PREM 19/1304

Part 19

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SECRET

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Relations between Central & Local Government. Local Authority Expenditure. Local Authority Elections

Abolition of GLC & Metropolitan County Councils.

LOCAL GOVERNMENT

Part 1 May 1979

Part 19 Jan 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~7.1.84~~		~~29.3.84~~					
~~17.1.84~~		30.8.84					
~~23.1.84~~							
~~31.1.84~~							
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~~7.3.84~~							
~~9.3.84~~							
~~.3.84~~							
~~9.3.84~~							
~~26/3/84~~							

PREM 19/1304

PART 19 ends:-

SIS Tp to PM 30.3.84

PART 20 begins:-

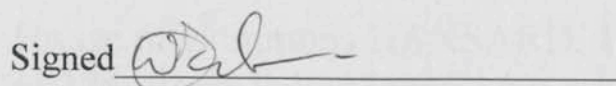
AT to Transport 3.4.84

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
MISC 95 (84) 12	29/03/1984
MISC 95 (84) 3rd Meeting	29/03/1984
MISC 95 (84) 2nd Meeting	28/03/1984
MISC 95 (84) 4	21/03/1984
MISC 95 (84) 8	22/03/1984
E (LA)(84) 3	29/02/1984
E (LA)(84) 1	22/02/1984
MISC 95 (84) 1st Meeting	15/02/1984
MISC 95 (84) 3	08/02/1984
MISC 95 (84) 1	08/02/1984
CC (84) 2nd Item 1	19/01/1984

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

Signed  Date 25/09/2013

PREM Records Team

CC NO

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Prime Minister (1)

Agree, subject to colleagues?

PRIME MINISTER

LONDON REGIONAL TRANSPORT

Dr Keith Bright has a contract with the GLC as Chairman of the existing London Transport Executive, which runs to 1987. When my Bill comes into operation transferring control to me, the existing members of the Executive will continue in office as members of London Regional Transport, on the same terms, unless I exercise my special power to dismiss them within three months.

Dr Bright has been placed by the GLC in a very difficult position, verging on the impossible. But he has already done a lot to streamline the organisation, to cut out waste and to instil new efficiency aims. I am sure that we must keep him as Chairman and Chief Executive, and I would like to give him specific and formal reassurance on this point as soon as possible.

As to salary, Dr Bright at present receives £42,000 a year plus a fee of £2,500 from London Transport International. Since separate fees of this kind are objectionable, I propose to combine the two, but I do not propose any other immediate change. I may wish to propose an increase in salary later on the basis of performance. Dr Bright is also a non-executive director on British Airways, and he has been permitted by the GLC to retain a directorship of EXTEL, for which he receives a fee. He is also a director of London and Continental Advertising Holdings Ltd. I see no reason to disturb any of those arrangements - subject to satisfactory assurance in respect of each that there is no conflict of interest, and nothing to prevent

CONFIDENTIAL

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Dr Bright giving sufficient time to his full time duties as Chairman and Chief Executive of London Regional Transport.

I should be glad to know that you approve these proposals.

I am sending copies of this to the Chancellor of the Exchequer and to Sir Robert Armstrong.

NR

NICHOLAS RIDLEY
30? March 1984

CONFIDENTIAL

cc LPO CWO FILE
WO G/at/Arms da
DOE CO
DTI
CHO

10 DOWNING STREET

From the Private Secretary

29 March 1984

RATES BILL REPORT STAGE: GENERAL SCHEME: IMPLICATIONS FOR SCOTLAND

The Prime Minister has seen your Secretary of State's minute of 28 March setting out how he proposes to handle the implications for Scotland of the concession made in the Rates Bill by the Secretary of State for the Environment. She is content that an undertaking be given to consider how the position of authorities with a proven record of low spending could be recognised. She has noted that this would stop short of undertaking to amend the Scottish Bill.

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

Andrew Turnbull

Edward Gowans, Esq.,
Scottish Office.

Prime Minister
Agree?
AT 29/3

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Yes

PRIME MINISTER

28 March 1984

RATES BILL REPORT STAGE: GENERAL SCHEME: IMPLICATIONS FOR SCOTLAND

I refer to the letter of 27 March from your Private Secretary to Patrick Jenkin's Private Secretary which records the line which may be taken in response to the amendments put down to the Rates Bill by Peter Emery and others.

The Report and Third Reading of the Rating and Valuation (Amendment) (Scotland) Bill takes place on Thursday 29 March. The Scottish Bill also contains a provision to allow a general limitation to be put on rates. While there are no amendments so far to the Scottish Bill similar to those put down by Peter Emery and others, it would not be surprising if amendments were to be put down or the point raised in debate in the light of what will be seen as a concession on the English Bill.

While we would not offer any concession tomorrow, Michael Ancram would be in an untenable position if the point came up and we had no ready answer. Therefore if it does come up, I propose to take a line similar to Patrick Jenkin's and say that we were prepared to consider how we could recognise the position of authorities with a proven record of low spending if general rate limitation were to be introduced. I would stop short of undertaking to amend the Bill, since our provisions are different and it might be difficult to frame a suitable amendment. An undertaking might be preferable. This will require further consideration. I should be grateful for agreement to take the line I propose on Report.

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

G.Y.

GEORGE YOUNGER

L02182 CONT
Rels

Mr. Turnbull
Mr. Jenkin raised the point at (i) below. The PM was sympathetic on the premise that the sums were not large. X) was not mentioned. Mr. Jenkin said that he and Sir K. Joseph were going to come back with the proposal for an elected ILEA. The PM said that she was worried about it but it must "go through the mill". Mr. Jenkin said that the right of authorities to opt out would be retained without need for further legislation.
FERB 29.3.

PRIME MINISTER

ABOLITION OF THE GLC AND MCCs

When Mr. Jenkin comes to see you about the PSA, he may raise a number of points on the abolition of the GLC and MCCs.

(i) He will argue that he needs a less small-minded approach from the Treasury, particularly on the arts package put forward by Lord Gowrie. Mr. Jenkin believes that for a small sum, £7 m. extra, a major improvement in the acceptability of the abolition proposals can be achieved.

(ii) He needs to have the full support of colleagues, not just on the principle (there is now much less doubt about this), but also about the particular components. Colleagues have put forward a number of solutions in their areas of responsibility which are inconsistent with the overall design. For example, DOE wish to break up the West Midlands police and devolve responsibility to boroughs and districts, but the Home Office are opposing it. Department of Transport want a joint arrangement for urban traffic control and the Home Office want to retain Probation Boards.

(iii) He needs support from the Business Managers in the allocation of Parliamentary time.

X MISC 95 is nearing the completion of its work. You could ask Mr. Jenkin whether he thinks it necessary to hold the meeting of London members of the Government which was suggested earlier. The purpose of such a meeting was to ensure that they were fully

/ enlisted

enlisted in support of the policy. You and he may feel that sufficient progress on this has been made to make such a meeting unnecessary.

AT

28 March 1984

SUBJECT cc Master

CONFIDENTIAL

FILE SH

10 DOWNING STREET

cc: LPO
SO
WO
DTI
CSO, HMT
CWO
Lord Denham's Office
CO

From the Private Secretary

27 March, 1984

Dear John.

Rates Bill Report Stage: General Scheme

The Prime Minister met your Secretary of State and the Chief Whip at the House today to discuss amendments tabled by Sir Peter Emery and others. Your Secretary of State said that a number of Government supporters would vote against the Bill and there would be difficulties in the Lords unless some amendment were made. The Bill already included a provision that certain councils would be exempt if general rate capping were introduced. Government backbenchers were seeking to establish in the Bill itself the conditions which would produce such exemption. The Government had argued against specifying this in advance as it would be difficult to know what the precise circumstances would be.

The Prime Minister recognised that in practice it would be impossible to apply rate capping to all local authorities and in particular to the low spenders. She was concerned, however, that if the amendment were accepted it could create the impression of a 3-tier system - selective rate capping for the highest spenders, a wider, but still selective scheme for moderately high spenders and a third tier of exempt authorities. This, it could be argued, would be inconsistent with the Manifesto commitment:

> "To provide a general scheme for limitation of rate increases for all local authorities to be used if necessary."

It would be difficult to counter complaints about excessive rates from ratepayers in the shire counties.

If modifications were made, the scheme should be presented as being generally applicable, but within it councils whose spending was low would not be constrained.

A further concern was that Sir Peter Emery's amendment was essentially backward looking. It would provide no protection for ratepayers where a council with a good spending record changed political control. The new council would encounter no obstacles in raising rates; indeed, it might have an incentive to get a rate rise in quickly before it

/came

came under constraint. Your Secretary of State agreed that, in designing the precise formula, an effort should be made to cover this possibility.

Finally, the Prime Minister was worried that ratepayers would have no protection where there was a change of Government, even if the Conservative legislation remained on the Statute Book. It was argued, however, that a high spending Government would probably not activate the general rate capping scheme and, in any case, would be free to restore the whole Bill if it wished.

Summing up the discussion, the Prime Minister said that Sir Peter Emery and others should be told that the Government recognised their concern and was prepared to write into the Bill conditions under which low spending councils could be free from constraint on their rates, should the general rate capping provision be activated. It was not possible at this stage to say what the precise conditions would be. Officials should undertake more work on this and should attempt to cover the case where, having had low rates, a council introduced substantial increases. In bringing an amendment to the Bill, efforts should be made to avoid the impression that there were two tiers of rate capping, leaving no protection for the remaining councils.

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

Yours sincerely

Andrew Turnbull

ANDREW TURNBULL

John Ballard, Esq.,
Department of the Environment

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

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

27 March 1984

Dear Patrick

RATES BILL REPORT STAGE: GENERAL SCHEME

Thank you for sending me a copy of your minute to the Prime Minister of 26 March.

I entirely understand your problems and am anxious to help. I think we have to recognise that Peter Emery's amendments are conceptually far-reaching. We promised in our Manifesto "to provide a general scheme for limitation of rate increases for all local authorities to be used if necessary". We have to accept that it will be difficult to say that we still have a general scheme if we exempt a substantial number of authorities - certainly if we exempt over half of all authorities. We may well be criticised for no longer offering an ultimate reassurance to all ratepayers. But if that is the price of getting the Rates Bill onto the statute book, I would not want to stand in your way.

We have always made it clear, in any case, that even if we have to bring in the general scheme, moderate spenders will have little to fear. We shall not impose constraints which would in practice constrain them significantly. Indeed, the general scheme would simply not be workable if we made it too tight. So there is little of substance between us and Peter Emery. What we are talking about is translating general assurances into specific form.

Clearly, this poses considerable difficulties. With the best will in the world, it is hard to define now the precise properties which authorities will have to have to be unaffected by the general scheme. As you say, Peter Emery's own attempt is unfortunately defective.*

* It does not cover the case of a council, with a good past record, changing hands. An incoming Labour council would face no obstacle in the first year to a large rate rise - indeed it would have every incentive to get it through while it could. The formula used will need to cover this.

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Prime Minister (2)

AT 26/3

From: THE PRIVATE SECRETARY

Arrangements have now been made to get all the rebels to and from the meeting. They will travel in plain unmarked cars with plain clothes men.

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

27 March 1984

Dear John,

Good news

You sent me a copy of a letter received by your Secretary of State from Mr Wilfred Johnson, one of the "rebel" councillors in Liverpool, who expressed fears for his safety between now and the budget meeting of the Liverpool City Council on 29 March.

As you will see from the enclosed letter to Mr Johnson, we have been in touch with the police who will by now have made contact with Mr Johnson and, we hope, through him with any other councillors to discuss what arrangements are appropriate.

Although, as you said in your covering note to me, most of the points raised in the letter are for the Home Office and/or the police, I think we must leave it to your Department to reply to Mr Johnson's query about exemption from attendance at the City Council meeting.

I am sending a copy of this letter and the enclosure to Andrew Turnbull at No 10.

Yours ever

Hugh Taylor

H H TAYLOR

J F Ballard, Esq.

From: THE PRIVATE SECRETARY

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

27 March 1984

Dear Mr Johnson,

The Secretary of State for the Environment has passed to the Home Secretary your letter, received on 26 March, about threats and possible disruption related to the meeting on 29 March of the Liverpool City Council.

Both Mr Jenkin and Mr Brittan were very concerned to hear of the problems you have encountered, and we have been in touch with the Chief Constable of Merseyside as a result of which, by the time you receive this letter, you will I am sure have been visited by the police. It is most important that you should disclose to them any threats to which you or your wife may have been subjected. I am sure they will be able to advise you that, if you have received threatening or other unpleasant telephone calls at your home, the police will investigate any possible criminal offences. British Telecom can, at your request, make arrangements for incoming calls to be received at the exchange so as to enable you to accept only those calls you wish to receive.

The police will also be ready to consider, in the light of any information you can give them, any necessary measures to ensure your safety. So far as the Council meeting on Thursday is concerned, you may be sure that the police will be taking all necessary measures to ensure that any persons entitled to attend the meeting are able to do so in safety.

You referred to the march which is likely to take place in the City on Thursday. As you will be aware, people wishing to take part in peaceful marches and other demonstrations are generally free to do so, provided they comply with the law. The police will ensure that the law is complied with on Thursday so as to ensure that any marches are peaceful and orderly and do not disrupt or obstruct the business of the Council.

Yours sincerely,

H Taylor

H H TAYLOR

W Johnson, Esq.

Local Gov relations.

010

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PRIME MINISTER

RATES BILL REPORT STAGE: GENERAL SCHEME

The Report Stage and Third Reading of the Rates Bill are taking place tomorrow and Wednesday (27 and 28 March). An amendment has been tabled by Sir Peter Emery, with a number of influential supporters, seeking to introduce specific exemptions from the general rate limitation scheme. I attach a copy of the amendment, which seeks to exempt from the general scheme any authority which in the previous two years has met its target, or (in the absence of targets) its GRE. This amendment is gathering a substantial degree of support among our backbenchers, and I am concerned that if we seek to resist it there will be a substantial number of defections which could affect the passage of the Bill in the Lords.

The amendment is grouped with two related ones from Mr Robin Maxwell-Hyslop, and one from the Liberals/SDP (copies attached), but I think the critical amendment is the one from Sir Peter Emery.

My view is that we should agree to consider the principles underlying that amendment with a view to putting down a suitable amendment to the Lords. The amendment itself is defective and could not be accepted as it stands.

Because this would be a departure from the agreed policy for the general scheme I feel it right to consult colleagues; so far the Bill provides only for an Order-making power to make exemptions without being specific. However I believe that the impact of any concession in this area on public expenditure would be relatively limited. The amendment talks specifically about exempting authorities which have spent

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below target for two years; there is in any case a reasonable argument for doing that. We would need to consider precisely what amendment was most appropriate to table, but the most far-reaching form that it could conceivably have is an exemption of all authorities spending below their GRE. Even in that extreme form we would still under the general scheme be controlling 43% of authorities including all the high spenders. The overall public expenditure effects of the exemption would not be large. We have always had in mind some exemption from the general scheme for smaller authorities, and I do not think the principles underlying the Emery amendment would mean a major shift in our stance.

It is likely that the amendment will be discussed on Wednesday afternoon. Unless I hear from colleagues to the contrary, I will take the line in replying to the amendment that the Government will consider the policy underlying it with a view to tabling an appropriate amendment in the Lords.

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

A H Davis
for P J

Approved by the Secretary of State and signed in his absence

26 March 1984

Rates Bill *continued*

Mr Charles Morrison
Mr W. Benyon

★ Page 5, line 12 [*Clause* 4] leave out 'two or more authorities' and insert 'only one authority'. 28

W 35

Mr Charles Morrison
Mr W. Benyon
Sir Ian Gilmour
Mr Geoffrey Rippon

★ Page 8, line 1, leave out Clauses 9 to 12. 31

Not likely to be selected

Mr Charles Morrison
Mr W. Benyon

★ Page 8, line 4 [*Clause* 9] at end insert— 32

+ 15

'(1A) The date to be specified under subsection (1) above shall be not less than three years from the date of operation of an order laid by the Secretary of State pursuant to section 2(1) of this Act.'.

Sir Peter Emery
Sir Peter Mills
Sir Bernard Braine
Sir William van Straubenzee
Mr Tim Rathbone
Mr Ian Lloyd

★ Page 8, line 5 [*Clause* 9]. at end insert— 39

+ 16-18

'(1A) No Order introduced under Part II of this Act shall aply to any local authority which has not, for the previous two years, exceeded

(*a*) the expenditure guidance (as defined by section 59 of the Local Government, Planning and Land Act 1980), or, in the absence of such guidance,

(*b*) the grant related expenditure (as defined by section 56 of the Local Government, Planning and Land Act 1980)

set by the Secretary of State for the said local authority.'.

Rates Bill *continued*

Dr John Cunningham
Mr Jack Straw
Dr David Clark

Page 8, line 9 [*Clause* 9], at end insert— 15

'(2A) No order shall be made under this section
(*a*) until the expiration of three years from the date upon which the Secretary of State has first laid an order before the House of Commons pursuant to section 2(1) of this Act, and
(*b*) unless, during each of the three financial years preceding such making, the relevant expenditure (as defined in section 54 of the Local Government, Planning and Land Act 1980) of all local authorities in England or in Wales or in both countries (as the case may be) has exceeded by five per cent the sum of relevant expenditure determined in accordance with the provisions of the said section 54 of the said Act of 1980 and employed by the Secretary of State for the purposes of determining the aggregate amount of rate support grants.".

Mr Robin Maxwell-Hyslop
Mr Nicholas Winterton
Mrs Jill Knight
Sir Geoffrey Rippon
Mr Tony Speller

Page 8, line 12 [*Clause* 9], at end insert— 16

'(4) The Secretary of State shall not lay before the House of Commons an order pursuant to Part II of this Act unless it appears to him from the best information available to him that the total expenditure of each authority to which such order would apply, in the financial year in which an order is laid is likely—
(*a*) to exceed its grant-related expenditure for that year or £10 million, whichever is the greater ; and
(*b*) to be excessive having regard to general economic conditions.'.

Mr Robin Maxwell-Hyslop
Mr Tony Speller
Mr Nicholas Winterton
Mrs Jill Knight
Sir Geoffrey Rippon

Page 8, line 12 [*Clause* 9], at end insert— 17

'(5) The Secretary of State may by an order made by statutory instrument increase the amount specified in subsection (4)(*a*) above, but any such order shall be subject to annulment in pursuance of a resolution of the House of Commons.'.

Mr Charles Morrison

★ Page 8, line 25 [*Clause* 10], at end insert— 33

'(2A) An order under subsection (2) above may relate to only one authority.'.

Private Secretaries' Office

PS/Prime Minister

Rates Bill

This amendment should have been included with the other attachments to my Secretary of State's minute of 26 March to the Prime Minister

Alan Davis

PS/Secretary of State

28/3/84

cc as before

Rates Bill *continued*

Mr John Cartwright
Mr Michael Meadowcroft

Page 8, line 28 [*Clause 10*], at end insert— 18 W39

'(3A) The Secretary of State shall by notice in writing served on an authority exempt it from the operation of subsection (1) above in relation to the next financial year if he is satisfied that, in relation to that authority, its expenditure in the previous financial year has not exceeded the grant related expenditure (as defined in section 56(8) of the Local Government, Planning and Land Act 1980) of that authority.'.

Dr John Cunningham
Mr Jack Straw
Mr David Clark
Mr John Cartwright
Mr Michael Meadowcroft

Page 9, line 17 [*Clause 11*], leave out subsection (5). 19 N.S.

Dr John Cunningham
Mr Jack Straw
Mr David Clark

★ Page 9, line 17 [*Clause 11*], leave out 'to two or more authorities', and insert 'only to one authority'. 36 +37

Mr Charles Morrison

★ Page 9, line 17 [*Clause 11*], leave out 'two or more authorities' and insert 'only one authority'. 34

Mr John Cartwright
Mr Michael Meadowcroft

Page 9, line 27 [*Clause 12*], at end insert— 20 N.S.

'(3) On the coming into force (in relation either to England or to Wales or to both countries) of sections 10 and 11 of this Act as provided for in sections 9 and 12 above, subsection (5)(*cc*) of section 59 (Adjustment of distribution of block grant) of the Local Government, Planning and Land Act 1980 shall cease to have effect in relation either to England or to Wales or to both countries as the case may be'.

2

PRIME MINISTER

RATES BILL REPORT STAGE: GENERAL SCHEME

Patrick Jenkin's minute reports on an amendment to the Rates Bill which has been put down by Government backbenchers. There are two views on the impact of this amendment:

(i) This would be a costless concession as even if the Government wanted to go for general rate capping, it would only get it passed in conjunction with a promise not to apply it to the best behaved councils.

(ii) This may not be costly now, but it could be so in the future. If the apparatus of targets and holdback is maintained, exempted councils spending below GRE would not immediately shoot up to their GRE as they would incur holdback in doing so. But the long term aim is to simplify the system and reduce the three limits - GRE, targets/holdback, expenditure limit for rate capping - to two. If targets/holdback are removed, low-spending councils with targets currently below GRE would then encounter no obstacle in using up the headroom.

The Chief Secretary is considering this proposal and will respond tomorrow. If he objects it may be necessary to call a meeting at short notice with him, Mr. Jenkin and the Chief Whip.

AT

26 March 1984

Removed from Local Govt Pt 19.

10 DOWNING STREET

From the Private Secretary

Prime Minister

The Chief Secretary does not wish to oppose the amendment, though he will want to ensure the precise formula used is sound.

But he wants you to be clear that what is proposed is no longer genuinely a general scheme but a widely selective scheme. There will be no protection for ratepayers, in well behaved councils, who still complain about their rates. This may be no loss since is acknowledged by all Departments that rate capping ~~[illegible]~~ on all local authorities could not be administered.

Mr Jenkin is seeking a word with you after Questions.

AT
26/3

CONFIDENTIAL

Local Govt

Prime Minister (2)
This will be argued out at MISC95 on Wednesday. You have already seen Lord Gowrie's Arts package.
AT 26/3

Treasury Chambers, Parliament Street, SW1P 3AG

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

26 March 1984

Dear Patrick

MISC 95: INCREASES IN CENTRAL FUNDING

It may be helpful to give notice of a point I should like to raise in MISC95.

We are to consider proposals for greater centralisation on the arts and sports. Similar problems may arise on support for voluntary bodies.

I have considerable reservations about this. It runs counter to our general policy of pushing responsibility down to local level. It means more central bureaucracy, and may encourage local authorities to dump more of their problems on us. It limits the scope for savings, by guaranteeing that certain expenditure will be maintained.

However, Grey Gowrie has impressed on me that arts funding may just dry up if we leave it to the boroughs and districts - and that the prospect will damage the case for abolition. If colleagues conclude, in such circumstances, that centralisation is the lesser evil, I should not want to stand in the way - providing of course, that there is no suggestion of increasing expenditure.

If we conclude, reluctantly, that we have to channel subsidies through (say) the Arts Council, or the Museums and Galleries Commission, or the Sports Council, instead of the boroughs and districts, it is not obvious to me that we should then make the taxpayer pay for them instead of the ratepayer. Why

should the result of abolition be that taxes go up in Dover to maintain the same spending on, say, the Geffrye Museum?

We could probably live with this if the sums were small. But Grey's proposals are now substantial: and we have also to consider sport and voluntary bodies.

