Conservative transport subsidies.

If there is no general policy of breaking up the PTEs, there must be some democratic body to control them. Somebody must make the appointments and approve the budget. This leaves us with no choice bot to have joint boards.

I do not say that this must be so in every case. There may be cases where the PTE could be broken up and responsibility devolved to districts. That would require more specific information.

I therefore consider that our White Paper should suggest that joint boards will be needed to supervise the passenger transport executives, but to present the proportion in such a way that those who wish to argue for different arrangements in particular instances will need to make the case that breaking up the PTE will be an improvement.

I am copying this to the Prime Minister and to all members of MISC 95.

TOM KING

CONFIDENTIAL

R M

FILE

Minister for Local Govt, DOE

MISC 95:- DOE Emp
HO DTI
DES Transport
LPS Chief Sec
Social Services

10 DOWNING STREET

From the Private Secretary

4 July, 1983

ABOLITION OF THE GLC AND THE METROPOLITAN

COUNTY COUNCILS

The Prime Minister saw Lord Bellwin's paper(MISC 95(83)1) on this subject over the weekend. She has commented that she believes that the Government will be too ready to accept the proposition that about 70% of existing staff will go to the joint boards.

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

M.C. SCHOLAR

J. Ballard, Esq.,
Department of the Environment

VC.

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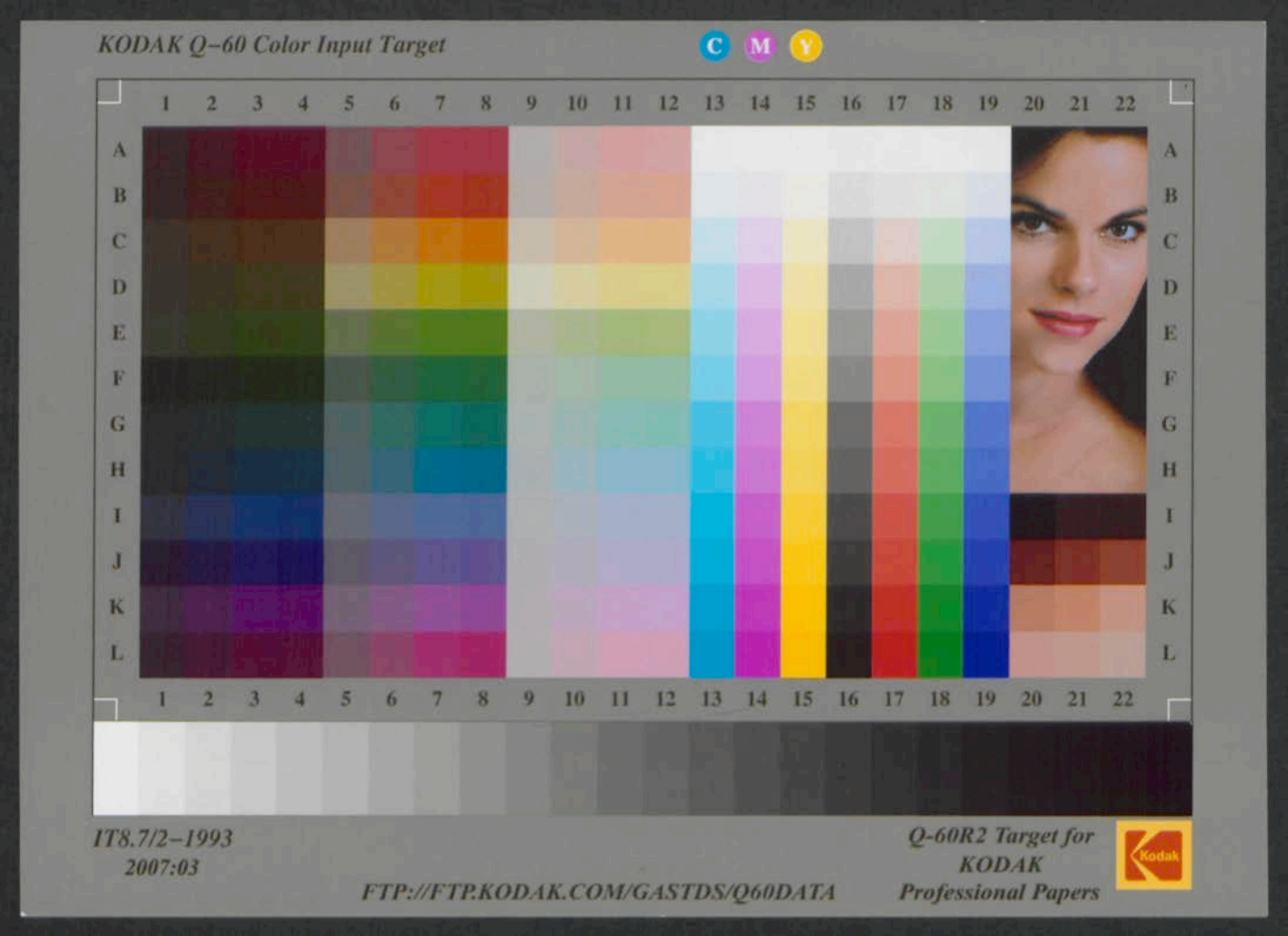
PART 15 ends:-

MISC 95 (83) 1 29/6/83

PART 16 begins:-

MCS to Environment 4/7/83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