It is tempting to think that if the taxpayer were to give more to (say) the Arts Council, he would face a lower bill for RSG. But we are talking about 1986-87. We have not yet settled the RSG for 1985-86, let alone 1986-87. There is no grant for us to adjust.

The only certainty, at this stage, is that we are being asked to give more of the taxpayer's money to the Arts Council, the Museums and Galleries Commission, and the Sports Council. We have no way of ensuring offsetting reductions either for the taxpayer or for the ratepayer.

Even if there were an RSG to reduce, I am advised that there would be all sorts of distributional problems. To avoid making the taxpayer worse off, we should clearly have to reduce grant by at least the full amount of the transfer to the Arts Council and other bodies (not by a "proportionate" amount as Grey implies in his paragraph 15). But we could probably not confine the RSG reductions to authorities enjoying increased support from the Arts Council. Some authorities would gain, and spend more. Others would lose, and probably maintain their spending.

Grey recognises some of these problems, and proposes that we should meet them by providing additional money to ease the transition. I am bound to say that that is really out of the question.

I should like to suggest that we have another look at the precedent we have already set with London Regional Transport. We have recognised that it will be necessary for ratepayers in London to continue to contribute to the costs of transport in London when responsibility is transferred from the GLC to the Department of Transport. We have said that this will be essential to ensure equity for taxpayers and ratepayers elsewhere. It seems to me that the same arguments will apply if we decide, reluctantly, to channel support for other services through central bodies.

One option might be to introduce a levy along the lines we have agreed for LRT. We might possibly present bills to the "residuary boards" and leave them to raise the money from ratepayers by precepting on the boroughs or districts. In London there might be scope for dipping into the London Rates Equalisation pool. I suggest we ask officials to look at alternative mechanisms, which could apply not just to the arts but to any cases of centralisation.

I claim no expertise on mechanics. But I am quite clear that we are not abolishing the GLC and the metropolitan counties to put up taxes.

I am sending copies of this letter to the Prime Minister, colleagues on MISC 95, and Sir Robert Armstrong.

Yours ever Peter

PETER REES

file

VC

Subject cc master.

10 DOWNING STREET

From the Private Secretary

26 March 1984

Dear John,

Local Government Policies: Commissioner Legislation

The Prime Minister held a meeting today to discuss the proposals for contingent Commissioner legislation. Present were the Home Secretary, Lord Privy Seal, the Secretaries of State for Environment, Education, Trade and Industry, Social Services, Scotland and Transport, the Chief Secretary and the Attorney General. Sir Robert Armstrong and Mr. Buckley were also present. The meeting had before it your Secretary of State's minute to the Prime Minister of 12 March and the paper attached to it.

Your Secretary of State said that a Bill was now in draft which would come before the Legislation Committee in early April. Once introduced it would remain on the Statute Book and would be activated by Order as required. There were a number of issues on which he sought the views of colleagues. The first was whether the Secretary of State should have power to issue guidance which would not be binding on the Commission; or to issue general directions which ~~would~~ be binding but which did not deal with detailed matters.

In discussion, it was argued that a power to issue guidance would distance the Secretary of State from day to day matters of policy and would minimise the risk that the Secretary of State could be called upon, eg through PQs, to answer in the House on detailed local matters. A power of general direction would, on the other hand, be more consistent with the constitutional position. Commissioners would be appointed by the Secretary of State and would be accountable to him, and through him to Parliament, and would not be accountable to the local electorate. The power to issue general directions would make it clear that Commissioners would be under Government control. With a power of guidance, the Commissioners would appear to be accountable to no-one. Furthermore, the Commissioners would inevitably have many difficult decisions to take and they would find it useful in defending their actions to refer back to directions that they had been given.

It was agreed that the Bill should provide for a general power of direction but that Ministers should seek to establish a convention that they would not answer detailed questions on the affairs of a particular Commission.

/ The meeting

BP

The meeting then considered the time period for which Commissioners should be appointed. While it would ease the passage of the Bill to keep this period as short as possible, Commissioners would need to be given adequate time to put the finances of the Council in order. After discussion, it was agreed that Commissioners should hold office for the balance of the financial year in which they were appointed and the whole of the next financial year, this term to be extendable by order.

The meeting then considered the other questions raised in paragraph 19 of your Secretary of State's paper. They were all agreed with the exception of the proposal to hold at least one public meeting annually, as suggested in paragraph 19(d).

It was argued that Commissioners should be subject to the same financial regime as other Councils. It would look odd, however, for the Government to apply financial penalties or rate-capping to its own agents. Against this, it was pointed out that the Secretary of State could dismiss Commissioners who did not follow the directions given and so this possibility was largely academic.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Hugh Taylor (Home Office), David Heyhoe (Lord Privy Seal's Office), Elizabeth Hodkinson (Department of Education and Science), John Graham (Scottish Office), Callum McCarthy (Department of Trade and Industry), Steve Godber (DHSS), John Gieve (Chief Secretary's Office, HM Treasury), Henry Steel (Attorney General's Office), Dinah Nichols (Department of Transport), Richard Hatfield (Cabinet Office) and to Michael Buckley.

Yours sincerely
Andrew Turnbull

ANDREW TURNBULL

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

File

10 DOWNING STREET

From the Private Secretary

26 March 1984

The Prime Minister read a paper compiled by the No. 10 Policy Unit over the weekend on the subject of local government spending.

She thought it would be worthwhile drawing some of the points in the paper to the attention of your Secretary of State. The paper started from the premise that the new expenditure limits and the abolition of the metropolitan counties, whilst essential to the task of curbing local authority spending, would not of themselves guarantee complete success.

It drew attention to the success of a small district in Oxfordshire, the Vale of the White Horse, which has just announced an 18 per cent decline in its rates without slashing spending. This reflected major savings on privatising refuse collection and cleaning, a judicious use of charges, e.g. for the modern sports and other facilities it manages, use of council-owned land for development with subsequent rental and profit, and an open policy towards planning and the creation of new jobs which has expanded the rate base.

From this example, the Policy Unit drew the following conclusions:

1. Whilst understanding the need to wait another year before legislating on contracting-out of services, they wondered whether your Secretary of State could reinforce his initiative using the prospect of legislation as a stick, and more advertising of the advantages of privatisation and competitive tender as a carrot, to encourage more rapid progress. The Policy Unit suggested building incentives into the grant formula.

2. The Policy Unit would be prepared to work with DOE and Treasury officials on ways of encouraging councils to seek more private money for amenities, educational and recreational facilities, and to encourage a more sensible commercial use of the premises. More income could be drawn from selling drinks, refreshments, food, books,

CONFIDENTIAL

/ sports equipment

sports equipment at sports halls and evening classes. An inducement could be given through the grant mechanism in such a way that total public spending is not increased.

3. The Policy Unit drew attention to your Secretary of State's enthusiasm to persuade councils of the need to exploit unused land. They asked whether much more publicity could be given to the campaign, as it is photogenic and a cause which many in the press might like to take up. They also wondered whether your Secretary of State should start using his powers to direct disposal in cases where obstinate local government refuses to make the best of its resources.

4. Local government often argues that its problems arise through the burdens imposed on it by central government. The Policy Unit wondered whether the Government could respond to this by announcing the many measures already taken to reduce the burdens on local authorities (see Annex to this letter) and setting up an ad hoc group to find further reductions in the legislative burden that could be incorporated in suitable repeal legislation.

If your Secretary of State or his officials would like to discuss any of these matters further, John Redwood at the Policy Unit would be delighted to develop these schemes. The Prime Minister seemed particularly interested in item 3. above.

You may like to know that in commenting on the Policy Unit paper, the Prime Minister said she wished to congratulate your Secretary of State on his efforts to bring local authority expenditure under control.

(Andrew Turnbull)

John Ballard, Esq.,
Department of the Environment

Ref.A084/926

PRIME MINISTER

Local Government Commissioner Legislation

BACKGROUND

Work has been in progress for some months on legislation which would empower the Government to remove local councillors from office and replace them by Commissioners appointed by the Secretary of State.

2. The main features of this legislation, as already agreed by Ministers, are as follows. Commissioners would replace the dismissed councillors and exercise their powers to run the local authority. They would have the usual power to set a budget and levy a rate; they would also have a power to levy a single emergency rate notwithstanding the general legal bar to supplementary rates. They would hold office for an initial term of the remainder of the financial year in which they were appointed, plus the following financial year. This term could be extended by Order. When they vacated office there would be an election for new councillors.

3. Ministers have agreed that Commissioner legislation should be introduced only in response to a manifest crisis in one or more local authorities, such as might be precipitated by current developments in Liverpool. Once enacted, however, the legislation would remain on the statute book as a permanent part of the corpus of local authority law. Although it would be most likely to be used against a local authority which mismanaged its financial affairs - perhaps in protest against the effects of selective rate limitation - it would be capable of application in a wide range of circumstances.

FLAG A

4. The minute of 12 March from the Secretary of State for the Environment, and the memorandum enclosed with it, make detailed proposals and raise certain questions for decision within the framework already agreed. You are holding a meeting of Ministers at 3.00 pm on Monday 26 March to discuss the issues.

5. The Secretary of State for Transport has commented in his letter of 14 March to the Secretary of State for the Environment. The Secretary of State for Wales has commented on Mr Jenkin's proposals in his minute of 16 March.

MAIN ISSUES

6. The purpose of the meeting is to consider the matters summarised in paragraph 19 of the memorandum enclosed with the Secretary of State for the Environment's minute of 12 March. Many of the proposals there seem likely to be readily accepted. Those most likely to need extended discussion are as follows.

(i) Whether the Secretary of State should have a power of general guidance or a power of general direction over a Commission (paragraph 6).

(ii) Whether Commissioners should be required to hold at least one public meeting a year (paragraph 12).

(iii) Whether Commissioners should be paid from central funds (paragraph 8).

(iv) The period of appointment of Commissioners (paragraph 10).

Paragraph references are to the memorandum; I have listed the issues in the order in which it is likely to be most convenient for the meeting to take them.

General Considerations: Accountability

7. If Commissioner legislation ever has to be introduced it will be a matter of the keenest controversy. Whatever it provides will be criticised. Ministers will therefore wish to ensure that the provisions embody a clear and coherent philosophy. It will be particularly important to be clear on whom Commissioners are accountable to, and how that accountability is to be enforced.

8. As paragraphs 2 and 3 of the memorandum point out, Commissioners will have much the same accountability to the courts as do local councillors for:

(a) the performance of particular statutory duties, whether under Commissioner legislation or other enactments;

(b) fiduciary responsibilities to local ratepayers.

9. What is at issue is more general political accountability. It seems clear that Commissioners cannot be accountable to the local electorate: there is no way in which any such accountability could be enforced; and it is quite possible that the reason for displacing elected councillors was that they were following irresponsible policies for which they could, nevertheless, claim a local mandate. It follows that the accountability of Commissioners must be to and through the Secretary of State; and that Ministers in defending the legislation would need to be able to demonstrate that the arrangements for enforcing that accountability were adequate.

Guidance or Direction

10. These considerations are particularly relevant to the question whether the Secretary of State should have power to give directions to Commissioners or only guidance. The Secretary of State for the Environment (supported by the Secretary of State for Wales) strongly prefers a power of guidance. The Secretary of State for Transport would prefer powers of general direction. The main arguments in favour of this are as follows.

(a) Powers of specific direction could lead to pressure on the Government to intervene in day-to-day decisions: all manner of Parliamentary Questions, for example, could be put down about detailed local matters. A power of general direction, however, would probably be so broad as to be largely useless (certainly the powers of general direction in the nationalised industry statutes have proved almost unusable).

(b) Commissioners will be appointed and dismissed by the Secretary of State. They will presumably be correspondingly ready to accept guidance from him.

(c) So far as possible, the existing legal framework of relations between central and local government should be maintained: central Government proceeds by guidance, not by directions, in its relations with local authorities.

11. On the other hand:

(d) Powers of general direction may be needed to ensure that the Commissioners are, and are seen to be, under the Government's control (the Secretary of State for Transport's point).

(e) There may well be matters on which it will be positively convenient for the Commissioners to be able to say that they are acting under direction of the Secretary of State.

(f) There is a risk that, if Commissioners receive no more than guidance, they will effectively be accountable to no one. The only person to whom they can be accountable is the Secretary of State; in practice, it may not be possible for him to call Commissioners to account for failure to observe guidance which, by definition, is not binding.

(g) If this argument is countered by pointing out that the Secretary of State will have unfettered powers to dismiss Commissioners, then that power itself would provide a foundation for detailed questioning and demands for intervention.

(h) The arguments about pressure for intervention may be overstated: even if there were a general power of direction, it should be possible to establish a convention that Ministers would refuse to answer detailed questions about the affairs of a particular Commission.

Public Meetings

12. The Secretary of State for the Environment suggests that Commissioners should be obliged to hold one public meeting each year to explain their stewardship and answer questions. The Secretary of State for Wales disagrees, on the grounds that such meetings would probably be open to disruption and that they would imply an accountability to the local electorate which clearly cannot exist.

13. A possible compromise would be to empower Commissioners to hold public meetings, but not to require them to do so. On the other hand, if explicit provision for public meetings is made in the legislation, it may be hard for Commissioners to resist demands for them to use the provision. Even if the legislation is silent on the point, there is no obvious reason why a particular set of Commissioners in particular local circumstances should not decide to hold a public meeting.

Payment of Commissioners

14. The Secretary of State for the Environment proposes that the remuneration, pensions and expenses of Commissioners should be a charge on central funds and not, as previously proposed, the local authority concerned. The cost is assessed as £500,000 to £750,000 a year for each Commission. Ministers will wish to weigh two conflicting considerations.

(a) On the one hand, there is no doubt that Commissioners will be appointed for the benefit of the local community; it would thus seem reasonable that that community should be asked to defray the cost, especially as it will presumably be saving money that would otherwise be spent on the allowances and expenses of local councillors.

(b) On the other hand, Commissioners will be appointed by and answerable to the Secretary of State, who will decide their remuneration. The local community may well dislike the appointment of Commissioners; and it would give local critics an unnecessary debating point if they could accuse the Government of demanding financial restraint while imposing allegedly expensive Commissioners.

Period of Appointments

15. The proposals previously agreed by Ministers envisaged that Commissioners would hold office initially for the balance of the financial year in which they were appointed and the whole of the next financial year: this term could be extended by Order.

The Secretary of State for the Environment now proposes that the initial term should be for only one year from the time of appointment, on the grounds that this might be more acceptable. Again, the term could be extended by Order.

16. The Secretaries of State for Wales and Transport argue against this, in my view rightly, on the grounds that it would probably not allow Commissioners long enough to restore financial order. What they no doubt have in mind is that the original proposal would usually allow a Commission to decide the budget and rate for two successive years. This might well be the minimum necessary to restore financial order and to demonstrate that the effects of doing so were tolerable. If this is right, it may not be sufficient to rely on the possibility of extending the first term of appointment. In practice, this may not be easy to do. The likeliest justification would be the prospect of continued financial irresponsibility; but, even if many likely candidates for local office professed determination to precipitate financial collapse, it is unlikely that all would; and Ministers might not find it easy to defend anticipating the result of a local election.

HANDLING

17. You will wish to invite the Secretary of State for the Environment to open the discussion and the Secretary of State for Wales to follow. Any of your colleagues with responsibilities for local government may wish to contribute. The Chief Secretary, Treasury will no doubt wish to comment on the proposal to defray the cost of Commissioners from central funds. The Lord President of the Council and the Lord Privy Seal will be able to advise on legislative aspects, and the Attorney General on any legal points.

CONCLUSIONS

18. You will wish the meeting -

(i) to approve or reject the proposals summarised in paragraph 19(a) to (f) of the memorandum enclosed with the minute of 12 March from the Secretary of State for the Environment; and particularly: (b) payment of Commissioners from central funds, and (d) the holding of at least one public meeting a year;

(ii) to give the Secretary of State guidance on: (g) whether there should be a power of general direction or of general guidance; and (h) whether the initial period of appointment should be one year, or until the end of the financial year following the Commission's appointment.

RtA

ROBERT ARMSTRONG

23 March 1984

Local Govt Relats Pt 19

10 DOWNING STREET

(2)

Prime Minister

This summarises the main issues on abolition. After MISC 95 has completed the current round of meetings, a report will be produced and sent to you and colleagues, probably for resolution of outstanding issues in Cabinet.

You might, however, like to interpose a meeting with London Government members to discuss the report before it goes to Cabinet.

AT

23/3

(MISC 95(84)4)

Local Govnt: Relats Pt 19

MISC 95 (84) 8

PRIME MINISTER (4)

Abolition of the GLC and MMCs: Provision for the Arts

The White Paper "Streamlining for Cities" suggested that the most important Arts bodies receiving funding from the GLC and MCCs should be given central funding after abolition, with the smaller bodies becoming the responsibility of the boroughs and district councils, or groups of them.

These proposals aroused great concern that the level of funding for the Arts would turn out to be less than under the present arrangements. In the attached paper, Lord Gowrie has put forward revised proposals. He suggests identifying a larger proportion of the present expenditure by the GLC and MCCs on the Arts and redirecting it as a block of money to the Arts Council, allowing the list of centrally funded bodies to be extended. The additional bodies brought within the scope of central funding would not be specified but the Arts Council would be given a general remit to maintain the major bodies supported by the GLC and MCCs, keeping up the flow of funds to at least the previous level.

Because grant is not withdrawn precisely from those local authorities who are being relieved of the responsibility for Arts bodies, there could be some cases, e.g. Bournemouth and its Symphony Orchestra, where more grant is withdrawn than responsibility transferred. Lord Gowrie proposes making an additional £7 million available to tackle problems of this kind.

The total package involves recycling £33 million (as against £18 million in the original proposals) plus an additional £7 million to deal with the difficult cases. This paper has still to be discussed in MISC 95 so, for the moment, you merely need to be aware of developments.

AT

22 March, 1984

ANDREW TURNBULL

LOCAL GOVT Rels with AT

NBPM

AT 22/3

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From The Secretary of State for Wales

22 March 1984

Dear Nick,

LOCAL CHOICE IN PUBLIC TRANSPORT : A CONSULTATION PAPER

As you know, our Manifesto for Wales 1983 committed the Government to the issue of a consultation paper about possible changes in the organisation of and responsibility for transport services in Wales. This included the option that more decisions about transport, including local railways, might be taken within Wales possibly by County Councils which are closest to the needs of their own districts, with suitable financial arrangements.

This commitment was amongst the subjects discussed at the meeting of E(NI) Committee on 13 September last where it was agreed that I should issue a consultative paper confined to Wales alone. The Manifesto commitment was, of course, explicit and has aroused considerable interest in Wales with the result that I have been under increasing pressure to publish the promised paper. On the basis of the commitment and the recent further endorsement of it at E(NI) both I and my Ministerial colleagues here have responded to questions by making clear, both in the House and outside, that a paper will be forthcoming soon and that there will be wide consultation upon it.

I now enclose the text which has been discussed and agreed between our officials. Perhaps I could make two specific comments on it. First, I am aware of the work of the Public Road Passenger Transport Steering Group which is intended to increase competition in that field and have ensured that the paper does not run counter to that intention. On the contrary, the paper's postulation of greater local choice implies the possibility of increased competition in the provision of local passenger transport services. Second, I anticipate that any acceptable solutions which might emerge would at the outset be neutral in expenditure terms and in the longer run could lead to expenditure reductions as the efficiency gains resulting from greater choice and increased competition were achieved.

/I seek your

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
2 Marsham Street
LONDON SW1

I seek your and other colleagues' agreement to the text of my consultation paper, for publication. I am anxious that publication should be as soon as possible so I should be most grateful for responses by the end of this month.

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

Yours ever

Nick

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LOCAL CHOICE IN PUBLIC TRANSPORT: DRAFT CONSULTATION PAPER

LOCAL CHOICE IN PUBLIC TRANSPORT: DRAFT CONSULTATION PAPER

INDEX

	Paragraph Numbers	
Introduction and Summary	1-4	
Background	5-11	
Local Public Transport Services	12-13	
Buses		14-19
Innovatory methods of Public Transport		20-21
Private Car Sharing		22
Hackney Carriages and Hire Car Services (Taxis)		23
Local Rail Passenger Services		24-25
Financial Status of Local Railway Services	26-28	
Local Authority Financial Support for British Rail	29-30	
A Possible Extension of the Role of Local Authorities	31-36	
Some Problems	37-41	
Invitation to Comment	42	

LOCAL CHOICE IN PUBLIC TRANSPORT

Introduction and Summary

1. In its Manifesto for Wales 1983 the Government promised to "issue a consultation paper about possible changes in the organisation and responsibility for transport services in Wales which would include the option that more decisions about transport, including local railways, might be taken within Wales possibly by the County Councils which are closest to the needs of their own districts, with suitable financial arrangements".

2. This consultation document fulfils the above commitment. It is emphasised that the Government is not committed to the proposals for change made later in this paper. They are put forward to stimulate discussion about how the problems of providing cost effective local public transport services in Wales might be solved. Comment is invited on this matter and in addition it is the intention that there should be discussion with representatives of bodies with a direct involvement. In the light of the consultation process and of any further relevant developments, such as those which might result from the Department of Transport's working party which is currently studying the whole question of the organisation and regulation of the bus industry, the Secretary of State will announce his conclusions in due course.

3. Local Authorities are already heavily involved with the provision of public passenger transport. County Councils have a statutory responsibility under the Transport Act 1978 for the co-ordination of public transport in their areas. They are also responsible for maintaining and improving county roads and act as the agents of the Secretary of State in maintaining the trunk road network. Nine District Authorities in Wales run municipal bus undertakings while County Councils provide revenue support for services provided by the 3 subsidiaries of the National Bus Company which operate in Wales and some private operators. County Councils have been involved in developing innovatory methods of public transport, especially in sparsely populated areas.

4. As regards rail services, some Welsh County Councils have provided revenue support to British Rail for the provision of additional services and, more significantly, there has also been support for improving British Rail's local

facilities - parking, new halts and reconstruction of stations. However County Councils are not directly responsible for the local rail passenger services provided by British Rail or for the public financial support for them. This consultation paper canvasses the proposition that County Councils might be given these responsibilities together with financial resources to enable them to be discharged. Some of the difficulties about such a proposition are identified and discussed.

Background

5. A modern public transport system complements the economic and industrial development measures now being taken in Wales by Government. The purpose of these measures is to make the main industrial areas of South and North East Wales attractive localities in which modern industry can stay and grow. In rural areas the aim is to promote the growth of a healthy economy with an increasing diversity of employment opportunities so as to stem depopulation. The promotion of the tourist industry is important throughout Wales as is the aim of fostering the services sector. An effective public passenger transport system is also important for the social fabric of the Principality. In sparsely populated areas in particular, some communities would face difficulties if there were no public passenger transport facilities.

Trunk Road Improvements

6. The Welsh Office has a direct involvement in providing the infrastructure for a modern public transport system by virtue of the Secretary of State's responsibility as the Highway Authority for trunk roads. The Government has responde[d] to the demand for better communications by improving the trunk road network. The main objective of Central Government in Wales in this respect has been to improve East-West links in North and South Wales. Hitherto the emphasis has been on the M4/A48/A40 corridor in South Wales (Euro Route No 30) and significant progress has been achieved in this. Since 1980, 22 miles of new or improved sections of the M4 have been provided and, with just a few sections of the corridor remaining to be improved, the objectives set out in Wales:'The Way Ahead' (Cmnd 3334) of motorway/ dual carriageway from London to St Clears has been substantially achieved. The emphasis of the trunk road improvement programme has now switched to the East-West route in North Wales, the A55/A5 to Holyhead (Euro Route E22). Visible progress is being achieved along this corridor. By-passes for Llanfair PG and Bangor were opened in August and December 1983 respectively and work is well advanced on the Llanddulas - Glan Conwy section of the A55 (the Colwyn Bay By-Pass) and on the

Hawarden By-Pass. It is intended that construction work on by-passes for Holywell and Bodelwyddan will commence in the next financial year. Further schemes of improvement along this corridor are in course of preparation including the scheme to carry a new section of the A55 across the Conwy Estuary in a tunnel, thereby passing the town of Conwy itself. Apart from improvements to the main East-West routes connecting the population concentrations in North and South Wales to the rest of the Country, improvements have been made to the trunk roads linking North and South Wales. In recent years substantial improvements have been made to the A470 Cardiff - Glan Conwy trunk road. Work is in progress on providing a new dual carriageway between Abercynon and Pentrebach and there are proposals in the forward programme to extend this improvement to Cefn Coed just north of Merthyr. Proposals are also planned for the provision of 4 by-passes on the A483 in the Wrexham area, namely at Ruabon, Newbridge, Chirk and Gresford - Pulford. Another North-South route to be improved is the A487 where proposed improvements include by-passes for Port Dinorwic and Cardigan.

Local Authority Roads

7. The County Councils have the main responsibility for local roads. In some cases they are supported by the District Authority acting as their agents in respect of road repair and maintenance. The Counties' road improvement programmes complement the Secretary of State's trunk road programme and ensure that maximum benefit is derived from investment in the strategic network. The Counties' expenditure on local transport and highways is aided by Transport Supplementary Grant which is paid on capital expenditure in a block which leaves them free to determine their own priorities and to allocate resources accordingly. It is clear from the plans which Counties put forward to the Welsh Office each year that they are fully aware of the important role which highway schemes can play in assisting the development of industry and commerce and enabling good and safe communication within their areas whether by private or public transport. In recent years some of the improvement schemes entered into by the Counties have been major in character, in particular schemes in Gwent and South Glamorgan (including the A467 Risca - Rogerstone and Crumlin - Aberbeeg improvements, and the Cardiff Peripheral Distributor Road) which are elements of comprehensive packages of highway improvements on which those Counties have embarked following the closure of the steel works at Ebbw Vale and East Moors. Other examples of important County Council road schemes are the Hendy - Llanelli link, the Llandudno link road and the Aberdare By-Pass.

The Growth of The Travel Market but the Decline in the Use of Public Transport

8. Since the early 1950's inland passenger travel in Great Britain (measured in passenger miles) has increased by over 2½ times while bus and coach travel has fallen by a half and rail travel by about a sixth. Travel by private road transport (largely cars) has increased almost sevenfold. The future of public transport in Wales must, therefore, be seen in the context of the fundamental changes which have occurred in peoples travelling habits which have been away from public transport towards the private car. This trend has continued for the last 30 years with public transport carrying a steadily declining percentage of the total expanding travel market. In the period 1958 to 1982 the number of cars licenced in Wales rose from 221,000 to 773,000. By 1982 the number of households in Wales with access to a car had reached 70.5%. If the current rate of increase is sustained for a further 10 years, then it is estimated that by 1992 this figure would have increased to 79%.

9. The diversion of travellers from public transport to private cars has led to a contraction in both rail and bus usage in Wales. In the case of railways there has been a contraction of the network. Between 1951 and 1970 British Rail's passenger route mileage in Wales fell from just under 1,400 miles to 631 miles with a reduction in the number of stations from 725 to 184. Since 1970 the rail passenger network has been stable. By the end of the 70's the figure of total passenger miles carried by British Rail was around the same level as that prior to the radical reduction in the network in the 1960's but this largely reflected an increase in long distance carryings on the Inter City services. The total number of passenger journeys has in fact fallen considerably especially on some local service lines.

10. The decline in bus usage began to show itself towards the end of the 1950's and the beginning of the 1960's and has continued steadily ever since with a more rapid decline in recent years. Figures of passenger journeys showing this in relation to carryings by the 3 National Bus Company (NBC) subsidiaries serving Wales are shown in Annex 1. The figures of vehicle mileage and the number of traffic vehicles operated by these subsidiaries for these years show equivalent declines. Both the National Welsh and Crosville operate services outside Wales, in the case of Crosville extensively so in Cheshire, the Wirral and areas south of Manchester.

11. The decline in bus usage has in fact been a spiral of declining patronage leading to increasing fares leading to further declining patronage. Bus operators responded by reducing fleet sizes, closing depots, pruning routes and reducing the number of employees in an effort to bring operating costs and revenue receipts from fares more into balance.

Local Public Transport Services

12. Local public transport services have both a social and economic role. Some people are particularly dependent on public transport. They include the elderly, children, young people, students and housewives without access to cars. The elderly in particular are significant users and can be expected to make greater calls upon public transport services as the percentage of elderly in the population increases. Moreover the elderly are now leading much more active lives than they have done in the past, in many cases supported by better incomes, thus creating a demand for greater mobility for which public transport services are likely to be the major provider. The degree of dependence on public transport will vary as between different parts of Wales depending on the degree of access to private cars.

In Mid Glamorgan for example there were only 215 current vehicle licences per 1,000 population compared with a Welsh average of 275 and a United Kingdom average of 286, indicating a greater reliance on public passenger transport for all age groups including the economically active who travel to work using public transport.

13. Local public transport services are currently provided by private bus companies, by the National Bus Company, Municipal Bus Operators, by Taxi and Hire Car Services and by British Rail. In addition in rural areas "post" buses and social car services have been introduced.

Buses

14. Bus companies both in the public and private sector, provide express services which in combination link Wales with the major towns and cities in Britain. There is no statutory obligation on the companies to maintain the network or any part of it and they operate on a purely commercial basis. The National Bus Company run the Traws Cambria Service which provides a connecting link between North and South Wales which is not directly duplicated by a rail passenger service.

15. Stage carriage bus services in Wales are provided by the National Bus Company by Municipal operators and by private operators.

The National Bus Company provides a network of stage carriage services throughout most of Wales through its 3 operating subsidiaries. Crosville Motor Services operates in North and Mid Wales, the National Welsh in South-East Wales and South Wales Transport in South Dyfed and West Glamorgan.

The Municipal operators with the exception of Aberconwy and Colwyn Borough Councils are restricted to South-East Wales. Newport, Islwyn, Rhymney Valley, Merthyr, Taf Ely, Cynon Valley and Cardiff all run bus undertakings largely within their own district boundaries, although there are also some services connecting the Valleys to Newport and Cardiff.

16. There are over 600 private bus operators in Wales operating in the region of 3,000 public service vehicles which is twice the number of the National Bus Company and Municipal operators public service vehicles combined. The private sector is, of course, particularly strong in the contract and private hire market but they also play a significant role in the provision of stage carriage services, often in rural areas or the small towns and villages where the National Bus Company's presence is less strong or non-existent.

17. In respect of stage carriage services, bus operators currently receive 2 forms of general subsidy from Central Government. New bus grants were introduced in 1968 to encourage the introduction of one-man operated buses and, that objective having been substantially achieved, these grants are now being phased out and will disappear completely this year. Secondly operators have been entitled to a rebate on fuel duty since 1964. However as the decline in passengers has taken effect more and more of the stage carriage services have moved into deficit. The response of the operators has been twofold. Firstly, services which incur the greatest losses have been cut-back and there have been increases in productivity to cut costs. Secondly the operators have required a greater measure of support from Local Authorities for the loss making services, whose continuance the Authorities have deemed necessary in the interests of public transport in their areas. This support has been almost entirely in respect of the operating loss on the services although Local Authorities can also support capital expenditure (except on new buses) and such support ranks as part of accepted expenditure for Transport Supplementary Grant; there have, however, been very few examples in recent years of Authorities supporting capital expenditure.

18. As passenger journeys have declined (see Annex 1) there has been a steady increase in both the overall level of support payments to providers of stage carriage services and also an increase in the percentage of support payments to annual turnover. The level of support to operators in respect of individual services is determined in annual negotiation between Local Authorities and the operators. County Councils have a primary responsibility under the Transport Act 1978 for the co-ordination of public

transport in their areas and their determination of the appropriate level of support for particular services is made in the light of their local knowledge of the requirement for the services in question. Central Government does not intervene directly in this process other than through its general financial support via Rate Support Grant for Local Authorities. The block grant to Welsh Local Authorities currently supports some 62% of all Local Authorities' grant related expenditure in Wales.

19. The figures in Annex 2, provided by the National Bus Company, show the amounts of revenue support provided by Welsh Counties in support of NBC stage carriage services in 1982/83 and the amounts likely to be provided in 1983/84. NBC calculate that even with support of £6.1m in 1982/83 there was an average deficit of 21% in respect of their services in Wales. The Company expect this to increase to 30% in 1983/84. The percentage deficit does, however, vary as between individual counties.

Innovatory Methods of Public Transport

20. The difficulty of providing economic bus services in some remote rural areas has led to the development of unconventional modes of public transport. In the late 1970's the Welsh Office conducted a rural transport experiment to stimulate interest in such matters. The Post Office in collaboration with several County Councils, have established a number of post buses in the rural areas of Dyfed, Powys, Gwent and Clwyd. There are currently 13 such services operating. The post buses can convey the small numbers of passengers requiring local public transport in these areas at the same time as they make their regular collections and deliveries of mail.

21. The Transport Act 1978 enabled organisers of official social car schemes to advertise publicly. Such schemes are operating successfully in a number of rural areas providing door to door transport services which are particularly suitable for the old and infirm enabling them to make essential journeys. They are particularly well developed in Dyfed where some individual 30 schemes, involving 850 drivers and 250 organisers, have been run by the WRVS. Recently the Dyfed scheme was given an award in a National competition for projects involving Local Authorities and voluntary bodies working together. To date, the impact of such services, measured against the operations of the bus companies has not been significant but they are nevertheless playing an important part in the lives of the communities they serve by supplementing these operations. Further developments along these lines and other unconventional methods of providing local transport services are to be encouraged, and suggestions for new initiatives in this field are invited.

Private Car Sharing

22. Before 1978 drivers who gave lifts and accepted contributions towards their costs could find themselves entangled in the bus licensing laws. The Transport Act 1978 made things much easier, but retained restrictions on advertising. The 1980 Transport Act swept those away, and provided that a driver does not make a profit he can receive contributions towards his costs, without being caught by bus licensing or infringing the terms of his private car insurance policy. Thus people with cars can make a contribution to general mobility, especially in journeys to or from isolated work places, and, in rural areas, to shops and health facilities. Clearly in considering the demand for public passenger transport services within a locality, account should be taken of the existence and potential for development of private car sharing and social car schemes.

Hackney Carriages and Hire Car Services (Taxis)

23. The contribution made by taxis and private hire cars is being increasingly recognised by transport planners. Not only do they enable people without cars to make those occasional journeys which are so important to the quality of life, for instance on the occasion of weddings, or to get speedily and conveniently to rail heads, but they are also used very frequently in some areas for ordinary day-to-day business like shopping. In 1980 there were in Wales 900 licensed hackney carriages almost that number of licensed hire cars, plus an unknown number in districts which do not impose licensing controls. Almost 600 of these vehicles were licensed by Cardiff City Council and there were also significant numbers of licensed taxis in Newport, Swansea and Ogwr. Taxi services whether or not subjected to licensi controls make a small but increasing contribution to public transport providing added convenience and catering for those areas not directly served by other forms of public transport.

Any transport planner must take into account the existence of taxi and hire car services in assessing the public transport available in a locality; and taxies and hire cars can be used, perhaps with some subsidy or revenue guarantee to supplement more conventional public transport.

Local Rail Passenger Services

24. Rail passenger services in Wales fulfil an important role. Some services link major towns and cities or provide travel corridors into England. They thus serve the requirements of industry and commerce while at the same time allowing tourists

to reach the holiday attractions of coastal and rural Wales from elsewhere in Britai
It is not proposed that there should be any changes in the present organisation and responsibility for provision of such services in Wales.

25. Other services play more of a local role, providing for commuters/shoppers or feeding into main line services or providing for the tourist industry within the locality. It is in respect of the provision of these more local rail passenger services that possible changes in organisation are canvassed in this paper. The local rail passenger services which might be thought of in this category include the following:

In South Wales

The Whitland - Pembroke Dock Service

This is a 27 mile long branch line serving some 10 stations, including the tourist resort of Tenby and Pembroke Dock with its ferry terminal for Ireland.

The Cardiff Valleys - Barry/Penarth Service

This links the Rhondda, Taf and Rhymney Valleys in Mid Glamorgan with Cardiff and via the Coastal Lines, Penarth and Barry in South Glamorgan. There is also a suburban service within Cardiff between Coryton in North Cardiff and Bute Road (Cardiff Docks). There are over 50 stations on this group of lines and the service provide for local travel between the main towns served, particularly daily commuter traffic to Cardiff, and also "feed in" to the inter city network. The greater part of this network is also used for freight traffic, mainly coal from the collieries in the area.

In Mid Wales

The Central Wales Service

This runs along the 90 mile line from Swansea via Llanelli to Shrewsbury and serves 24 stations and halts in Wales and 4 stations and halts in Shropshire. Apart from serving the local communities (and also carrying a substantial amount of coal traff south of Pantyffynon near Ammanford), the line is of high scenic value and is being promoted as a tourist attraction by British Rail and other bodies with an interest in the line.

In North Wales

The Conwy Valley Service

This runs between Llandudno and Blaenau Ffestiniog and is some 31 miles long.

The line is single track from Llandudno Junction to Blaenau Ffestiniog. It serves 12 stations and halts. The service provided to local communities takes on an extra dimension in the Winter when road communications to Blaenau Ffestiniog can become hazardous in bad weather. In Summer in particular the line carries tourist traffic associated with the development of Blaenau Ffestiniog as a tourist centre; recently a new station has been built there to serve both BR and the Festiniog narrow gauge trains. The line also carries freight in connection with the Trawsfynydd nuclear power station.

The Cambrian Coast Service is on a 58 mile single track line between Dovey Junction and Pwllheli. The line crosses 3 estuaries providing a much more direct line of communication along the North Cardigan Bay Coast than the existing road network. Th service includes 28 stations and halts and provides for the local communities throug out the year, especially schoolchildren. The service is used by a large number of tourists in Summer and connects up with the major tourist attractions of the steam operated narrow gauge railways at Towyn, Fairbourne and Minffordd. The Festiniog railway running between Minffordd and Blaenau Ffestiniog enables round trips between Cardigan Bay and the North Wales coast using the Cambrian Coast and Conwy Valley services. These are popular with tourists because of the magnificent mountain views and sea scapes which can be seen from the trains.

Financial status of local railway services

26. BR's local services in Wales are part of the Provincial Services Sector. As for other passenger services, the provision of Provincial Sector Services is governed by the "Public Service Obligation" (PSO) imposed on the British Rail Board in December 1974 by the then Secretary of State under EEC Regulation 1191/69. The Direction imposing the PSO provided that:

"The British Railways Board shall, from 1 January 1975, operate their rail passenger system so as to provide a public service which is generally comparable with that provided at present ....."

27. The costs of the Provincial Sector exceed revenue by a very big margin. In 1983 for example revenue was about £164m while costs were £666m giving a shortfall of £502m. Due to their relatively fixed cost structures railways stand the best chance of achieving profitability when moving large flows over long distances. The characteristic of the Provincial Sector is mainly the reverse of this - moving low flows over short distances. The low intensity of operations therefore gives rise to very high unit operating costs. The deficit on the Provincial Sector represented

about half the total deficit on BR's passenger business, most of the remainder being in respect of the losses made by the London and South East Sector. The PSO grant for 1982 amounted to £817m and that for 1983 £819m, subject to adjustment for certain factors. The Secretary of State for Transport announced on 24 October 1 that he had set BR the target of reducing their annual Government grant to £635m in 1983 prices and that this should be achieved by 1986. The Secretary of State for Transport has however reaffirmed the Government's view that it is not its intention that the British Railways Board should embark on a programme of major rail route closures.

28. Comprehensive financial information about individual local services operated by BR in Wales is not available. However given the general financial situation in respect of the Provincial Services Sector as a whole and that it is clear that many of the local services carry relatively low flows of passengers, it is to be expected that in most if not all cases, the local Welsh services will have a deficit of revenue in comparison with costs, the differences being met from the PSO grant. The Welsh Office has initiated discussions with British Rail about the provision of estimates of the financial performance of individual local passenger services. There are likely to be difficulties in practice, and perhaps in principle about the provision of such estimates because of difficulties over attribution of costs to particular services but it may be possible to build on British Rail's experience in providing financial information for Passenger Transport Executives in England.

Local Authority Financial Support for British Rail

29. Welsh County Councils already provide financial support to British Rail in a number of ways. There are a limited number of examples of revenue support towards the operating costs of specific services which are additional to those which British Rail would otherwise provide. Dyfed County Council have recently undertaken to underwrite one daily inter city high speed return service starting at Haverfordwest up to a maximum figure of £30,000 pa. Clwyd County Council provide BR with revenue support in respect of an enhanced Friday/Saturday evening and Sunday service between Wrexham and Bidston.

30. A more significant element of local authority support, however, is in respect of new BR infrastructure - new and refurbished stations, halts, park and ride facilities etc. Gwynedd for example have been involved with support for the new

stations at Blaenau Ffestiniog and Valley. In South Wales, South Glamorgan and Mid Glamorgan have provided support for a new station at Cathays in the University and administrative area of central Cardiff to form part of the Valleys and Coastal network of the area. In addition South Glamorgan are supporting the reconstruction of Grangetown Station, and are planning to provide for the relocation of Cefn On Station primarily to serve new housing in the Thornhill area of Cardiff. In their annual report for 1982 the Transport Users Consultative Committee for Wales drew attention to the Youth Opportunity Schemes promoted by some authorities in conjunct with the Manpower Services Commission to improve the environment of stations. The TUCC have encouraged other authorities to think on similar lines.

A Possible Extension of the Role of Local Authorities

31. It has been pointed out elsewhere in this paper that County Councils have the statutory responsibility for the co-ordination of passenger transport services in their areas. They are in a position to discharge these responsibilities in respect of road transport services because the bus operators have a duty to co-operate with them and the Traffic Commissioners are requested to take account of their transport policies and plans. Local Authorities give revenue support to bus operators for the provision of service they consider to be essential and which would otherwise be withdrawn. In addition they organise where appropriate unconventional modes of transport which serve the needs of remote areas in the most economical way. County Councils are well placed to arrive at judgements on these issues in the light of their knowledge of local conditions and the requirements of their inhabitants especially those without access to cars. Their responsibilities for the improvement and maintenance of county roads and for planning enable them to fit the provision of these services into the framework for the future development of their areas.

32. The Counties are not, however, able to exercise the same degree of influence and choice when it comes to local railway services. County Councils can, of course, engage in planning studies which involve consideration of the role to be played by rail services in their areas. For example Mid and South Glamorgan County Councils are currently preparing a joint study on the potential for bus and rail co-ordination within their administrative areas. However the crucial decisions about the level of passenger rail services and the financial support they shall receive from the public purse are not within the responsibility of the County Council. It is true that some Counties are supporting BR by way of revenue payments for enhanced services and by way of capital contributions towards improved facilities. But this is a "one way choice" - to provide financial support for additional services. It is not within the

ability to decide whether the public subsidy for the local rail services might be better spent in providing alternative methods of meeting the transport needs of the areas. Yet it can be argued that such judgements are no different in character to the judgements about the level of support to bus operators which Local Authorities are already making. They both concern decisions on how available resources can be distributed so as best to meet the welfare of the inhabitants of their areas. It ca be argued that these judgements should be based on detailed knowledge of the requirements of local residents and arguably County Councils are best placed to make them.

33. It is for consideration therefore whether the present situation should be remedied by giving the Counties the responsibility of deciding the level of local rail passenger services and the financial support to British Rail that these would entail. The details of the financial arrangements necessary to affect this change of responsibility will require further thought. It might be appropriate that there be a 2 stage process. Initially the Counties concerned might receive a new specific rail related grant in respect of particular local passenger services to enable them to complete Contracts with British Rail to provide the revenue support necessary to maintain services at an agreed level. After a transitional period the County Counci would be in a position to decide on whether to continue to purchase the train servic or a modified or a reduced one; or road improvements or a bus/coach service or other arrangements in lieu, according to their assessment of the best ways of meeting loca requirements and obtaining best value for money. At this stage the specific rail grant arrangements might be phased out and the Authorities' responsibility for maintaining the local rail passenger services or a replacement service could be taken into account when assessing their grant related expenditure for block grant purposes. There would need to be detailed discussions about the integration of support for local rail services into the RSG system and it would be necessary to take account of all the relevant factors prevailing at the time that transition from specific support to support via the RSG system, was made.

34. It is expected that in most cases the Counties would wish to continue to use the available subsidies to support existing rail services. This would not, of course, preclude them from pressing BR to cut costs, improve efficiency and generally provide a better service. It would be for the County Council, or a group of County Councils acting as a joint board, to enter into an agreement with British Rail and to agree the details of the service and the basis of the calculation of the costs of its provision with them. Such an agreement might be similar to the Contracts which form the basis of the funding arrangements between the Passenger Transport Executives and British Rail. The length of time that such agreements might run

would have to be determined having regard to BR's need to plan future capital investments.

35. In some circumstances it might not be possible for an agreement to be concluded for BR to continue to provide the local service. In that event other options might be considered. One possibility is that a private operator might provide a local rail service with perhaps Local Authority support. However the difficulties entailed in such a course must not be overlooked.

36. In other circumstances County Councils might decide to use the subsidy for a particular local rail service to finance alternative transport services. These might be bus services or some 'innovatory' arrangements for taking further the post-bus/social-car service concepts. Such alternative services might be provided by the County specifying in Contract form the minimum service they wished operated and then putting out a Contract for tender, with the operator requiring the least annual subsidy receiving the Contract, ie, what is known as a 'negative bidding' system.

Some Problems

37. There are, however, some problems associated with the proposed extension of the role of the County Councils. First, as has been indicated and not withstanding BR's experience with PTE's in England, the financial information required in respect of local rail services may well be difficult to obtain. In particular there could be accounting difficulties and a particular problem of reflecting within the financia arrangements an appropriate allowance to support future BR investment in those individual local services. As has already been stated the Department has commenced further detailed discussions with BR about this particular issue.

38. Further consideration will have to be given to the way in which the Counties might be funded to take on new responsibilities in respect of local rail passenger services. In particular the organisational and legislative implications would need further consideration.

39. Some local services run across County boundaries. For example, the Cardiff - Valleys services span Mid and South Glamorgan while the Central Wales line starts in West Glamorgan and travels through Dyfed and Powys to Shropshire. Accordingly there would have to be procedural arrangements for determining levels of service

and financial support. Joint Committees or joint Boards might be set up and empowered to take decisions on these matters, eg, much in the way that Cardiff - Wales airport is managed jointly by Mid, South and West Glamorgan County Councils. Suitable means of settling disputes between Authorities may need to be built into the system.

40. The future role of the Transport Users Consultative Committee (TUCC) in Wales and of the Secretary of State in respect of local passenger services would need further consideration. This would be so both in respect of the TUCC's general role in relation to these services and also concerning any proposals to close them. In respect of the TUCC's general role in dealing with complaints, time-tabling matters, station facilities, etc, the Local Authority would have a direct interest in dealing with such issues itself. Moreover they would be on the spot and as the paymasters would be in a good position to argue the case with BR.

41. In respect of closures, under the existing statutory procedures the Railways Board cannot withdraw a passenger service from any line or close a station against users objections without the consent of the Secretary of State for Transport. If objections to a withdrawal or closure proposal are lodged, then a Public Inquiry is held by the relevant Transport Users Consultative Committee to look into the hardship which would be caused to users of the service. The TUCC Chairman reports to the Secretary of State for Transport and after weighing all the evidence the Secretary of State makes his decision. The ethos underlying these arrangements is that the TUCC by means of a local Public Inquiry is able to elicit full information about the local conditions and present them to the responsible Minister to help him take the decision. These arrangements might remain following any transfer of responsibili for local rail passenger services to Local Authorities. On the other hand it could be held that it was contrary to the principle underlying the proposed transfer to leave the final decision in the hands of Central Government. In that case a further issue for debate would be whether the Local Authority responsible for the decision would need a Public Local Inquiry held by the TUCC. It may be held that Local Authorities should be in possession of as much knowledge as anybody of the implications of their proposals and that the issue ought to be left to the local democratic process.

Invitation to Comment

42. Comments are now invited on this consultation document and should be sent by [ ] to the Secretary, Transport Policy Division, Welsh Office, Government Buildings, Ty Glas Road, Llanishen, Cardiff, CF4 5PL.

PASSENGER JOURNEYS

'000s

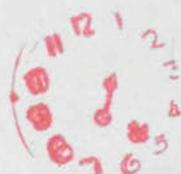
Year	National Welsh Omnibus Services Ltd	South Wales Transport Co Ltd	Crosville Motor Services
1978	58,010	41,865	88,343
1979	55,558	41,605	87,786
1980	51,180	38,276	83,650
1981	42,632	38,253	77,863
1982	42,125	34,256	74,597

* Abstracted from the Annual Accounts of the National Bus Company

ANNEX 2

REVENUE SUPPORT TO NBC

	1982/83 £000	1983/84 £000
West Glamorgan	970	1,059
Clwyd	1,432	1,525
Dyfed	824	867
Mid Glamorgan	686	750
Gwynedd	927	979
Gwent	584	629
South Glamorgan	504	673
Powys	159	168
TOTAL	6,106	6,650


2 MAR 1984

MT

10 DOWNING STREET

Prime Minister ④

Some good ideas here but if it is put to Patrick Jenkin it will need to be put carefully to give credit for what has been / is being done and to avoid the impression of "teaching grandmother..."

AT
21/3

I think we should write a covering letter congratulating Patrick on his efforts. not sending this paper. I am particularly interested in the land hoarding point - para 3.

MT

Policy Unit
21 March 1984

(4)

PRIME MINISTER

LOCAL GOVERNMENT

The Government is committed to bringing local authority spending under control. We will, of course, be helped by the proposed expenditure limits, for which Patrick Jenkin is busily fighting. But these limits are only selective. It is very unlikely that increases in total local spending will grind to a halt. Nor will rejigging the grant formula solve the problem: the Government will be forced into more and more controls on spending, and the trench warfare between central and local government will continue.

We need measures that will both assist in curbing total spending and help the new Bill by presenting a more positive side to our policies.

THERE IS HOPE

The Vale of the White Horse District Council in Oxfordshire has just announced a 2p, or 18%, decline in its rates without slashing spending. This conjuring feat - even more magical than Nigel's budget - is not beyond many more Councils, if they followed similar policies. The Vale has done it by:

1. Privatising services. They have saved 48% on the cost of refuse collection and cleaning between 1982/83 and 1984/85.

2. Making reasonable charges for sports and other facilities. These are modern and well-used, and the charges are still well below the economic cost of providing the services.

3. Use of council-owned land for development. They developed a major site for Tesco to build a super-store, which has generated jobs and provides a service that people want.

4. An open policy towards planning and the creation of new jobs. In Abingdon - one of the leading centres of the Vale - there has been a remarkable transformation in the wake of the collapse of MG. A whole new trading estate has sprung up, bringing with it a broader rate base and more diversified employment. The Council has helped by being liberal with planning permits and by mounting an imaginative campaign to attract new jobs without spending very much money.

WHAT CAN WE DO?

The Government could learn from the Vale's example, and could take a more positive approach to local government by:

1. Driving home the message that competition and contracting-out are essential if Councils are to achieve value for money. Wherever competitive tendering has been tried, savings have been made - even when the work stayed in house. We should not be interested in getting the work out of the hands of councils as a matter of ideological purity: we should be interested only in getting more service for less money. We understand the need to wait for another year before contemplating legislation on contracting-out, to complement the 1983 regulations for Direct Labour Organisation. But couldn't the prospect of legislation be used as a stick, and more advertising of the advantages of privatisation as a carrot, to encourage more rapid progress in this area? Incentives could also be built into the grant formula.

2. Encouraging Councils to seek more private money for amenities, educational and recreational facilities. Councils should seek more private capital. The DoE should be invited to identify examples of best practice, and to publicise them widely.

We should also encourage better commercial use of existing facilities. To achieve this, we could adjust the grant formula to favour those who do more to help themselves. We could offer a reduction in grant holdback for any Council that increases the amount of private money received, compared with the previous year. Much more income could be derived from rentals if entrepreneurs sold drinks, food, books, sports equipment etc at Sports Halls and evening classes. The recommended changes could and should be made in such a way that public expenditure is not increased.

3. Selling unused land. We now have 365 land-registers for all districts. But only 13,000 acres out of a total of 110,000 have been sold or brought into use since the registers were completed in mid-1982. Patrick Jenkin is already pressuring councils that fail to exploit unused land. This initiative deserves warm support, but couldn't more publicity be given to the scandal of councils holding such land unnecessarily? The cause is a good one, which would be taken up by the press and could be turned into a bandwagon campaign with skilful handling. It is extremely photogenic: there are examples both of councils that have acres of unused land under their control, and of others that have taken firm measures, to the profit of their communities. And if the publicity drive fails, shouldn't Patrick consider either using his powers to direct disposal, or else giving individuals the right to purchase unused land under suitable rules?

4. Reducing the burdens on local government. Local Authorities often complain that their spending is rising because central government continues to impose additional administrative burdens. The Government could respond positively to this by:

   (i) repeatedly announcing what has already been done to reduce burdens (see Annex);

   (ii) setting up an ad hoc group to find further reductions;

   (iii) ensuring that future legislation avoids imposing any unnecessary administrative tasks, and incorporates suitable repeals: (for example, when Keith Joseph brings forward proposals for strengthening the powers of school governors, it should also be made clear that the obligations of LEAs have diminished).

If you think this approach has some merit, you could send this paper to Patrick Jenkin and:

(a) encourage him to continue his good work on contracting-out, and to consider building incentives into the RSG system;

(b) invite his officials to work with the Policy Unit and the Treasury on a scheme to increase private funding;

(c) ask the DoE to support their initiative on unused land, with another publicity drive, and with the willingness to use powers or to give individuals new rights;

(d) consider setting up an ad hoc group on administrative burdens imposed by central government.

JOHN REDWOOD

ANNEX

CONTROLS LISTED IN THE 1979 WHITE PAPER WHICH HAVE SINCE BEEN RELAXED OR REPEALED

EDUCATION

Reference	Nature of Provision
Education Act 1944, s.13	Approval of proposals for establishment, closure, change of character, etc. of schools
Education Act 1944, ss.11 & 12	Approval of school development plans.
Education Act 1944, s.53	Approval of recreation facilities.
Education Act 1944, s.13(6)	The control of costs and standards for school premises.
Education Act 1944, s.9(1); Education (Miscellaneous Provision) Act 1953, s.6(1); Education Act 1976, s.5(2)	Approval of financial assistance by LEAs to independent schools.
Education Act 1944, s.84	Approval of financial assistance by LEAs to universities.
Education (Miscellaneous Provision) Act 1948, s.5	Approval of arrangements for the provision of clothing for PE.
Education Act 1944, s.61(2)	Prescription of scales of boarding fees.
Education Act 1944, s.37	Power to intervene over arrangements for children subject to school attendance orders.
Education Act 1944, s.82	Approval of arrangements for conducting educational research.
Education Act 1944, s.83	Approval of arrangements for educational conferences.
Further Education Regulations 1975, Reg. 11(2)	Approval of purchase of equipment for colleges of further education.

LIBRARIES AND MUSEUMS

Reference	Nature of provision
Public Libraries and Museums Act 1964, s.8(2)	Specification of maximum library reservation charges and fines.

HOME OFFICE FUNCTIONS

Reference	Nature of provision
The Fire Services (Appointments and Promotion) Regulations 1978, SI 436	Approval of appointment of Chief Fire Officers.
Breeding of Dogs Act 1973	Control of licence fees.
Theatrical Employers Registration (Amendment) Rules 1968, SI 1342	Control of licence fees.
Poisons Rules 1978, SI 1	Control of licence fees for sale of poisons.
Shops Act 1950, ss.8-11	Controls over orders fixing shop closing hours.
Public Health Act 1875, s.172	Confirmation of by-laws fixing hire fees for pleasure boats.

ENVIRONMENT

Reference	Nature of provision
Housing Act 1957, s.43(4)	Approval of extension of time for submission of slum clearance compulsory purchase order.
Housing Act 1957, s.91	Power to require submission of housing programmes.
Housing (Financial Provisions) Act 1958, s.43(1)	Control over conditions attached to individual local authority mortgages.
Housing Act 1974, s.42	Power to require reports on progress with Housing Action Areas.
Housing Act 1974, s.52(7)	Power to prevent declaration of Priority Neighbourhood.
Housing Act 1969, s.28, as amended by Housing Act 1974, s.50 and 51	Controls over declaration of General Improvement Areas.
Housing Act 1969, s.37(1) Housing Act 1974, s.46(2)	Project approval for environmental works in Housing Action Areas and General Improvement Areas.
Housing Rents and Subsidies Act 1975 Schedule 1 para 9	Approval of the terms of co-operative agreements.
Housing Act 1957, s.119	Consent to aid housing associations.
Clean Air Act 1956, s.4(1) & (2)	Regulations on smoke density measurements.
Clean Air Act 1956, s.6(3)	Call in of classes of applications for approval of arrestment plant.
Clean Air Act 1956, s.11(1), (5) & (6), and Sch. 1 paras 4 & 5	Confirmation of smoke control order
Clean Air Act 1956, s.31(6)	Power to settle dispute over which district should deal with particular premises.
Clean Air Act 1956, s.35(4)	Power to repeal or amend local Act with regard to CAA 1956.
Clean Air Act 1968, s.3(5)	Call in of applications, and appeal against refusal of approval for arrestment plant.
Clean Air Act 1968, s.4(3)	Prescription of form for application for arrestment plant exemption.
Clean Air Act 1968, s.6(3)	Prescription of form for applications for chimney heights approval.
Clean Air Act 1968, s.10(2) & (3)	Consent to postponement of operation of smoke control order.
Clean Air Act 1968, s.14(3)	Power to repeal or amend local Act with regard to CAA 1968.
Control of Pollution Act 1974, s.79(5), (6) & (7)	Approval of disclosure of information.
Control of Pollution Act 1974, s.63(1) and Schedule 1 (paras 1-3)	Confirmation of noise abatement order.
Control of Pollution Act 1974, Sch 1 para 5	Consent to postponement of coming into operation of a noise abatement order.
Control of Pollution Act 1974, s.73(2)(a)	Determination by Secretary of State of any question as to whether a place in the territorial sea lying seawards of a local authority's area is within that local authority's area for the purposes of s.73(2).

Reference	Nature of provision
Deposit of Poisonous Waste Act 1972, s.3(4)	Regulations exempting wastes from notification requirements.
Control of Pollution Act 1974, s.2(2)	Regulations modifying information to be included in waste disposal plan.
Control of Pollution Act 1974, s.2(3)(a)(vi)	Prescription of persons to be consulted on waste disposal plan.
Control of Pollution Act 1974, s.2(7)	Direction as to time by which authority must discharge duty to make plan.
Control of Pollution Act 1974, s.5(1)	Prescription of information in application for disposal licence.
Control of Pollution Act 1974, s.5(2)	Regulations allowing licence applications to be considered pending receipt of planning permission.
Control of Pollution Act 1974, s.5(4)(a)	Prescription of bodies to be consulted on proposed issue of disposal licence.
Control of Pollution Act 1974, s.11(3)(c)	Prescription of bodies to be consulted on proposed resolution covering a disposal site operated by the authority.
Control of Pollution Act 1974, s.6(1)	Prescription of conditions for disposal licences and resolutions.
Control of Pollution Act 1974, s.6(4)(a)	Prescription of details for register of licences.
Control of Pollution Act 1974, s.13(7)	Regulations on receptacles for controlled waste.
Control of Pollution Act 1974, s.23(2), (3) & (5)	Regulations on notices prohibiting parking in order to allow streets to be cleaned.
Control of Pollution Act 1974, s.28(1)(a)	Prescription of form of map of waste collection pipes.
Refuse Disposal (Amenity) Act 1978, s.3(2)	Prescription of notices in respect of removal of abandoned vehicles.
Refuse Disposal (Amenity) Act 1978, s.4(4)	Regulations requiring information on disposal of abandoned vehicles to be given to prescribed persons.
Refuse Disposal (Amenity) Act 1978, s.6(2)	Prescription of notices in respect of removal of other refuse.
Town and Country Planning Act 1971, s.6(2)	Power to require a new survey.
Town and Country Planning Act 1971, s.7	Specification of periods over which changes in relevant factors are to be estimated.
Town and Country Planning Act 1971, s.10(1)	Power to require proposals for alteration of structure plans.
Town and Country Planning Act 1971, s.10c(6), s.10c(8)	Power to require preparation or amendment of development plan schemes and to prescribe their contents and procedures.
Town and Country Planning Act 1971, s.11(3)(b), s.11(5)	Specification of content of local plans by direction.
Town and Country Planning Act 1971, s.12(2)	Prescription of availability for inspection of local plans other than at local office.
Town and Country Planning Act 1971, s.12(3)	Prescription of content of public participation statement.
Town and Country Planning Act 1971, s.12	The requirement that the adoption of a local plan must be delayed until the structure plan is approved.

Reference	Nature of provision
Town and Country Planning Act 1971, s.9(3), s.10(2)	The requirement that an Examination in public must always be held to consider proposals for alteration of a structure plan.
Town and Country Planning Act 1971, s.20	The need for separate Orders to bring the 1971 Act system into force as each structure plan is approved— now provided for automatically.
Town and Country Planning Act 1971, Sch 7, para 6	The need for separate revocation Orders as parts of the old development plans are superseded by local plans— now provided for automatically.
Town and Country Planning Act 1971, s.10	The restrictions on replacement or amalgamation of present structure plans imposed by the wording of the present legislation.
Town and Country Planning (Structure and Local Plans) Regulations 1974, SI 1486	Powers of direction not associated with the rights of the individual to have access to the Secretary of State.
Town and Country Planning (Structure and Local Plans) Regulations 1974, SI 1486	Requirement for Secretary of State's approval of structure plan to cover reasoned justification for plan policies.
Town and Country Planning Act 1971, s.50	Power to set up tribunal for appeals on design.
Town and Country Planning (Control of Advertisements) Regulations 1969, Reg. 28(1)(a)	Call-in power.
Reg. 28(1)(c)	Direction to local planning authorities to consult other interests.
Reg. 28(3)	Power to direct local planning authority to make Area of Special Control Order or serve discontinuance notice.
Reg. 20(1)	Secretary of State's approval for duration of "express consent" exceeding five years.
Reg. 31(2)	Secretary of State's approval for index to register of applications not to be in the form of a map.
Town and Country Planning Act 1971, s.277(2), as re-enacted in Town and Country Amenities Act 1974	Directions to review past exercise of functions under s.277 and determine whether further conservation areas should be designated.
Town and Country Planning Act 1971, s.277(A)(4)	Direction that the provisions of s.277(A) shall not apply to individual buildings in a conservation area.
Town and Country Planning Act 1971, s.277(B)	Directions to submit proposals for preservation and enhancement of conservation areas.
Town and Country Planning Act 1971, Sch. 11, Part II, para. 12(b)	Confirmation of revocation of listed building consent where claim for compensation likely to arise.
Town and Country Planning Act 1971, s.60(4)	Confirmation of tree preservation orders.
Town and Country Planning Act 1971, s.61	Regulations securing notification of effect of provisional tree preservation orders.
Acquisition of Land (Authorisation Procedure) Act 1946, Sch 1, paras 3(1)(b) & 19(4)	Dispensation in connection with service of notice when owner unknown.
Local Government Act 1972, s.122:	Consent for appropriation of

Reference	Nature of provision
Housing Act 1957, Sch 3, para. 3(4)	Minister to be satisfied that notice has been served stating grounds for decision that building being acquired compulsorily is unfit.
Town and Country Planning Act 1971, s.119	Consent to acquire land outside local authority area when not immediately needed.
Town and Country Planning Act 1971, s.121	Confirmation of orders for appropriation of common land, open space, etc.
Town and Country Planning Act 1971, s.122(2)(a)	Consent to appropriation of planning land by parish councils.
Town and Country Planning Act 1971, s.123(2)(a)	Consent to disposal of planning land by non-principal councils.
Town and Country Planning Act 1971, s.123(2)(b)	Consent to disposal of land acquired under s.112 of the Act, and for planning purposes.
Town and Country Planning Act 1971, s.123(4), (5) & (7)	Power to direct disposal to a particular person or otherwise intervene in disposals.
Town and Country Planning Act 1959, s.23(2)(a)	Control on the appropriation of open spaces.
Town and Country Planning Act 1959, s.23(2)(b)	Control on appropriation of land acquired compulsorily.
Town and Country Planning Act 1959, s.26(2)(a)	Control on disposal of open space;
Town and Country Planning Act 1959, s.26(2)(b)	Control on disposal of land acquired compulsorily
Housing Act 1969, s.35(1)	Consent to dispose of land which is open space or compulsorily acquired
Local Government Act 1972, s.123(4) & (5), s.127(3)	Consent to disposal of open space and land compulsorily purchased in last 10 years.
Public Health Act 1961, s.6, as amended by Health and Safety at Work Act 1974, Sch 6	Power to make relaxations of building regulations.
Inner Urban Areas Act 1978, s.4(1)	Power to block declaration of improvement area.
Inner Urban Areas Act 1978, s.6(3)	Power to fix amount of grant per job created or preserved
London Government Act 1973, s.73(2)	Consent to advertisement by London authorities of commercial and industrial advantages of their areas.
Caravan Sites and Control of Development Act 1960, s.3(2)	Prescription of information in application for site licence.
Caravan Sites Act 1968, s.9(1)	Requirement for information on proposed gypsy sites, and notification of ultimate provision.
Caravan Sites Act 1968, s.9(3)	Directions transferring district functions to county.
Caravan Sites Act 1968, s.9(4)	Power to hold local inquiry.
Countryside Act 1968, s.17	Power to direct when agricultural land shall be treated as excepted land for access purposes.
National Parks and Access to the Countryside Act 1949, s.61(3)(b)	Power to direct that survey requirement should apply to former county borough area.

Reference	Nature of provision
National Parks and Access to the Countryside Act 1949, s.62(4)	Power to make access orders etc. in light of result of access surveys.
National Parks and Access to the Countryside Act 1949, s.79	Power to exclude land required for forestry from access order or agreement.
National Parks and Access to the Countryside Act 1949, s.80(3)	Power to approve variations to access order or agreement in respect of danger areas.
Commons Act 1876, s.8	Power to sanction local authority contributions to maintenance.
Commons Act 1899, s.2	Approval of schemes of regulation.
Highways Act 1959, s.29(3) & s.112(5)	Powers to direct making of orders for creation, extinguishment and diversion of public paths.
Highways Act 1959, s.30(2), s.111(8)	Determination of disputes with highway authorities over works required in creating or diverting paths.
Highways Act 1959, s.126(2)	Appeals against highway authority's refusal to allow stiles, etc. on public paths.
National Parks and Access to the Countryside Act 1949, s.37	Power to expedite preparation of definitive maps of rights of way.
National Parks and Access to the Countryside Act 1949, s.53(1)(b)	Approval of agreements on operation of ferries on long distance routes.
National Parks and Access to the Countryside Act 1949, s.53(1), proviso	Directions on consultations with water authorities.
National Parks and Access to the Countryside Act 1949, s.53(3)	Directions on district council functions.
Smallholdings and Allotments Act 1908, s.32(2)	Use of sale proceeds for purposes other than allotments.
Smallholdings and Allotments Act 1908, s.47(1)	Appeal against prohibition of improvements.
Smallholdings and Allotments Act 1908, s.49(2)	Consent to grants.
Smallholdings and Allotments Act 1908, s.54(1)	Approval of transfer of surplus allotment revenue to other purposes.
Smallholdings and Allotments Act 1908, s.54(2)	Requirement to prepare allotment account within one month of end of financial year.
Smallholdings and Allotments Act 1908, s.28	Confirmation of rules.
Smallholdings and Allotments Act 1908, s.59	Requirement to make annual reports.
Land Settlement (Facilities) Act 1919, s.22(1)(b)	Consent to appropriation of allotment land.
Allotments Act 1922, s.20	Default powers in relation to outer London Boroughs.
Allotments Act 1925, s.13	Specification of contents of annual reports.
Rag Flock and Other Filling Materials Act 1951, ss. 6, 7 & 15(5)	Appeal against refusal of licence; prescription of analyst's fees.
Cremation Act 1952, s.1	Approval of site and plans of crematoria.
Highways Act 1959, s.288	Power to modify or repeal local Acts.
General Rate Act 1967, s.55	Lack of discretion for authorities over apportionment of rates between owners and occupiers.

Reference	Nature of provision
Public Health Act 1936 proviso to s.291(3) Coast Protection Act 1949 s.10(2) Housing Act 1957, s.10(6) Highways Act 1959, ss.181, 212, 264 Housing Act 1969, s.6(4) Mines and Quarries (Tips) Act 1969, s.23(5) Control of Pollution Act 1974, s.90(2)(b) Housing Act 1974, s.76(6) Local Government (Miscellaneous Provisions) Act 1976, s.24(6), s.33(3)	Controls over interest rates for for various purposes.
Highways Act 1959, s.211	Fixing of annuity rates for private street works charging orders.
Highways Act 1959, s.246	Determination of questions as to what part of certain payments to highway authorities represents capital.

TRANSPORT

Reference	Nature of provision
Highway Act 1959, s.26(3)	Approval of new road ferries.
Transport Act 1968, s.120	Determination of height of parapets on bridges over railway lines.
Highway Act 1959, s.108(10)	Appeal by London Borough Council against GLC's refusal of consent to stopping up of a metropolitan road.
Locomotives Act 1898, s.7; Ministry of Transport Act 1919, s.11; Road Traffic Regulations Act 1967, s.17	Appeals against bridge restrictions.
Highways Act 1959, ss.95 and 96	Regulations on cattle grids.
Highways Act 1959, s.73(1)	Directions concerning prescription of building lines.
Local Government (Miscellaneous Provisions) Act 1953, s.5	Appeals concerning erection of bus shelters.
Road Traffic Act 1960, s.149	Modification of restrictions on use of roads by public service vehicles.
Road Traffic Regulation Act 1967, s.26(5)	Power to revoke or vary street playground orders.
Public Health Act 1961, Sch.3	Appeals concerning provision of safety barriers, litter bins and guard rails.
Local Government Act 1966, s.29	Appeals concerning provision of street lighting.
Highways Act 1959, s.233(2)	Control of period during which tolls may be levied.
Highways Act 1959, s.233(5)	Confirmation of agreements to transfer toll highways.
Highways Act 1959, s.280	Regulations as to forms and notices for dedicating a highway as reparable at public expense, and apportionment of costs for private street works.
Road Traffic Regulation Act 1967, s.21(4) & (5)	Power to revoke or vary pedestrian crossing schemes.

Reference	Nature of provision
Road Traffic Regulation Act 1967, s.9(3) & (5)	6 month restriction on initial duration of experimental orders. (Amended to enable authorities to make orders for up to 18 months, and to modify or suspend them without making a variation order.)
Road Traffic Regulation Act 1967, s.1(9)	Power to amend local act traffic regulation provisions.
Road Traffic Regulation Act 1967, ss.1(2), 84B(1)(g) & 84D(3)	Power to make traffic regulation orders on request of a university.
Road Traffic Regulation Act 1967, ss.1 & 9	Power to make traffic regulation orders applying to a trunk road. (Local authorities enabled to include trunk roads in orders relating to traffic management schemes, subject to the Minister's consent to the trunk road element.)
Countryside Act 1968, s.32(3) & (4)	Power to make traffic regulation orders for special areas in the countryside.
Road Traffic Regulation Act 1967, s.21(1)	Approval of the establishment of pedestrian crossing schemes.
Road Traffic Regulation Act 1967, s.84B(1)(a)	Consent to restriction of access for more than 8 hours in 24. (Consent required only where there are unwithdrawn objections from property holders.)
Highways Act 1971, s.2(2) and (4)	Confirmation of orders stopping up private access. (Confirmation required only when property owners are affected.)
Countryside Act 1968, s.32(9)	Power to require removal of traffic signs from Crown roads.

PERSONAL SOCIAL SERVICES

Reference	Nature of provision
Local Authority Social Services Act 1970, s.3(1)	Consent to a social services committee dealing with non-social services business.
Local Authority Social Services Act 1970, s.6(3)	Power to prescribe qualifications for directors of social services.
Local Authority Social Services Act 1970, s.6(4)	Requirement to consult Secretary of State over appointment of director of social services; Secretary of State's power to prohibit appointment.

AGRICULTURE AND FOOD

Reference	Nature of provision
National Parks and Access to the Countryside Act 1949, s.77(4)	Power of Minister to acquire land in a national park for public access for open-air recreation.
National Parks and Access to the Countryside Act 1949, s.69	Power of Minister to suspend public access to land which is the subject of an access agreement or Order if there is exceptional risk of fire.

Reference	Nature of provision
Prevention of Damage by Pests Act 1949, s.2(2)	Requirement to keep records and submit reports on rodent control.
Prevention of Damage by Pests Act 1949, s.12(1)	Requirement to exercise rodent control functions in accordance with directions by Minister.
Food and Drugs Act 1955, s.99(2)	Requirement to send Minister copies of quarterly reports on food sampling submitted by public analysts.
Food and Drugs Act 1955, s.109(3)	Requirement to give Minister notice of intention to institute proceedings for certain offences.
Countryside Act 1968, s.29(4)	Minister to be consulted before a highway authority refuses to make an Order for the temporary diversion of a footpath for good agricultural reasons.
Agriculture Act 1970, s.67(7)	Requirement to submit reports on exercise of enforcement functions on fertilisers and feedingstuffs.
Agriculture Act 1970, s.80(2)	Requirement to give Minister notice of intention to institute proceedings for certain offences.
Slaughterhouses Act 1974, s.2(6)	Power to prescribe forms of slaughterhouse licences and applications for licences and to require authorities to keep records of licences and supply information.
Slaughterhouses Act 1974, s.12(1) & 16(1)	Power to require authorities to make by-laws about (s.12) private slaughterhouses and knackers yards and (s.16) public slaughterhouses.

TRADE

Reference	Nature of provision
Weights and Measures Act 1963, s.39(3) Trade Descriptions Act 1968, s.26(3) Hallmarking Act 1973, s.9 Consumer Credit Act 1974, s.161(4) Estate Agents Act 1979, s.26(5) Weights and Measures Act 1979, s.4(3)	Powers to set up local inquiries and publish inspector's report.
Weights and Measures Act 1963, s.41(2)	Appointments of qualified staff to be notified in one month.
Weights and Measures Act 1963, s.42	Department of Trade to hold qualifying examination for inspectors and to determine (with the approval of the Treasury) candidates' fees.
Weights and Measures Act 1963, s.11(3)	Prescription of fees charged by local authorities for testing equipment.

Reference	Nature of provision
Weights and Measures Act 1963, s.47a	Prescription of fees for local authorities' services as Community obligations.
Weights and Measures Act 1963, s.43(1)	Prescription of adjustment fees.
Weights and Measures Act 1963, s.5(1)	Power to say what equipment is required.
Weights and Measures Act 1963, s.5(1A)	Prior approval to be obtained for any equipment hired in or out by a local authority.

PERSONAL AND CONFIDENTIAL

MLF 1.

10 DOWNING STREET

From the Private Secretary

19 March 1984

I am writing to confirm that a meeting has been arranged for Thursday 22 March after Cabinet to discuss your Secretary of State's minute of 12 March about Commissioner legislation. The following Ministers have been invited: Lord President, Lord Privy Seal, Home Secretary, Secretaries of State for the Environment, Education, Defence, Trade and Industry, Social Services, Scotland, Chief Secretary, Attorney General, Mr. David Mitchell (Department of Transport), and Sir Robert Armstrong.

There has been some confusion with the smaller meeting of Ministers arranged for Monday 26 March. This is to consider Liverpool, and no papers have as yet been circulated.

I am sending copies of this letter to the Private Secretaries to those Ministers invited to attend Thursday's meeting.

David Barclay

John Ballard Esq
Department of the Environment.

PERSONAL AND CONFIDENTIAL

CMO CONFIDENTIAL

C.n.o Copy 2 of 15

NBPM AT 16/3

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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

16 March 1984

Dear Secretary of State,

LOCAL GOVERNMENT POLICIES: COMMISSIONER LEGISLATION

Thank you for copying to me your minute of 12 March to the Prime Minister and the accompanying paper.

I agree with the proposition in paragraph 17 of the paper that the Bill should apply to all principal councils in England and Wales as defined in the 1972 Act. It follows, however, that should the appointment of Commissioners become necessary in Wales it will be for me to appoint them and receive their reports rather than you (as suggested in paragraphs 3 and 7). We shall need to ensure that the legislation properly caters for this.

As regards direction versus guidance (paragraph 6 of your paper), I prefer guidance for the same reasons as you. We must stand as clear as we can from the detail of the Commissioners' administration. At the same time the line of accountability to central government must be kept distinct. I therefore have very considerable doubts about your proposal that the Commissioners should hold public meetings (paragraph 12). I share your concern that such occasions could become a focus for (organised) disruption (your paragraph 11) but they could also turn into an unrepresentative assembly attempting to hold the Commissioners responsible when in fact no such accountability exists. By all means let us ensure that the Commissioners keep the public informed of their actions, but not through public meetings.

/I do not

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

Reg PS: Inner cities Pt 4

I do not like either your suggestion that we should resile from the previous decision that the initial period of appointment should be until the end of the financial year following the one in which the Commission is appointed (your paragraphs 9 and 10). It is a mistake to think that very much could be achieved in a matter of months. At least one full financial year will be essential and where there is a really serious financial position it may take longer than that. It is a sad fact, however, that a financial position can be made worse in a very short time. The idea of short alternating periods of Commission and elected council therefore offers the prospect of a ratchet effect in the wrong direction, which is most unappealing. I think we should stick to the earlier proposition.

I am content with what you suggest in the remainder of your paper.

I am copying this to the Prime Minister, Willie Whitelaw, Leon Brittan, Keith Joseph, Michael Heseltine, Norman Tebbit, George Younger, John Biffen, Norman Fowler, Peter Rees, Michael Havers, Nicholas Ridley, and Sir Robert Armstrong.

Yours sincerely

Judy Roberts

Assistant Private Secretary

(Approved by the Secretary of State and authorised by him to be signed in his absence).

Prime Minister
To be aware of this. No need to read for meeting on 13/3
AT 12/3

PRIME MINISTER

LOCAL GOVERNMENT POLICIES
COMMISSIONER LEGISLATION

My Department has been developing the proposals for contingent Commissioner legislation agreed by E(LF) last December. This further work has raised a number of policy issues - on the accountability of the Commissioners, the duration of their initial appointment, payment of Commissioners, Commission procedures and the duration and application of the Bill - and these are covered in the attached Memorandum.

On most of the issues I can make firm proposals to which I seek your and colleagues' agreement. On some however - in particular, the accountability of the Commission and the duration of their initial appointment- I have not yet reached a final conclusion and would welcome views.

In the light of the political uncertainties in Liverpool, it is important that we have a draft Bill ready by the beginning of the next financial year. Parliamentary Counsel is therefore already working to Instructions based on the policy agreed by E(LF) and the firm proposals in this Memorandum.

There is a wide group of colleagues who have a direct interest in this subject. This is reflected in the copy list below, which does not correspond to the membership of any single Cabinet Committee. I suggest that, given the importance of the topic, you will wish to call an ad hoc meeting.

I am copying this letter and the attached Memorandum to Willie Whitelaw, Leon Brittan, Keith Joseph, Michael Heseltine,

C M O

CONFIDENTIAL

Norman Tebbit, George Younger, John Biffen, Norman Fowler, Nicholas Edwards, Peter Rees, Michael Havers, Nicholas Ridley, and to Sir Robert Armstrong.

PJ

P J

12 March 1984

C M O

COPY NO ..... OF .....

CONFIDENTIAL

LOCAL GOVERNMENT POLICIES

COMMISSIONER LEGISLATION

Memorandum by the Secretary of State for the Environment

1. Following the agreement of E(LF) (Prime Minister's Private Secretary's letter of 1 December 1983 to my Private Secretary) drafting of contingent legislation to allow for the dismissal of elected local councillors and the appointment of Commissioners is well advanced. The purpose of this memorandum is to seek the agreement of colleagues to certain developments of the policy previously outlined (a list of the main points previously agreed is at Annex A).

ACCOUNTABILITY

2. Although a Commission will inherit some lines of answerability to local people - through its fiduciary duty as a rating authority (including its ability to raise a single emergency rate in its first financial year of operation), the opportunity for challenge to its accounts, the local ombudsman - the main electoral link will be broken. It would not be acceptable - or, I suspect practicable - for a non-elected public sector body, which will have great influence over individuals' lives across a range of services and wide discretion in its operation, to be subject to no outside constraints; it has to be answerable to Central Government and so to Parliament. The question is what degree of accountability or control is necessary, bearing in mind that there is no relevant precedent for the assumption of all the powers of an elected authority by an unelected body.

3. The Commissioners will have three main lines of accountability

- accountability to the courts for the performance of main objectives under the commissioner legislation;

- accountability to the courts, the auditor (appointed by the Audit Commission), etc. for the performance of their duties as a local authority (most of the requirements placed on local authorities will continue to apply to a commission);

- accountability to the Government and to Parliament for their actions as the appointees of the Secretary of State for the Environment

4. The first two lines of accountability are relatively straightforward. The commissioner legislation will set out the broad objectives to be pursued in restoring financial stability and a reasonable level of service provision in the authority which has been taken over (an outline of the relevant provisions is at Annex B) and failure by the Commissioners to pursue these objectives would be actionable in the courts. Virtually all the duties of local authorities - with the exception of the procedural matters discussed later - will devolve on the Commissioners, and they will be answerable to the auditors, to service Ministers, and to the courts in the normal way in respect of these duties. Existing legislation contains a substantial number of default and direction giving powers which would be available to individual service Ministers if necessary, and will be applicable to a Commission in the same way as to its predecessor authority.

5. The third line of accountability, accountability to the Government, is more difficult. As a minimum we should provide that the Commission is required to make such reports to the Secretary of State as are requested from time to time, which will be laid before Parliament and published locally; and that the Secretary of State should have the power to appoint and dismiss Commissioners on such grounds as he may determine. But we should

also have a power to give the Commissioners a clear indication of the broad thrust of the policies we wish them to pursue, in more detail than the general objectives set out in the legislation. At the same time, we do not wish to be in a position to give them detailed instructions: if we did so, the distancing achieved by the appointment of a commission would be forfeited, and we should be seen to be operating a form of direct rule from Whitehall and so be subjected to detailed day-to-day questioning on all the activities of the commission. A power of specific direction could for instance lead to pressure on the government to intervene in all or any of the thousands of decisions which an authority like Liverpool, with a budget of over £200m a year, has to take.

6. There are two approaches to this issue which could be embodied in the legislation: to issue guidance, which is not binding on the commission; or to issue general directions which are binding but cannot deal with detailed matters. A power of direction which was restricted to the general functions of the commission would be so broad as to be little different from, and less effective than, the general duties to be incorporated in the legislation (see Annex B). It would be extremely difficult to draft a direction-making power which, while enabling the Secretary of State to intervene in matters of policy, would not involve him in the day-to-day operation of the commission since, in practice, the distinction between "policy" decisions and "operational" decisions cannot be clearly drawn. For this reason, I strongly prefer a power of guidance. The Commissioners will in practice be hand-picked for the job; we shall have discussed what needs to be done before they are appointed; and a clear statement of what we are looking to them to achieve should be sufficient to ensure that they do not drift off course. It is scarcely conceivable that a commission appointed in this way will not do all it can to follow its guidance.

7. The Commission Bill will refer to 'the Secretary of State'. It will initially be for the Secretary of State for the Environment to handle, after consultation with colleagues, the appointment of Commissioners and the setting of financial objectives and he will be answerable to Parliament for that. A Commission's decisions will, however, cover a wide range of issues within the remit of each service Minister, and where such issues are raised in Parliament it will be for the service Minister concerned to answer. It should normally be enough to say that the commission has been appointed to take day-to-day decisions (the financial propriety of which will be open to scrutiny by tne auditor appointed by the Audit Commission), and that we are satisfied that it will do so effectively, a line I adopted from time to time when detailed matters were raised in relation to Health Authorities. The Parliamentary Select Committees, or perhaps a specially created Committee of the House, would be able to examine Commissioners if they wished to do so. Ministers would, of course, have to give substantive answers on wider policy issues and on any guidance given.

PAYMENT OF COMMISSIONERS

8. It was originally proposed that the remuneration of Commissioners should be met from the funds of the local authority concerned (see paragraph (c) of Annex A). On further consideration, I do not think this is appropriate. Commissioners will be Central Government appointees. It will be expensive to get the right number and calibre of individuals, and we will meet criticism if we impose such costs on local people. I therefore propose that we pay Commissioners from central funds. On the assumption of between 10 and 15 Commissioners, with salaries in the region of £30-40,000, the total cost (salaries, pensions, expenses etc) to public funds might be in the range £500-750,000 per year.

DURATION OF A COMMISSION'S FIRST TERM OF OFFICE

9. We must present a Commission not as some new local government structure but as a temporary mechanism for restoring order in a local authority and paving the way for fresh elections. A Commission's initial term of office should, therefore, be as short as possible. We originally considered that the initial period of appointment provided for in the Bill should comprise the remainder of the financial year of appointment and the whole of the following financial year. It is for consideration whether this is too long.

10. An initial term of not more than one year from the time of appointment might be more acceptable. This approach would leave the newly elected council to implement some of the main budget decisions of the commission. But the threat of a further commission appointment would remain and the temporary nature of a commission's appointment would be clear on the face of the Bill. If after a year it was clear that more time was needed we could seek Parliament's agreement for an extension of a further year by Affirmative Resolution of both Houses of Parliament. I would welcome colleagues' views on this issue.

PROCEDURES ETC OF A COMMISSION

11. Although a commission will take on all the functions and duties of a local council, it will not be able to operate a local authority's formal procedures or committee structure. It would for instance be unrealistic to require the advertisement of, public access to and publication of the minutes of all commission meetings. Not only will the commission be an executive body rather than a deliberative assembly, but in its first months of office it is likely to be operating in a highly charged local atmosphere in which public meetings could become a focus for disruption. I therefore propose that the Bill disapplies the relevant

provisions of the Local Government Act 1972 and provides for the commission to set its own procedures.

12. We will wish to ensure, however, that a commission keeps local people closely in touch with its decisions and actions. I propose therefore that the Bill requires a commission to publish a detailed statement of planned expenditure and arrangements for financing it as soon as practicable after taking office (and if appropriate each year thereafter). This would be in addition to reports to the Secretary of State on action taken which would be laid before Parliament and published locally. The Bill would also require the commission to hold one public meeting each year if practicable to explain their stewardship and answer questions. In addition to these statutory requirements I would stress when appointing Commissioners the importance of providing the press and local people with as much information as possible on their decisions and the background to them. This might involve holding further public meetings as the local political climate became calmer.

13. I do not believe it would be practicable for a commission to inherit the formal requirement to form major policy committees - police, education, social services - because of the number of Commissioners that would be necessary and the duty in certain circumstances to co-opt. I therefore propose that the Bill removes the requirement to form such committees and co-opt outsiders, and that the functions of the committees are transferred to the commission itself. The inability of the commission to co-opt would not prevent it from appointing specialist advisers or advisory committees to assist in its decisions.

14. A special problem is created by appointments to outside bodies that councils are statutorily required to make. Some of these are found in general legislation, some in local Acts. The appointment of a commission would not of

itself invalidate appointments made by the predecessor council, except where the individual appointed is a councillor holding the appointment ex officio.

15. Where appointments involve non-councillors there would be no difficulty for the commission in making new appointments if they so wished. Where, however, the requirement is for councillors to be appointed, the commission may not have enough members to cope. I propose to deal with this problem by including an Order-making power in the Bill:

- to disapply from the commission the statutory requirements on the predecessor council to make appointments to outside bodies;

- to provide power for the commission (with the Secretary of State's consent) to make instead appointments of non-councillors to such bodies to ensure continued representation of their authority.

DURATION AND APPLICATION OF THE BILL

16. On present plans the Commission Bill will form a permanent part of local government law, and I think this is the right approach. Parliament may, however, seek to limit its effect to, say, 5 years and we should be ready to consider that if it arises.

17. I propose that the Bill should apply to all principal councils in England and Wales as defined in the Local Government Act 1972 (County and District Councils, London Boroughs). This excludes the City of London and the Council of the Isles of Scilly. For technical drafting reasons associated with their unique constitutions it would be difficult to include either body within the provisions of the Bill. We are advised that exclusion of the two bodies decreases rather than increases the risk of the Bill being

hybrid, and in practical terms we are never likely to need to take over either body.

18. We will want the Commission Bill to apply to the Joint Boards that will succeed the abolished Greater London and Metropolitan County Councils, but I would not want to pre-empt the abolition legislation by making specific provision in the Commission Bill if it were introduced first. The main Abolition Bill when introduced can amend the Commission Bill if necessary. If the Commission Bill were introduced later, it would be drafted to include these bodies.

CONCLUSIONS

19. I seek my colleagues' agreement to the following proposals for the Commission legislation:

a. a requirement for the commission to report to the Secretary of State from time to time as requested and for the reports to be laid before Parliament and published (paragraph 5);

b. payment of Commissioners from central funds (paragraph 8);

c. the disapplication of local authority procedural requirements, including the appointment of major policy committees (paragraphs 11 and 13);

d. the holding of at least one public meeting annually if practicable; and the publication of a detailed statement of proposed expenditure and financing in the coming year (in addition to the reports to the Secretary of State); (paragraph 12);

e. an Order-making power to vary the requirements on the commission to make appointments to outside bodies (paragraph 15);

f. the exclusion from the Bill of the City of London and the Isles of Scilly (paragraph 17).

I also seek guidance on:

g. whether there should be a power of general direction or (as I prefer) a power of general guidance for the Government over the Commission (paragraph 6);

h. whether the initial period of appointment of a commission should be limited to one year or, as previously suggested, until the end of the financial year following the commission's appointment (paragraph 10).

ANNEX A

CONFIDENTIAL

COMMISSIONER LEGISLATION: POLICY DECISIONS PREVIOUSLY TAKEN BY E(LF)

The following are the main legislative requirements for appointment, operation and termination of a commission agreed by Ministers:

a. A power for the Secretary of State to dismiss councillors and replace them by a commission, giving wide discretion on the circumstances of intervention but subject to Affirmative Resolution by both Houses of Parliament in each case.

b. A power for the Secretary of State to appoint all members of a commission for a term extendable on an annual basis by Affirmative/Negative Resolution. Because the commission would be unable to complete its work within a year, the initial appointment should run for the remainder of the then current financial year and the following one.

c. A power for the Secretary of State to prescribe remuneration, terms and conditions for members of a commission and to make remuneration a proper charge on the council.

d. Provision that the commission in legal effect replaces the dismissed councillors

e. A power for the commission-led council to levy a single emergency rate which is not subject to prior consultation with industrial ratepayers.

f. A power for the Secretary of State to initiate restoration of an elected council through an Order subject to Affirmative Resolution.

ANNEX B

CONFIDENTIAL

MAIN OBJECTIVES OF A COMMISSION TO BE SET OUT IN THE LEGISLATION

It is envisaged that the Commissioner Bill will provide for the following main objectives of a commission:

a. to discharge all the duties and functions of the council for the area;

b. to take steps so far as practicable to restore to an acceptable level services that have been withdrawn by its predecessor;

c. to act so as to restore the sound financial management of the authority and enable it to meet its financial obligations.

CONFIDENTIAL

CC NO

NBPM AT 9/3

Minister of State
for Local Government

Department of the Environment
2 Marsham Street London SW1

Telephone 01-212 3434

9 March 1984

Dear Patrick,

I have given further thought to the size of the transitional councils, in the light of responses to our consultation letter.

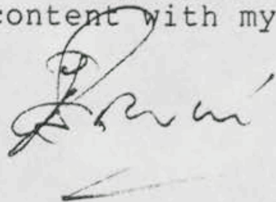
In the metropolitan counties there was a clear preference expressed in consultation for medium-sized councils of about 50 seats (compared with the present 88-106 members). It was felt that with councils of the existing size, the lower-tier authorities could well have difficulty in finding enough members willing and able to serve in the dual capacity of district/county councillors. I therefore propose halving - so far as is practicable - the present number of seats on each MCC and dividing them between districts in proportion to electorate. This should ensure that there is minority party representation on the transitional council in each area. The attached table shows the number of seats for each district.

In London, the choice lies between a small GLC (ie 33 members - one member per borough), a medium sized GLC (66 members - 2 per borough) and one of broadly the present size (ie 92 members). A small transitional council inevitably would give over-representation to the smaller boroughs and impose substantial burdens on the individuals nominated. A medium-sized council found no support in consultation. I therefore propose that we should go for a large transitional GLC. Nominations should however be based on Parliamentary constituencies, rather than present GLC electoral divisions, because that is the basis of the local party constituency associations. Each borough would be entitled to nominate as many councillors as it has Parliamentary constituencies, producing a slightly smaller GLC (84 members) than at present. I see no difficulty in defending differing arrangements in London and the metropolitan counties, given the differences in size and in the nature of the lower-tier authorities.

Members of the transitional councils will, of course, be treated for local government purposes as if they had been elected. The rules that apply to every other councillor - for example entitlement to allowances - will therefore apply. It also means that, neither deputies/alternates nor co-option to the councils themselves will be permitted (the present rules do of course permit co-option to committees other than finance committees), and that retiring GLC/MCC councillors would not be eligible for membership unless they were borough/district councillors. Each of these suggestions was made in consultation, but to accede to them would undermine our basic argument that the transitional councils will remain part of the local government system.

CONFIDENTIAL

I am copying this to colleagues on MISC 95, to the Prime Minister, the Chief Whip and to Sir Robert Armstrong. If I do not hear to the contrary by Friday 16 March, I shall assume that recipients are content with my proposals.



LORD BELLWIN

The Rt Hon Patrick Jenkin MP

TRANSITIONAL COUNCILS: MEDIUM SIZE

SEATS AVAILABLE TO EACH METROPOLITAN DISTRICT

Metropolitan district	Seats on metropolitan county council	
	Present	Medium
Greater Manchester		
Bolton	10	5
Bury	6	4
Manchester	20	10
Oldham	9	4
Rochdale	7	4
Salford	12	5
Stockport	11	6
Tameside	9	4
Trafford	9	5
Wigan	13	6
TOTALS	106	53
Merseyside		
Knowsley	11	5
Liverpool	36	17
St Helens	11	6
Sefton	19	10
Wirral	22	11
TOTALS	99	49
South Yorkshire		
Barnsley	17	9
Doncaster	22	11
Rotherham	19	9
Sheffield	42	21
TOTALS	100	50
Tyne & Wear		
Gateshead	20	10
Newcastle	26	13
N Tyneside	18	9
S Tyneside	14	7
Sunderland	26	13
TOTALS	104	52
West Midlands		
Birmingham	40	20
Coventry	12	6
Dudley	12	6
Sandwell	12	6
Solihull	8	4
Walsall	10	5
Wolverhampton	10	5
TOTALS	104	52
West Yorkshire		
Bradford	19	10
Calderdale	9	4
Kirklees	16	8
Leeds	30	16
Wakefield	14	7
TOTALS	88	45

Local Govt: GLC + MCC

-9 FEB 1984

CONFIDENTIAL

FILE RM

cc MASTER SET

10 DOWNING STREET

From the Private Secretary

7 March, 1984

Dear John.

ABOLITION OF THE GLC AND MCCs: BY-ELECTIONS

The Prime Minister held a meeting today to discuss the date beyond which by-elections would not be permitted in the run-up to the abolition of the GLC and MCCs. Present were your Secretary of State, the Lord President, the Lord Privy Seal, Home Secretary, Secretary of State for the Environment, the Chief Whip, Lord Bellwin, Mr. Waldegrave, Mr. Gummer and Sir Robert Armstrong.

Your Secretary of State said that, under existing local government legislation, by-elections were not permitted in the six months leading up to an ordinary election to a council, except in special circumstances. Without special legislation opponents of abolition would be able, by mass resignations, to force a series of by-elections, with abolition as the central issue. In his minute to the Prime Minister of 20 February, he had set out the alternatives for a deadline beyond which by-elections would not be permitted. These were Royal Assent of the Paving Bill, around August, 1984, or Second Reading of the main Abolition Bill, which was likely to be around November/ December, 1985. The later date allowed more time for staged by-elections but the earlier option conflicted with the undertaking not to use the Paving Bill to introduce substantive measures which would prejudge abolition. MISC 95 had preferred the second option despite the risks it involved. This option was also closer to the precedents of the 1965 and 1974 re-organisations, when by-elections were stopped after Royal Assent to the re-organisation legislation.

In discussion, it was argued that the threat of by-elections might not be too serious. They would allow Labour councils representing one area to resign and be re-elected for the same area. It would be open to the Government not to contest the election, thereby making it difficult to achieve a high turn-out.

CONFIDENTIAL

/Labour

Labour councils might also be reluctant to expose themselves to a challenge from the Alliance. Nevertheless, it was agreed that forced by-elections were a possibility which had to be covered and the meeting endorsed the view that the Paving Bill should include a provision that no further by-elections should take place, other than those already pending on the operative date, even if the result were that more than one third of a council's seats were vacant. It was also agreed that the operative date for this should be the Order bringing into effect the main provisions of the Paving Bill, i.e. immediately after the main Abolition Bill has received second reading.

I am sending a copy of this letter to Janet Lewis-Jones (Lord President's Office), David Heyhoe (Lord Privy Seal's Office), Hugh Taylor (Home Office), Murdo Maclean (Chief Whip's Office), Mike Bailey (Lord Bellwin's Office), Joan Dunn (Mr Waldegrave's Office), Emma Oxford (Mr. Gummer's Office), Elizabeth Hodkinson (Department of Education and Science), Henry Steel (Attorney General's Office), John Kerr (HM Treasury), John Gieve (Chief Secretary's Office) and to Richard Hatfield (Cabinet Office).

Yours sincerely
Andrew Turnbull

(Andrew Turnbull)

John Ballard, Esq.,
Department of the Environment

Subject cc master

(Also copied to Education: ILEA)

B/c: MR LETWIN
MR INGHAM

7

10 DOWNING STREET

From the Private Secretary

7 March, 1984

EDUCATION IN LONDON

The Prime Minister held a meeting today to discuss the date beyond which no by-elections could be permitted in the run-up to the abolition of the GLC and MCCs. Present were the Lord President, Lord Privy Seal, Home Secretary, the Secretary of State for the Environment, Chief Whip, Lord Bellwin, Mr. Waldegrave, Mr. Gummer and Sir Robert Armstrong. At the conclusion of this discussion, the Prime Minister reported on her meeting with your Secretary of State yesterday. She said that your Secretary of State and the Secretary of State for the Environment now favoured a directly elected ILEA. Having considered the arguments, she saw merits in this course, subject to provision being made for a review in due course of the structure of ILEA. It was necessary to seek the agreement of Cabinet colleagues to this proposal.

Those at the meeting also favoured a directly elected ILEA which would hold out the prospect of greater influence for Government supporters or sympathetic independents than was likely under the joint board proposals. The proposal would also be popular with most of the Government supporters and would make easier the passage of the abolition legislation through the House of Lords. Establishing education as a separate service under democratic control would further weaken the case for retaining the GLC which was already losing its responsibilities for transport. It was argued that putting education under a directly elected body was not inconsistent with the proposals for joint boards for fire, police and transport. The scale and political sensitivity of these services was quite different from that of education.

Before a final decision was taken, there were important Treasury arguments to be considered. There was a danger that a single service authority would be united in pressing Government for greater resources. There were, however, safeguards; the Government's control over budgets in the first three years provided

/in

in the abolition legislation; the rate capping powers; and the fact that a directly elected ILEA would issue its own identifiable rate.

It was argued that, if the Government were to follow this course, the decision should be taken and announced quickly so that the Government could achieve the maximum impact. It was desirable also to include clauses in the Paving Bill providing for elections to ILEA in 1985, thereby avoiding the need for a transitional council. It might be necessary to delay introduction of the Paving Bill by up to one month in order to accommodate these new clauses.

Summing up the discussion, the Prime Minister asked the Secretary of State for the Environment, jointly with your Secretary of State, to circulate a paper later in the day, to be taken at Cabinet tomorrow. The Lord President should alert your Secretary of State to this and would speak to the Chief Secretary to ensure that he was fully aware of these developments. Officials in the Home Office and the Department of the Environment should begin work immediately on the arrangements under which elections would be held and on the drafting of the necessary clauses. It was agreed that if Cabinet endorsed the proposal tomorrow there were strong presentational advantages in a Ministerial statement to the House that afternoon. It was probably best for your Secretary of State to make such a statement. While most Government supporters would favour these proposals, those in some London boroughs who had been seeking to leave ILEA would be disappointed. It would be helpful if Ministers could speak to key figures in those boroughs to explain the background to the Government's decision.

I am sending a copy of this letter to John Ballard (Department of the Environment), Janet Lewis-Jones (Lord President's Office), David Heyhoe (Lord Privy Seal's Office), Hugh Taylor (Home Office), Murdo Maclean (Chief Whip's Office), Mike Bailey (Lord Bellwin's Office), Joan Dunn (Mr. Waldegrave's Office), Emma Oxford (Mr. Gummer's Office), Henry Steel (Attorney General's Office), John Kerr (HM Treasury), John Gieve (Chief Secretary's Office) and to Richard Hatfield (Cabinet Office).

Yours sincerely

Andrew Turnbull

(Andrew Turnbull)

Miss E Hodkinson,.
Department of Education and Science

PRIME MINISTER

ABOLITION OF GLC/MCCs: BY-ELECTIONS

The origins of this meeting lie in Mr. Jenkin's report on the discussion at MISC 95 - see Flag A. The Lord President commented that this raised difficult issues and requested a meeting.

The main issue is that a time has to be set beyond which no by-elections are permitted. The choices for the deadline are:

(i) Royal Assent of the Paving Bill, i.e. August/ September 1984;

(ii) Second Reading of the main Abolition Bill when Orders activating the Paving Bill are passed, i.e. January/March 1985.

Option (ii) is later and gives greater scope for trouble; but option (i) conflicts with the undertaking not to use the Paving Bill to introduce substantive measures which pre-judge abolition. MISC 95 preferred option (ii) despite the risks it involved.

The purpose of the meeting is to establish whether all the political angles of this choice have been investigated. You should ask the Lord Privy Seal, the Chief Whip and the Chairman to express their views. The aim should be to convince the Lord President that what is proposed is sensible and workable. The conclusion may well be to endorse Mr. Jenkin's proposal.

It is possible that the discussion will range more widely and take in the fundamental provision of the Paving Bill to suspend the regular 1985 local elections. The case for this was considered before the White Paper on "Streamlining the Cities" was issued:

/ (i)

(i) If local elections are held in 1985 they will provide a ready-made platform for an anti-abolition campaign;

(ii) If existing councils are allowed to run on for another year, they may well act obstructively. It is better to create transitional councils comprising borough nominees who will have a vested interest in working constructively.

The Government is really past the point of no return on this. No new arguments have been put forward to cause a change of view. I suggest that you do not encourage discussion of this, but if it is raised, argue that the case for and against suspending the elections was fully considered before the publication of the White Paper.

AT

6 March 1984

Local Gov. : Relations

CONFIDENTIAL

(2)

File

PRIME MINISTER

Local Authority Spending in 1985-86

Discussion on the 1985-86 RSG is beginning. There are three problems:

(i) How to integrate a third tier of control - the expenditure levels on which rate capping is based - with the existing two - GRE's and expenditure targets which determine hold-back.

(ii) How to simplify this system and base it on two limits rather than three.

(iii) How to give the shire counties the better deal they were promised in this year's debate.

The aim is to achieve all three without adding more than is necessary to local authority expenditure.

Oliver Letwin's note summarises the debate. There is no action for you at this stage but you are likely to be asked to arbitrate after E(LA).

AT

5 March 1984

CONFIDENTIAL

SECRET

2 March 1984

6

MR TURNBULL

LOCAL AUTHORITY SPENDING IN 1985/86

E(LA) will be meeting on Wednesday, 7 March, to discuss the pattern of local authority expenditure following the selective imposition of expenditure limits.

There are two problems:

1. The Government will now be setting three notional guides for spending: GREs, targets, and limits. This will be even more confusing than the present system.

2. If the targetting system remains intact, our supporters in the counties will be furious, because their targets will still be below their GREs, and they will still be penalised. They will claim that the Rates Bill has done nothing to help them.

Everyone agrees that the way to solve these problems in the medium term is to abolish targets, and to have a straightforward system of GREs and limits. But Patrick Jenkin and the Chief Secretary disagree about how this medium-term goal should be achieved.

Patrick Jenkin seems to want to alter the targetting system so that:

- targets for very high spenders merge with their expenditure limits; and
- targets for low spenders merge with their GREs.

His proposals mean higher targets overall. Once this has occurred, he wants to abolish targets for everybody.

The Chief Secretary argues that Patrick Jenkin's proposal would increase spending, because the general raising of targets would reduce the curbs on every local authority except those which are subject to limits. He seems to want to ensure that any rise in targets for those who spend below GRE is at least matched by reductions in targets for those who spend above GRE.

In this way, targets might eventually converge on GREs, at which point the targetting system could be abolished.

SECRET

Not needed

We strongly support the Chief Secretary. We agree with him that Patrick Jenkin's proposal would almost certainly cause a large increase in public spending. (We also agree with him, for technical reasons which are well exposed in the attached letter from Miss Rutter, that, despite Patrick Jenkin's fears, the Treasury system will ensure a fall in rates in the authorities subject to expenditure limits.)

We therefore suggest that the Prime Minister should be prepared:

- either to note her approval of E(LA)'s conclusions, if these favour the Chief Secretary;

- or to intervene on the Chief Secretary's behalf, if E(LA) goes against him.

But we also recommend that she should stress the need to determine, in advance, the likely effects of the Chief Secretary's scheme on individual authorities. The RSG system is so complicated that an investigation of this sort may well bring to light unforeseen difficulties with the chosen level of adjustments under any proposals. All of these schemes are at best necessary tinkerings with an unsatisfactory system.

OLIVER LETWIN

Approved by:

LOCAL Gov: Relations:

File

Treasury Chambers
Parliament Street London SW1P 3AG
Telex 262405
Telephone Direct Line 01-233 8030
Switchboard 01-233 3000

Barry Potter Esq
Cabinet Office
Whitehall
LONDON SW1

Your reference

Our reference

Date
1 March 1984

Dear Barry,

E(LA): EXPENDITURE LEVELS, TARGETS AND HOLDBACK

Both the Secretary of State for the Environment's paper, E(LA)(84)1 and the Chief Secretary's paper E(LA)(84)3 discuss the possibility that a rate capped authority may have an expenditure level above its expenditure target, and hence pay holdback even though it meets its expenditure level. I promised to let you have our rationalisation of why this does not necessarily produce a perverse result in terms of rate increases. I think it is easiest to do this by taking some illustrative examples - all numbers are, of course, hypothetical.

2. Take two authorities - A and B. A has a 1984/5 target of 1983/4 budget -6% (the maximum cash cut required outside the GLC), B has a 1984/5 target of 1983/4 budget - 3%. Both spend at 1983/4 budget +5%. Holdback on the 1984/5 tariff.

1984/5	Authority A	Authority B
Target	-6%	-3%
Budget	+5%	+5%
Overspend > Target	11%	8%
Holdback	86p	59p

Both authorities are rate limited in 1985/6. Assume that the expenditure level allows no increase in cash over 1984/5 budget; targets are set on the same basis as 1984/5.

1985/6		
Target	-6%	-3%
Budget = Expenditure level	0%	0%
Overspend > Target	6%	3%
Holdback (2-4-8-9-9)	41p	14p
Grant saving compared to 1984/5	45p	45p

3. The holdback schedule could be increased; provided the increase did not mean that authorities A and B had to meet more than an extra 45p in holdback, holdback should not cause rate increases. That would give considerable scope - depending on the size of the gap between target and rate limit. For example, if the holdback regime were toughened to 4-8-10-12-15-15 in 1985/6, Authority A would still only pay 64p of holdback, compared to 86p in 1984/5: equivalent to a grant saving of 22p.

4. This point is brought out in paragraph 7 of the Secretary of State's paper. The key is that the reduced expenditure flowing from a rate limit automatically reduces holdback liability unless offset by a steep increase in the tariff - or the setting of much harsher targets than in the previous year. But the point is far from intuitively obvious.

5. One further point. To exempt a rate limited authority from holdback in year one would cause enormous "re-entry" problems in year two, if that authority ceased to be rate limited and became subject to the normal discipline of targets and holdback.

6. This only focusses on the question of holdback. Obviously changes in grant and GREs can also affect year-on-year rate increases.

7. I am copying this letter to Robin Young and Philip Fletcher (DOE) and, for information, to Peter Shaw (DES), Peter Smethurst (DTp), John Dance (HO), George Kahan (DEemp) to Niall Campbell (SO) and Rowland Potter (WO) and to Oliver Letwin (No. 10 Policy Unit).

Yours,

Jill

JILL RUTTER

BC

CONFIDENTIAL

cc NO

NBPM

AT 29/2

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Patrick Jenkin
Secretary of State for
the Environment

29 February 1984

Dear Patrick.

ABOLITION OF GLC AND MCC's

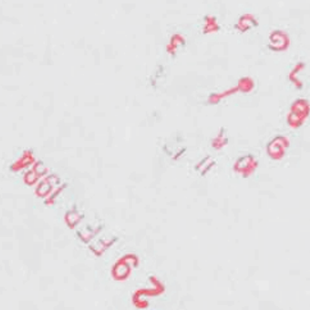
I have seen Irwin Bellwin's letter of 24 February enclosing drafts of the two statements discussed in MISC 95(84) 1st meeting. I am broadly content with these two statements, subject to a small drafting point on the statement on staffing which has been discussed by DES and DOE officials.

I am copying this letter to Irwin Bellwin, the other members of MISC 95, the Prime Minister, the Lord President and Sir Robert Armstrong.

Ever

Keith.

Local Gov relations Pt 19



CONFIDENTIAL

FILE da

bc NO

10 DOWNING STREET

From the Private Secretary

28 February 1984

Abolition of GLC and MCCs: By-elections

The Prime Minister has seen your Secretary of State's minute of 20 February. She would like to consider more fully the political implications before taking a decision on the cut-off date for by-elections to the outgoing authorities. A meeting is being arranged with Ministers concerned. This has been fixed for 7 March.

I am copying this letter to Private Secretaries to members of the Cabinet, to Henry Steel (Law Officers' Department), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

da

SECRET

bc NO

FILE
da

5

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG
CABINET OFFICE

The Prime Minister was most grateful for your minute of 23 February on the handling of work on the abolition of the GLC and MCCs. She agrees that the best course is to allow MISC 95 to complete the current phase of its work and that the most appropriate time for a meeting with members of the Government from affected constituencies would be in late March after MISC 95 has produced its report and before final decisions by Cabinet.

The Prime Minister has noted your suggestion that members of the Government representing constituencies in the MCCs might also be consulted but feels that, rather than holding one meeting, it might be better to hold separate meetings for the GLC and MCC members of the Government. The purpose of these meetings would be to take stock when the detailed elaboration of the proposals in "Streamlining the Cities" had been completed and before final decisions were made. The Prime Minister has also noted the constraints imposed by the drafting timetable.

Andrew Turnbull

28 February 1984

SECRET

10 DOWNING STREET

Prime Minister (2)

A time has to be set beyond which no by elections in outgoing councils are allowed. Choices are:-

(i) Royal Assent of Paving Bill ie August / September 1984

(ii) Second Reading of main Abolition Bill when Orders activating Paving Bill are passed ie Jan - Mar 1985.

Option (ii) is later and gives greater scope for trouble; but Option (i) conflicts with undertaking not to use Paving Bill to prejudge abolition.

MISC 95 preferred (ii). Before making up your mind I suggest you take advice from political specialists (Lord President, Chief Whip, Chairman). I have alerted all three to need to express a view.

AT 24/2

SECRET

4

PRIME MINISTER

(1)

ABOLITION OF GLC AND MCCs

When Lord Whitelaw came to see you last week, he expressed concern, though in an unspecific way, about the abolition policy. This emerged as doubts about whether the strategic questions were being adequately considered. It was noted, in this context, that the work of MISC 95 was concerned with the elaboration of detailed questions.

The suggestion was put forward that you might hold a meeting with the members of the Government representing London constituencies, since it was on the abolition of the GLC that Lord Whitelaw's concerns were most focussed. I was asked to seek the views of Sir Robert Armstrong. These are set out in the attached minute.

MISC 95 is indeed engaged on a number of detailed questions and not on strategy. This should not, however, be interpreted as a criticism of the work of the Committee. The strategy is supposed to have been set out in "Streamlining the Cities", and the purpose of MISC 95 is to put flesh on the proposals, taking account of views expressed in the consultation process.

Sir Robert points out that the natural timing for a meeting of Ministers would be when the present phase of MISC 95's work is complete. Ministers can then decide whether they like the look of what is on offer or whether they want to make changes. At this stage the point of no return would have been passed and detailed drafting would begin. Sir Robert identifies late March as the best time for such a meeting.

The next issue is the purpose of the meeting. Lord Whitelaw may be concerned not about the lack of strategic direction but about the policy itself. It would, however, be dangerous to hold a meeting which was overtly questioning the basis of

/ policy,

policy, and doubly so before the present phase of work is completed. Another purpose of such a meeting would be to corral support for the policy and to demonstrate to Lord Whitelaw (and the Chief Whip) that London members of the Government were fully behind it. While avoiding any suggestion that there are serious doubts about the basic direction of the policy, you may not want to give the impression that all adjustments are ruled out. A meeting could, therefore, be presented neutrally as a taking of stock.

On the composition of the meeting, Sir Robert suggests extension to members of the Government representing constituencies in the MCCs. In my view, this would cause the meeting to lose focus. I would prefer, if necessary, two meetings; one for the GLC and another for MCCs.

Agree that:

(i) meetings be held in late March after MISC 95 has made its recommendations;

(ii) separate meetings be held for the GLC and MCCs, each attended by the Lord President and the Chief Whip;

(iii) the meetings be presented as stock-taking before final decisions are made and detailed drafting begins?

If you agree this approach, you may wish to discuss it with the Lord President and Chief Whip at your next meeting with them.

AT

Yes

24 February 1984

Ba4

NBPM cc NO.
AT 24/2

Minister of State
for Local Government

Department of the Environment
2 Marsham Street London SW1

Telephone 01-212 3434

CONFIDENTIAL

24 February 1984

Dear Secretary of State

ABOLITION OF THE GLC AND MCCs

At the last meeting of MISC 95 it was agreed that I should circulate drafts of the statements proposed in papers MISC 95(84)1 & 3.

I now attach drafts of two written answers. I think we should handle the announcements in this way, given the difference audiences that we are aiming at. I have it in mind in particular, that we should be able to let the TUC have a statement which will be seen as broadly favourable to staff interests. In sending them this, we should, of course, have to refer to the staffing aspects of the obstruction statement; but I think that we can reasonably argue that these should be excluded from our further discussions with the TUC, given the fact that they are concerned with the future actions of the GLC/MCCs, and do not significantly impinge on the interests of their existing staff.

I should draw colleagues' attention to two further points.

First, if we are to act on the granting of new long-term contracts, I think we must also ensure that authorities cannot increase compensation liabilities by incorporating generous terms into either new or existing contracts. Paragraph 6 of the draft statement on obstruction deals with this point. The burden of the Attorney General's advice is that we could disapply existing contractual rights only at the risk of falling foul of the European Convention on Human Rights. We must, therefore, honour such rights; but, equally, we should act to disallow any better terms which might be granted after the date of the announcement.

Second, I should stress the limited nature of the staffing statement. Our main purpose in making this is to give the staff some reassurance that their interests have not been forgotten, and in particular to announce the early establishment of the Staff Commission. I hope that, on the basis of a statement of this kind, we can begin some sort of dialogue with the TUC Local Government Committee. I appreciate, of course, that there are many other points relating to staff matters; but, on these, I do not think that we have anything to add at present to what is said in the White Paper.

We should, I think, make these statements as soon as possible; I should, therefore, be grateful for any comments from colleagues by close of play on Tuesday 28 February.

NFIDENTIAL

I am copying this to the other members of MISC 95, to the Prime Minister and the Lord President, and to Sir Robert Armstrong.

Yours sincerely

Gareth Davies (Private Secretary)

LORD BELLWIN

approved by the Minister and signed in his absence.

The Rt Hon Patrick Jenkin MP

RAFT WRITTEN ANSWER BY THE SECRETARY OF STATE ON OBSTRUCTION TO ABOLITION POLICIES

Q. To ask the Secretary of State for the Environment whether he is satisfied with the existing constraints on actions by the GLC and the Metropolitan County Councils which might create problems for other authorities after the proposals in the White Paper "Streamlining the Cities" (Cmnd 9063) have been implemented?

1. I am aware that there is some concern about the possibility that action by the Greater London Council and the metropolitan county councils could adversely affect successor authorities and ratepayers. I am sure that the councillors concerned will be concerned to obey the law, to act responsibly, and to have regard to their responsibilities to the ratepayers. Moreover, the existing legal framework imposes some constraints on the actions of authorities; and we propose three further measures.

2. A London borough or metropolitan district council can themselves seek to question the actions of the GLC or the metropolitan county council that precepts upon them by applying for judicial review. Applications can also be made by any person with an interest, for example, councillors, ratepayers, and non-ratepayers resident in the area concerned. If the court accepts that the application is well-founded, and considers it in the public interest to do so, it will issue an order prohibiting the action or make a declaration that it is illegal.

3. In addition, under sections 19 and 20 of the Local Government Finance Act 1982, the auditor, acting on an objection by an elector or on his own initiative, may seek a declaration from the court that expenditure is unlawful or that there has been loss due to wilful misconduct. It would then be open to the court to surcharge the local authority members responsible and to disqualify them from membership of a local authority. An elector for the area may also bring surcharge action if the auditor decides not to act following an objection by that elector.

4. To meet the concerns expressed by some of the successor authorities, we propose to include in the Bill to be introduced this session a provision requiring the GLC and the Metropolitan County Councils to consult the borough and district councils in their areas before fixing their budgets and precepts for 1985/86. These will, of course, be implemented by the transitional councils; and it is appropriate that the boroughs and districts who will appoint the members of these councils should be given an opportunity to express views on the financial situation which they will inherit.

5. We propose also, to give the London borough councils and the metropolitan district councils the same rights as electors have to object at the audit of the acounts of the GLC or the appropriate metropolitan county council. The borough and district councils will also be empowered to take action in the courts if the auditor decides not to do so. Such action could lead to surcharge and disqualification. These extended rights will apply only to the audits of the accounts for the years 1983/84 to 1985/86.

6. Finally, we shall include in the main abolition Bill, to be introduced next Session, two provisions concerning staff contracts. The first will ensure that any fixed-term contract of employment with the GLC or an MCC which is entered into after [date of statement], and which is to expire on or after 1 April 1986, will have effect as a contract which will terminate on 31 March 1986. The second will ensure that any terms which are incorporated into existing or future contracts of employment after [date of statement] and which relate to compensation for redundancy or detriment will have no effect where they would entitle an employee to an amount greater than that provided for, in due course, in the main abolition legislation.

7. These provisions will not affect the terms of existing contracts of employment. Thus, where staff have already been given fixed-term contracts with the reasonable expectation that they would run their full term, we shall provide for them to be compensated if they do not get jobs with the successor bodies. Similarly, any provision relating to compensation for redundancy or detriment already included in an existing contract of employment will be honoured.

8. I believe that members of the GLC and the metropolitan county councils will recognise that it is in the interests of their ratepayers and of their staff that they should act responsibly. But the measures I have outlined, together with the existing legal constraints, provide safeguards should any of the authorities concerned consider taking irresponsible action.

CONFIDENTIAL

DRAFT WRITTEN ANSWER BY SECRETARY OF STATE ON STAFFING ASPECTS OF ABOLITION OF GLC/MCCs

QUESTION

To ask the Secretary of State for the Environment, whether he has anything to add to the proposals in the White Paper "Streamlining the Cities" (Cmnd 9063) on the implications of his plans to abolish the GLC and the MCCs for staff at present employed by those authorities.

ANSWER

1. I have had two useful meetings with the TUC's Local Government Committee. Detailed discussions have not yet begun on the proposals in Chapter 4 of the White Paper; but there are three matters on which I can provide further details of the Government's intentions.

2. First, I recognise that a Staff Commission will have a particularly important role to play in this reorganisation. There has been widespread support for its establishment at the earliest opportunity. I propose therefore to include provision for such a body in the Bill to be introduced in the current session. This will enable the Commission to begin more quickly the process of consultation with interested bodies, and to provide me with general advice on staffing issues.

3. In previous reorganisations Staff Commissions have supervised ring-fencing arrangements. Such arrangements do not require successor bodies to recruit; they do, however, ensure that, if they decide to do so, they have to look first at candidates from the expiring authorities. One of the Commission's early tasks would be to consider the introduction of ring-fencing arrangements to ensure that GLC/MCC staffs affected have a proper opportunity to obtain jobs with the new authorities.

4. Second, I propose that any compensation for detriment - where an employee moves to a new job on lower terms and conditions - will be paid in the form of a lump sum; we intend to consult on the detailed arrangements for determining this. We accept, also, that the costs of this compensation should not be borne by individual boroughs and districts who take on former GLC/MCC staff, but should

be recouped from the ratepayers of each metropolitan area as a whole.

5. Third, there has been concern that some authorities might give staff artificial pay increases or regradings in the lead-up to abolition. This would be unfair: it would lead to inequitable treatment between staff. I intend, therefore, to include a provision along the lines of section 261 of the Local Government Act 1972 in the Bill to be introduced in the next session. This would enable me to appoint a body to look into cases of alleged unjustified increases made after /date of statement/ and to advise me. I would be able to act on that advice and direct an authority to withdraw an increase found to be unjustified. The following note sets out this proposal in more detail.

6. This will not, of course, preclude authorities from paying temporary personal pay supplements to staff with considerably increased responsibilities. We recognise that, in the transitional period, some staff will need to be working on arrangements for the successor bodies; and, as in 1974, such additional responsibilities should be rewarded.

7. I hope that both employers and unions will come and discuss with us the proposals which I have outlined today and other matters of concern. It is clearly in the interests of the staff concerned that these matters are settled as soon as possible.

PROPOSED ABOLITION OF THE GREATER LONDON COUNCIL AND THE METROPOLITAN COUNTY COUNCILS: MEASURE TO PREVENT UNJUSTIFIED INCREASES IN PAY/GRADING

1. In earlier reorganisations, particularly the reorganisation of London Government in 1964, some local authorities awarded extensive increase in pay or accelerated increments, or upgraded their staff when in the ordinary course of events this would not have been justified, so that these staff gained advantages in competing for jobs with the new authorities, or in claiming compensation for redundancy or for loss of remuneration on transfer to the new structure.

2. In 1969, the Royal Commission on Local Government in England (Cmnd 4040) took the view that steps should be taken to safeguard against such inequitable action; a power to prevent abuses was subsequently included in the legislation for the 1974 reorganisation. This was section 261 of the Local Government Act 1972.

3. Concern has been expressed that artificial increases in pay/gradings might occur in the period leading up to the Government's proposed restructuring of local government in London and the other metropolitan areas. Wherever they occur, such increases are unfair. Not only do they place some staff at an advantage over others, but they place unreasonable burdens on ratepayers. The Government proposes therefore to include a provision on the lines of section 261 of the 1972 Act in the Bill to abolish the GLC and the MCCs which will be introduced in the next session.

4. The measure will apply to local increases in remuneration of staff (other than teachers) in any authority affected by the proposed reorganisation (including both the authorities to be abolished and the London boroughs and metropolitan districts) which come into effect after . As in 1974, it is not the intention to interfere with the normal established practice of regrading reviews nor with the justifiable provision of extra payments for any unusual burdens of work or responsibilities. Nor will the provision interfere in any way with the normal negotiating

arrangements under which general increases in local authority remuneration are determined.

5. The provision will include:

(i) a power for the Secretary of State to designate/appoint an advisory body to look into cases of alleged unjustified increases in remuneration;

(ii) a power for the Secretary of State to instruct an authority to supply information necessary for the advisory body to carry out its statutory responsibilities;

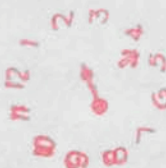
(iii) a duty on the advisory body, where it finds that an unjustified increase has taken place, to recommend to the authority concerned a more suitable rate of remuneration;

(iv) a power for the Secretary of State to direct an authority to implement the advisory body's advice;

(v) a duty on authorities to comply with such a direction; and

(vi) arrangements to ensure that any late increases awarded by the expiring authorities immediately before 1 April 1986 which have not been investigated by that date, can be dealt with.

24 JAN 1984



B 3

Ref. A084/615

PRIME MINISTER

Abolition of the Greater London Council and Metropolitan County Councils

Mr Turnbull sent me a copy of the record of your talk with the Lord President on 13 February about the abolition of the Greater London Council (GLC) and Metropolitan County Councils (MCCs) and said that you would welcome advice on the proposal that you might have a meeting with those members of the Government representing London constituencies to discuss whether the Government was following the right course and, if it was, how support for the policy could be reinforced. You particularly wanted to consider this suggestion in the light of the progress of work in the Ministerial Group (MISC 95).

2. Following the end of the consultation period on the White Paper "Streamlining the Cities" the Secretary of State for the Environment envisages a further round of discussions in MISC 95. I attach a copy of a letter which he sent on 13 February to the members of the Group and to other Ministers who might have an interest. As you will see, he expects that the main issues will arise on the future arrangements for the handling of particular services, on which he intends to put a paper to MISC 95 by mid-March. Later in March MISC 95 will be making its final recommendations in the light of consultations on the White Paper to you and members of the Cabinet so that decisions can be taken in time for the drafting of the Bill to start in April.

3. I should like to put two other considerations in your mind:

(a) The Department of the Environment and the other Departments concerned in this affair are having to make their bricks with a great deal less straw than they have had available to them in the case of previous reorganisations of local government. I gather that the formal consultations have produced little by way of constructive comment; and local government officials have been forbidden to co-operate

with Government officials in this exercise, and such contact as there has been has had to be surreptitious. Virtually the only outside help has come from Conservative councillors. This could well strengthen the case for giving members of the Government with constituency interests a chance to express their views.

See letter from First Parliamentary Counsel at Annex A

(b) First Parliamentary Counsel has warned that, if drafting cannot start until April, there will be no chance of having a Bill ready before Christmas. The timetable has slipped a little, and it will be important that it should slip no further, if the Bill is not to run a serious risk of disrupting the legislative programme in a major way.

4. My comments on the suggestion that you might have a meeting with those members of the Government representing London constituencies are as follows:

(a) I wonder whether it would be right to confine the meeting to Greater London. Although the Lord President is more concerned about the case for the abolition of the GLC than that for the abolition of the MCCs, not everyone would see it that way. Leaving aside the special case of the Inner London Education Authority, the GLC, which has no police functions, already has fewer functions than the MCCs and will have even fewer following the passage of the London Regional Transport Bill. Although there are some arguments that are peculiar to London (eg the alleged need for a body to speak for London) the main arguments apply just as strongly to the MCCs. I would suggest therefore that the meeting might be widened to include members of the Government representing constituencies covered not only by the GLC but also by the MCCs.

(b) The purpose of the meeting would need to be clearly understood. Unless the Government seriously intends to go back on its commitment to abolish the GLC and the MCCs (which was of course taken in full knowledge that there would be strong opposition and that complex arrangements would have to be made for the future handling of particular

services), it would be undesirable to give any hint of a weakening of resolve on the main issues. The basis of the meeting might be that the Ministers primarily concerned were seeking advice from those with local knowledge on important points of detail thrown up the the consultations - both as to how those points might best be resolved and as to how the case for the Government's proposals might best be promoted.

(c) It would be preferable not to have the meeting until after MISC 95 has had an opportunity to discuss the outcome of the consultations and to make its recommendations to you and other members of the Cabinet. This would enable you to identify more clearly the matters on which local advice might most usefully be sought and on which it is most important to secure local understanding and support for the Government's policies. The ideal time for a meeting might indeed by in late March, following submission of the MISC 95 report but before final decisions are taken.

RTA

ROBERT ARMSTRONG

23 February 1984

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

CABINET OFFICE
A 1118
13 FEB 1984
FILING INSTRUCTIONS
FILE No. 132/4

cc- Mr Gregson
Mr Buckley
Mr Potter

13 February 1984

Dear Leon,

ABOLITION OF GLC AND MCCs

We have now reached the end of the consultation period on our White Paper "Streamlining the Cities". I thought it would be useful to let you and other colleagues know broadly how I propose that we should deal with the results of consultation and move on to the preparation of the main legislation.

Officials have already put in hand the preparation of a comprehensive analysis of the responses on all aspects of our proposals. This will require contributions from all the interested departments but it is not intended to preclude any particular analysis that you might want for your own purposes.

Leaving aside the opposition to abolition per se, the main pressures to which we will have to respond will be for special arrangements for particular services. I believe that we can only consider these effectively against an overall assessment of the future arrangements in London and the metropolitan counties. I therefore intend to invite colleagues in MISC 95 to consider, not later than mid-March, a major paper reviewing the options available for the reallocation of functions, and inviting them to take decisions on the principles that should apply to the consideration of individual services and functions. We can then move on either in MISC 95 or bilaterally to consider those specific more detailed decisions.

This should allow us to settle those issues that are central to the drafting of the Bill by around the end of March. I believe it is essential for us to do this if we are to provide Instructions to Parliamentary Counsel in April so that a Bill can be ready for introduction at the beginning of the new Session. There are, of course, other issues on which decisions will be needed - for example, we have a meeting of MISC 95 arranged for 15 February to deal with obstruction/staffing matters and the Paving Bill - but these can be dealt with in parallel. It is vital that, once we have settled the Paving Bill, we concentrate on the points that determine the overall shape of the main legislation.

This is a wide-ranging exercise and it can only be handled successfully with the full cooperation of all those concerned. In assessing the response to the White Paper and in drafting

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Instructions, my Department must rely on those who have the detailed knowledge of individual functions. I must therefore stress the importance of ensuring that the necessary detailed work is put in hand urgently. My officials will be asking for material from other Departments, sometimes against very tight deadlines. I would ask you to ensure that every effort is made to provide the extensive and detailed contribution we shall need at all stages from now on.

I am copying this to the other Members of MISC 95, to those others with Departmental or general interest, Quintin Hailsham, Willie Whitelaw, John Biffen, Nicholas Edwards, George Younger, Arthur Cockfield, Michael Jopling, Michael Havers, John Wakeham and Gray Gowrie and to Sir Robert Armstrong.

Yours ever
Patrick

PATRICK JENKIN

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The Rt Hon Leon Brittan QC MP

CONFIDENTIAL

PRIME MINISTER

ABOLITION OF THE GREATER LONDON COUNCIL AND METROPOLITAN COUNTY COUNCILS: BY-ELECTIONS

The Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95) met under my chairmanship on 15 February. The only conclusions of the Group to which I think I should draw your attention concern by-elections.

The Local Government Act 1972 requires a by-election to be held within six weeks of a vacancy arising, except in the six months leading up to the ordinary election to a council. During those six months, no by-elections are held except:

(a) those for vacancies arising before the beginning of the period: or

(b) if more than one-third of a council's seats are vacant.

Without special legislative action the opponents of abolition would be able, by mass resignations, to force a concerted series of by-elections at a time calculated to embarrass us. Abolition would be presented as the central issue of the campaign. Obvious times for this would be just before Second Reading of the main Abolition Bill, or in May 1985.

There is no way of blocking this possibility altogether. Even if we legislated immediately to prevent it, the opponents of abolition could stage their resignations before the legislation received Royal Assent. Nevertheless, the Group considered that the potential embarrassment from a campaign of by-elections, at a time of our opponents' choosing, was sufficiently great to make it desirable to restrict the period in which such a campaign could take place.

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The greatest restriction would be achieved by precluding by-elections, other than those already pending, from the date of Royal Assent to the Abolition Paving Bill: the last date for mass by-elections would then be August/September 1984. However, this would be difficult to square with our general philosphy that the passing of the Paving Bill will not prejudge the principle of abolition. It could also trigger mass by-elections in the Summer, when we may not be in the best position to defeat the anti-abolition arguments.

The alternative which MISC 95 favoured was to bring the provision into force when the main provisions of the Paving Bill take effect, that is, immediately after the main Abolition Bill has received Second Reading. This approach could be presented as consistent with the precedents of the 1965 and 1974 reorganisations, when by-elections were stopped after Royal Assent to the reorganisation legislation. It would not prevent our opponents from organising mass resignations and consequent by-elections up to about January 1985, and perhaps as late as March 1985 if Second Reading of the Main Bill slipped. But by then we should have presented our full proposals, in detailed legislation, and should be in a good position to win any electoral debate.

If such provisions are to be effective they must operate even if more than one-third of a council's seats are vacant: otherwise, our opponents have enough seats in all the abolition authorities to be able to force mass by-elections at any time.

In short, MISC 95 concluded that we should:

(a) include in the Paving Bill a provision that no further by-elections should take place, other than those already pending on the operative date, even if the result is that more than one-third of a council's seats are vacant: and

(b) provide that the operative date for this provision should be the order bring into effect the main provisions of the Paving Bill.

I am sending copies of this minute to the other members of the Cabinet, the Attorney General, the Chief Whip and Sir Robert Armstrong.

PJ

P J

20 February 1984

cc NO

CONFIDENTIAL

PRIVY COUNCIL OFFICE

WHITEHALL. LONDON SW1A 2AT

20 February 1984

Dear Robin,

Abolition of the GLC and MCCs

I enclose a letter which First Parliamentary Counsel has sent the Lord President in which he says that it is impossible to guarantee that the Bill to abolish the GLC and the metropolitan county councils will be ready for introduction before Christmas.

The Lord President feels that, in view of the talk he had with the Prime Minister last Monday, she should see this letter.

Yours ever,

Janet.

JANET A LEWIS-JONES

Robin Butler Esq

CONFIDENTIAL

CONFIDENTIAL

c Mr Brearley

Office of the Parliamentary Counsel 36 Whitehall London SW1A 2AY
Telephone Direct line 01 273 5288
Switchboard 01 273 3000

16 February 1984

Lord President of the Council
Privy Council Office
Whitehall
SW1A 2AT

Dear Lord President

ABOLITION OF GLC AND MCCs

You will have seen a copy of the Secretary of State for the Environment's letter of 13 February from which it appears that he is preparing for MISC 95 "a major paper reviewing the options available for the reallocation of functions" with a view to getting "those issues that are central to the drafting of the Bill" settled "by around the end of March" as an essential preliminary to sending us Drafting Instructions in April - the aim still being to have the Bill ready for introduction at the beginning of next Session.

I enclose a copy of a letter which I wrote to Sir Robert Armstrong in January 1983 in which I pointed out the magnitude of the task and mentioned that, in the case of the London Government Act 1963, the first drafting instructions were delivered on 1 December 1961, nearly 12 months before the Bill was introduced on 20 November 1962.

In the course of last year I was given to understand that a first instalment of Drafting Instructions would, if possible, be sent in December. The bid for the Bill, both as originally included in QL(84)2 and as now up-dated, says "Instructions Framework by end-January; full Instructions probably by end-March. Introduction Late October-early November." It is now mid-February and the promised "framework" instructions have not yet arrived - and the

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Secretary of State's letter speaks of sending Instructions to Parliamentary Counsel "in April".

In these circumstances it is in my view impossible to guarantee that the Bill will be ready for introduction before Christmas, let alone in November. In order to be ready by November it would need to be, roughly speaking, two-thirds drafted by the end of July. Even if some "framework" instructions are delivered by the end of February, it is unlikely that these will enable drafting to progress very far, since the bulk of the Bill is concerned with the destination of the various functions of the bodies to be abolished.

I am sending copies of this letter to the Lord Privy Seal, Mr Jenkin and Sir Robert Armstrong.

Yours sincerely

George Engle

GEORGE ENGLE

Office of the Parliamentary Counsel 36 Whitehall London SW1A 2AY
Telephone Direct line 01 273 5288
Switchboard 01 273 3000

Sir Robert Armstrong G.C.B. C.V.O.
Cabinet Office
70 Whitehall
London SW1A 2AS

14th January 1983

LOCAL GOVERNMENT CHANGES

Paragraph 5 of the Home Secretary's memorandum to the Cabinet dated 13 January 1983 (C(83)1) says that legislation to abolish the GLC and the Metropolitan Counties could probably be ready for introduction early in 1984 provided that preparations begin and ~~amendments~~ announcements are made soon. Nobody has consulted me about this prognostication, which strikes me as extremely dubious.

London, even without the Metropolitan County Councils, is always an immensely complex topic, and a Bill of this character will necessarily involve the Department of the Environment in a great deal of time-consuming consultation with other departments (for example Health and Social Security, the Home Office, Education and the Treasury) as well as with local authorities. It is pertinent to recall that, in the case of the London Government Act 1963, the first drafting instructions were delivered on 1st December 1961, nearly 12 months before the Bill was introduced on 20th November 1962.

Michael Ware tells me that work on the preparation of drafting instructions has not yet started on the legal side of the Department of the Environment, and confirms that contributions to the instructions will have to come from a number of other departments. He does not

see how anything approaching full instructions could be ready before August. Introduction early in 1984 is thus, as far as he or I can see, not within the bounds of practical possibility.

I am sending copies of this letter to Michael Ware and John Halliday.

GEORGE ENGLE

LOCAL GOVT. Relations
Pt 6

20 JAN 1984

cc NO.

10 DOWNING STREET

From the Private Secretary

(2)

Prime Minister

Mr Jenkin has circulated to the Rates Bill Committee a list of the councils who would be capped on different criteria. I have marked those who qualify on 9 or more of the 11 different measures. It is purely illustrative, using 1983-84 figures. Labour predictably have claim that the rules are being drawn up to catch particular Labour councils.

AT

16/2

MT

cc No

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434
My ref:

Your ref:

16 February 1984

Dear Andrew

Rates Bill

I think that you should also be aware of the development on the Rates Bill described in the attached correspondence.

I am also sending a copy to David Heyhoe.

Yours sincerely

Alan Davis

Andrew Turnbull Esq

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

16 February 1984

Dear Willie,

I thought that I should write to let you know that during the Rates Bill Committee meeting on Tuesday night we had extensive discussion of the criteria which might be used to select authorities for the selective rate limitation scheme. In order to make progress, I gave to the Committee some exemplifications of the way different possible criteria would have operated on the basis of authorities budgets for 1983/84. I undertook to send to the Committee the table from which I was reading.

The letter which I am sending to the members of the Committee is attached. You will see that it stresses the illustrative nature of the information in it and the fact that it is based upon information about 1983/84 while it will be the budgets for 1984/85 which will be the principal point of reference when we come to do the exercise in earnest. Collective consideration of the principles on which selections will be made will, of course, be necessary when we have the budgets and is not prejudiced by my discussions with the Standing Committee.

Nevertheless, the table may well excite interest more widely and I thought it right that you and colleagues in E(LA) should be aware that this information is now in circulation.

Yours ever

Patrick

PATRICK JENKIN

The Lord Whitelaw CH MC

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

16 February 1984

Dear Jack,

I am writing to you as I promised about the table I referred to yesterday morning in the Committee on the Rates Bill when we were discussing criteria for the selection of authorities for rate limitation.

I attach now a copy of the table together with a short note of technical explanation.

In making this table available I wish to repeat the specific warnings which I gave to the Committee about the uses to which it could reasonably be put.

First I have to stress that the criteria exemplified in the table cannot be taken to indicate decisions about the criteria which I should use in making selections this summer for 1985/86. They only illustrate what I have been saying - on second reading and elsewhere - about the approach I shall be adopting by looking at high spending authorities, by reference to their GRE and combining that measure with some indication of the extent to which authorities have tried to restrain their spending.

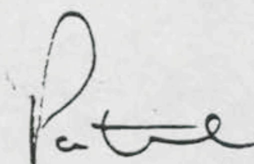
Secondly the table is based on figures drawn from authorities' 1983/84 budgets. I have said that I shall be looking principally at the evidence of 1984/85 budgets in designating authorities. Authorities may well come into the lists or drop out of them depending on the decisions which they are now taking on expenditure for next year.

Thirdly, some of the combinations of criteria identify more than the upper number of 20 authorities which I have indicated I expect to be designated in the first instance. This does not indicate any change in the position I have taken on the numbers likely to be selected. The criteria are illustrative only of the way in which a selection might be arrived at.

You will see from the table that I have amended one of the entries against ILEA which was incorrectly recorded as having had an increase in its precept of more than 10% since 1982/83. In fact the increase was 8.5%. This lower figure reflects no credit on the ILEA whose precept increases more slowly in relation

to its spending than other authorities because of its enormous rateable value and the fact that it has spent itself out of entitlement to the equalising block grant.

As I promised, I am copying the table, together with this letter to the other members of Standing Committee G.



PATRICK JENKIN

Dr John Cunningham MP

Authorities 'selected' in 1983/84 on different criteria	'Total' 20% over GRE 2% over target (1)	'Total' 15% over GRE 1% over target (2)	'Total' expenditure 20% above GRE and 70% 'current' increase since 78/79 (3)	and 80% 'current' increase since 78/79 (4)	and 10% 'total' increase since 81/82 (5)	and 15% 'total' increase since 81/82 (6)	and 20% on rates since 81/82 (7)	and 10% on rates since 82/83 (8)	and 8% on rates since 82/83 (9)	8% on rates since 82/83 and 'total' 1% over target (10)	8% on rat sinc 81/82 and 'total' 1% ove targ (11)
Bristol			/	/							
Langbaurgh			/								
Reading		/	/	/	/	/					
Middlesboro'			/								
Basildon 11	/	/	/	/	/	/	/	/	/	/	/
Leicester	/	/	/	/	/	/	/				/
Norwich		/	/	/	/	/	/				/
Thamesdown	/	/			/		/				/
Manchester		/							/	/	/
Sheffield 9	/	/	/	/	/		/		/	/	/
Newcastle	/	/	/				/		/	/	/
N Tyneside 10	/	/	/		/	/	/	/	/	/	/
City of London		/	/	/							
Camden	/	/	/	/	/	/					
Greenwich 11	/	/	/	/	/	/	/	/	/	/	/
Hackney 9	/	/	/	/	/	/		/	/	/	
Hammersmith			/	/	/	/					
Islington 11	/	/	/	/	/	/	/	/	/	/	/
Lambeth 9	/	/	/	/	/	/		/	/	/	
Lewisham 9	/	/	/	/	/			/	/	/	/
Southwark 10	/	/	/	/	/		/	/	/	/	/
Tower Hamlets	/	/	/	/	/	/					
Brent 9	/	/	/	/	/			/	/	/	/
Haringey 10	/	/	/	/	/	/		/	/	/	/
Newham		/									
Grt Manchester		/									
Merseyside 11	/	/	/	/	/	/	/	/	/	/	/
S Yorks 10	/	/	/	/	/	/	/		/	/	/
Tyne & Wear	/	/	/	/	/						/
W Yorks	/	/	/	/			/				/
GLC 11	/	/	/	/	/	/	/	/	/	/	/
ILEA 11	/	/	/	/	/	/	/		/	/	/
Blackburn					/						
	22	28	28	24	24	17	15	12	17	17	20

EXPLANATORY NOTES

1. The attached table should be read in conjunction with the following notes.

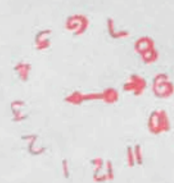
Note 1. The GRE's used are those from the 1983/84 First Supplementary Report throughout.

2. Total expenditure for 1983/84 is taken from Budget returns (RER84) from local authorities.

3. Expenditure excess over target is net of disregards claimed on RER returns.

4. Increases in total expenditure between 1981/82 and 1983/84 have not been adjusted for the change in definition of total expenditure in respect of interest receipts on revenue balances, which was made in 1982/83.

5. Increases in rates are in the portion of the general rate attributable to the named authority.



A 16 JAN 1984

NBPM
AT
14/2

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

The Rt Hon Patrick Jenkin MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1

14TH February 1984

Dear Patrick,

I am unable to come to tomorrow's meeting of MISC 95 but have some points on the paper on staffing issues (MISC 95(84)3), I would like to make.

I understand the pressures on colleagues in DOE to expand on - and improve on - the White Paper's proposals affecting staff. I do not think however that the Government should lose its nerve under such pressures, or let itself be persuaded that the package we intend to offer is ungenerous. Relatively inexpensive further improvements that will keep staff happy and redundancy costs down - like early establishment of the Staff Commission and "ring fencing" - should certainly be adopted. But there are already some heavy "bottom-line" costs in other areas and the more we enhance the terms in these areas the more difficult it will be to show savings from the abolition exercise and retain its credibility with the public - particularly GLC and Metropolitan County ratepayers.

Taking redundancy compensation first, having read all the arguments in the paper I still do not believe that that is or will be a case for going beyond normal local government terms (except to stretch to NHS terms for 41 - 49 year olds). According to Table 1A attached to the paper, the total cost of normal local government terms is £240m (excluding redundancy rebate, which is also a charge on public expenditure). Since local government terms are the lowest option illustrated, it is worth noting again that they are far better for most of the staff likely to be affected than the basic statutory minimum redundancy payments many in the private sector have to settle for, and which would have cost less than £23m, including rebate, for the 8,000 staff illustrated. The suggestion that privatised civil servants will receive better terms is less relevant, in my view, to redundancy compensation than to detriment payments.

I have reservations too about the proposed "plus payments". Arrangements based on what was done in 1974 have been rejected as regards redundancy compensation and could be here as well. It is not clear either by sensible precautionary measures to control what would be by definition, excessive salary increases or promotion need to be "balanced". I do agree however that a Section 261-type control power should be announced, and incouded in the Main Bill.

I am content with all the recommendations in the other two papers, MISC 95(84)1 and 2.

I am copying this to those attending the meeting, the Prime Minister, the Secretaries of State for Scotland and Wales, the Chief Whip and to Sir Robert Armstrong.

Local Govt PT 19

Relations

14 FEB 1984

SECRET

10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

ABOLITION OF THE GLC AND MCC's

I attach a record of a discussion between Lord Whitelaw and the Prime Minister. As you will see, the Prime Minister is minded to hold a meeting to discuss abolition. I envisage this will serve two purposes; to consider whether the policy set out in 'Streamlining the Cities' is correct; and if it is to reinforce the commitment of Ministers to that policy. You will note the suggestion that such a meeting might be held with London members of the Government, plus the Lord President and Chief Whip.

Before deciding what kind of meeting to hold, and with what agenda, the Prime Minister would welcome Sir Robert's advice. It was suggested that he might first want to speak to Sir George Moseley.

I understand the deadline for responses to the White Paper was 31 January. Replies are still coming in but DOE expect to have marshalled them by end February. One possibility, therefore, is to ask Mr. Jenkin to write to colleagues and/or London members of the Government, summarising the views expressed. Such a note could then form the basis for a meeting.

AT

Andrew Turnbull
14 February 1984

SECRET

SUBJECT
cc MASTER

SECRET

1

NOTE FOR THE RECORD

ABOLITION OF THE GLC AND MCC's

Lord Whitelaw came to see the Prime Minister yesterday. During the course of the conversation, he expressed his worries about the legislation for the abolition of the GLC and MCC's. His concern was not that the Bills could not be got through Parliament, but that the proposals themselves might be defective. His concern was all the greater because this Bill was probably the most important in the 1984-85 legislative programme. He was less worried about the abolition of the MCC's, which had a smaller role and where the case for abolition was stronger. (He noted however that business interests were coming to the support of Merseyside which was regarded as a moderate and sensible authority in an otherwise militant area).

His main concern was with the GLC where he did not think the Government had all the answers to the questions being posed. He certainly felt that he did not have the answers himself. A major source of opposition was the arts lobby but he was hopeful that the proposals which he was discussing with Lord Gowrie would succeed in heading them off. It would not be possible to postpone the Bill for a year to allow more time for thought as this would probably make it impossible to deny the holding of elections.

The Prime Minister said that, for her part, she was committed to the policy of abolition. She did not accept the argument that a GLC-type body was needed to 'speak for London'. She had never recognised the GLC in this role. She asked how the work of MISC 95 was progressing. It was noted that the Committee was heavily engaged in detailed issues such as transitional provisions and the prevention of obstruction.

It was suggested that the Prime Minister should hold a meeting with those members of the Government representing London constituencies. This could discuss whether the Government was following the right course and, if it was, how support for the policy could be reinforced. The Prime Minister agreed to consider holding such a meeting but before

/ doing so

SECRET

doing so she would seek the advice of Sir Robert Armstrong on how elaboration of the policy was proceeding and on the work being done by MISC 95.

AT

Andrew Turnbull
14 February 1984

NBPM AT 13/2

CONFIDENTIAL

QUEEN ANNE'S GATE
LONDON SWIH 9AT

10 February 1984

Dear Secretary of State,

ABOLITION PAVING BILL

I write to ask for your agreement to the inclusion in the Bill of a minor additional provision related to the work of the Local Government Boundary Commission for England.

We have just learned informally from the Commission that, contrary to our earlier understanding, it now intends to submit to me in April or May, a report on electoral arrangements for West Yorkshire. The Local Government Act 1972 prevents me from simply putting such a report to one side and there must be a risk that if I did so West Yorkshire County Council might initiate litigation to force me to act on the report. What is needed is a simple provision in the Bill absolving the Secretary of State from the requirement to act on any report of the Local Government Boundary Commission following any review of the electoral arrangements for Greater London or a Metropolitan county. That requirement should be suspended so long as the paving legislation is in force.

I am copying this letter to colleagues on MISC 95, to the Prime Minister, the Chief Whip and to Sir Robert Armstrong.

Yours sincerely
H Taylor
(approved by the Home Secretary and signed in his absence)

CONFIDENTIAL

The Rt Hon Patrick Jenkin, MP

Local Govt. Pt 19
Relations

15 FEB 1984

PRIME MINISTER

Lord Whitelaw is coming to see you on Monday for a general chat. He has a number of concerns. I understand he has been surprised by the rough passage the BT Bill is having in the Lords and he may feel that the underlying policy was insufficiently worked out.

Following the same train of thought, he is concerned about the way the policy on abolition of the GLC and MCCs is developing. A note on Streamlining the Cities is attached.

He is also concerned that a number of items are being put into the 1984-85 legislative programme for which the policy is still at am embryonic stage. The most obvious such case is privatisation of BGC. He may fear a repeat of the BT experience.

AT

10 February 1984

MR. TURNBULL

S T R E A M L I N I N G   T H E   C I T I E S

White Paper, October 1983: GLC and 6 metropolitan counties to be abolished. Planning, highways, waste disposal, housing, arts support, sport and historic buildings to be transferred to the boroughs. Joint boards to be set up for police (metro-counties; not London); fire; education in Inner London; and public transport.

Consultation: the consultation period expired at the end of January. DoE have received about 1,500 replies, mostly hostile as expected: only the non-contents write in. DES have had a similar response on ILEA, though some of the respondents were misinformed and thought ILEA was to be abolished. Office of Arts & Libraries have had several hundred responses to Lord Gowrie's consultation paper on the future of the arts. Almost all the responses indicated fear that arts funding might dry up.

Timetable: Early March - Abolition Paving Bill to L Committee.
Mon 26 March - Paving Bill: Introduction.
Wed 25 April - Paving Bill: Committee on Floor of House.
Thu 3 May - Paving Bill: Third Reading.
Thu 3 May - Local elections.
Mon 14 May - Paving Bill: Lords Second Reading.
Fri 15 Jun - Paving Bill: Lords Third Readg: Royal Assent
Nov '84-Jul '85 - Abolition Bill.

Matters for decision: Misc 95 on 15 February will be considering papers on obstruction to abolition; by-elections and quora in the transitional period; and staffing issues. Little serious evidence of obstruction has emerged to date, but Patrick Jenkin thinks it would now be right to issue a warning statement of the consequences authorities face if they take unlawful action. The by-elections paper is purely technical: it recommends suspension, during the transitional period, of the law requiring by-elections to be held. The staffing issues paper recommends inclusion of provision for establishment of the Staff Commission in the Paving Bill, and the announcement of proposals for detriment and plus payments on the lines of those made in the 1974 reorganisation. Other matters for decision include details of arts funding arrangements, arrangements for property transfer and a long but not yet finalised list of minor matters.

Opposition to abolition: The main non-political opposition to abolition is from the arts and heritage lobby, which has many members influential in the Establishment, including the Lords (eg Goodman). [A paper on lobbies against abolition, which concentrates on the arts and heritage lobby, is attached.] Other lobbies include the education lobby (mostly in London) and the concessionary fares lobby. Politically, the strongest opposition is on the grounds a) that little money will be saved and b) that the joint boards, not being directly elected in whole or in part, are undemocratic.

Not needed

Uncertainty: Because the consultation period has only recently ended, it has not been possible for Ministers to take early decisions on the arts lobby and other matters. The resulting uncertainty is one of the major spurs to the opposition that has emerged. Furthermore, the costs and savings of abolition have not been made clear.

CHRISTOPHER MONCKTON   CM.   10 FEBRUARY 1984.

file with GLC/MCC abolition.

MR. WALDEGRAVE

L O B B I E S   A G A I N S T   A B O L I T I O N

Local government vested interests and Opposiition parties aside, the chief "non-political" lobbies against abolition of the metropolitan counties and the GLC are the arts and heritage lobby; the schools lobby; and the fares lobby.

Arts and heritage are the most vociferous lobbies, but probably appeal to the smallest number of voters. The schools lobby has made little impact nationally, but its potential supporters are more numerous than those of any other anti-abolition lobby. The fares lobby is active chiefly in London thanks to the GLC's past record of activity in the field.

All the lobbies have the following characteristics in common:

a) they will complain less, and perhaps not at all, once they are assured that their particular gravy-train will continue to run. On the whole, they do not mind who drives the train, as long as they think their source of funds is secure and reliable.

b) they are worried more by uncertainty than by any serious belief that their funds will be decreased or stopped. Early Ministerial decisions, difficult though some of those decisions are, will do much to abate the force of the non-political lobbies against abolition.

c) they are all active mainly in London; elsewhere there is less evidence of their activities.

THE ARTS AND HERITAGE LOBBY

The arts and heritage lobby is a broad grouping including those who administer the major performing arts companies, such as opera houses, orchestras, theatres, museums, and galleries. The Arts Council, the Crafts Council and the Museums and Galleries Commission have been active.

At board level there are many Establishment figures such as Claus Moser and Lord Goodman, who regard the arts as part of their public persona.

There are major second-tier companies funded both by the Arts Council and local authorities: for instance, the National Symphony Orchestra, the Halle, the Civic Theatres in Liverpool, Manchester, Leeds, etc.; and the major provincial galleries and museums, which are a complication because they tend to be multiply funded.

Finally, there are small street-theatre, mime and dance groups, left-wing, ethnic and community theatre companies.

Most groups would be content if they knew that their funding was secure; but many of them still have the 1 per cent. mid-term cuts fresh in their minds and, in any event, the arts lobby tends to be left-wing and therefore automatically hostile to the Government.

This year's provision for the Arts Council, museums, libraries, British Library, Royal Geographic Society, etc., is £248.8 million, an increase of 7.5 per cent. on last year.

CONSULTATION ON THE FUTURE OF THE ARTS

The consultation period for responses to the paper issued by Lord Gowrie's office on the future of the arts after abolition closes on January 31. The paper (attached) summarises the Government's general approach in the following points:

* Existing public expenditure plans for the arts will continue, with adjustments in RSG and GRE to take account of transfers of responsibilities for arts;

* Private patronage and sponsorship should be vigorously sought;

* Most arts now funded by GLC and MCCs will look to districts and boroughs, individually or collectively, for primary support;

* Some major institutions are too big for the districts and boroughs to handle: the City of London would take over the Museum of London, but the five other museums and galleries would become satellites of national museums (para. 7).

* The National Theatre, English National Opera, London Festival Ballet, Royal Exchange Theatre, Opera North, etc., will get extra Arts Council cash to make up the loss of GLC/MCC grants (para. 8).

* The South Bank complex will be put under a board of management answerable to the Arts Council (para. 9).

RESPONSES TO THE CONSULTATION

Some hundreds of replies to Lord Gowrie's consultation paper have been received. Nearly all are hostile. About four-fifths of the replies are from institutions; the remaining one-fifth are from individuals.

The central point made in the responses is that the arts will suffer if they have to rely on the boroughs and districts for funding. Most of those who replied asked whether abolition was really necessary: most of those who went further than that proposed that Joint Boards for arts and heritage should be set up in the GLC area and in each of the MCC areas. This is the option favoured by officials as "the most elegant solution".

Other complaints were that the Arts Council was not the best medium for deciding on local arts matters; but that, on the other hand, the boroughs were too small to provide secure funding, particularly since rate-capping would put pressure on them to cut spending on such peripheral functions as the arts.

Many bodies said they wanted their existing cash levels guaranteed; some said they also wanted a guarantee that they would continue to get the real increases in funding promised by the GLC and the MCCs.

Private patronage and sponsorship was rejected, particularly by bodies in the North-East and North-West, as unlikely to provide secure revenue. The recession had hit hard the local firms who might have been interested in sponsorship of local arts; and international firms were not interested in local sponsorship.

The idea of attaching five museums/galleries as satellites to national museums was widely criticised. The national institutions themselves were only willing to take on the satellites on their own terms; while the local institutions feared the loss of local autonomy. In the provinces, some of the larger museums felt that the boroughs would not be financially strong enough to guarantee their future existence.

The problem of the wholly-funded museums, however, is not so much political as administrative: what is the most appropriate mechanism for ensuring that each institution continues to be reliably funded.

The proposal to adjust RSG and GRE to take account of transfers of responsibilities for arts was attacked on the grounds that it would be impossible to make sure that the right boroughs ended up with the right money to maintain the institutions in their territory. There is some force in this objection. Since the RSG is a formula designed to apply with equal weight everywhere, it is not well-adjusted to handling specific grants.

Another frequent complaint was that there should be many more institutions and groups on the list of organisations supported nationally through the Arts Council; but there are difficulties in deciding where to draw the line between bodies large enough for national funding and bodies small enough for local funding.

There were some suggestions ~~that~~ for a "wheel-oiling fund" to help with the transitional problems.

THE ARTS AND HERITAGE: OPTIONS

Since the Government is not intending to save any money on planned levels of arts and heritage spending (para. 3 of attached consultation paper), the problem is

a) to ensure that all now singly-funded beneficiaries continue to have a secure source of funding;

b) to ensure that the former GLC or MCC element in the funding of multiply-funded beneficiaries is transferred to another secure source;

c) to decide whether the list of nationally-funded institutions should be added to, and, if not, which institutions would be seriously threatened by a shortage of funds from boroughs.

Among the options are:

Joint commissions for arts and heritage: Since the scale of arts and heritage funding, especially outside London, is small in comparison with spending by the planned joint boards for fire, police etc., there is no practical reason why the joint commissions for the arts, if they were agreed to, should not be very small and very inexpensive to administer. Joint commissions would provide a reasonable halfway house between national and local funding and could be cheaper (as well as politically more acceptable) than any other possibility, provided that Ministers took the opportunity at the outset to specify limits to their maximum size and administrative budgets.

Direct grant funding of all arts expenditure in the areas of the GLC and MCCs, by payments to the boroughs for onward transmission to specified arts projects within their boundaries, or by direct payments to the projects themselves. This would avoid the accusation that yet another quango was being set up, but we should then be accused of having over-centralised arts funding.

Adjusting the RSG of boroughs in the old GLC/MCC territories to take account of their new responsibilities for the arts. This would be the least satisfying option from the point of view of the arts lobby, whose smaller members fear that the boroughs will quietly cut off their funds, and whose intermediate members fear that they are too big to be funded by the boroughs. The GRE and RSG formulae are in any event relatively inflexible and are unlikely to be sensitive enough to the individual varizations in arts funding that would be required.

Joint commitment of the boroughs On concessionary fares, the London Boroughs' Association has committed itself to maintaining the position. A similar joint commitment on the arts, without the political unattractiveness of setting up yet another formal Joint Board, would be the ideal solution. This option would cost the Government nothing - as now, the local element in funding of the arts would continue to be rate-borne. Institutions too small for central funding through the Arts Council but too large for funding by an individual borough would be free to appeal to neighbouring boroughs for support: and, as the consultation paper says (para. 4), the boroughs ought to co-operate with each other voluntarily.

RECOMMENDATIONS

I recommend that we try for a joint commitment of the boroughs in each of the MCC areas and in the GLC area. If handled correctly, this could throw the onus on to the boroughs to show that they care about the arts in their areas. This policy could usefully be combined with a modest extension of the list of larger institutions and historic houses funded centrally. This extended list might usefully include the five museums whose suggested satellite status has provoked such opposition.

As a fall-back position, if the boroughs will not agree with us or inter se, we should be prepared to establish joint commissions for arts and heritage. These should be required to operate on extremely tight administrative budgets, with limits both upon cash for admin and upon staff and membership numbers. To stress the dissimilarity between the commissions and the Joint Boards, they should be made sub-committees of the Arts Council, which would have no direct power over them but which could act as a friendly adviser and consultant on matters of policy. Such a mechanism would also allow settlement of transitional questions related to the balance between national and local funding.

Decisions should be announced as soon as possible, to end the present uncertainty, which is being exploited by our political opponents. So far, the arts and heritage lobby is the only non-political lobby which has made any respectable headway in public presentation, Our opponents are therefore using it as a focus for their attacks on abolition. We should remove it as soon as possible from the centre of the public stage.

OTHER LOBBIES

Schools: Ministers at DES confirm that, apart from some stirrings from the NAS/UWT, Westminster and Wandsworth Education Authorities, Tories on ILEA (and, of course, many of our own MPs and Conservative Associations with educational interests) little public opposition to abolition has yet emerged from the schools lobby, though it is possible that some opposition will arise.

Fares: The London Boroughs' Association has agreed to maintain concessionary fares, which the GLC had raised as a spectre to scare pensioners into opposing abolition. In practice, the boroughs have more to lose electorally by threatening to abandon concessionary fares than by maintaining them.

THE LONGER TERM

In the longer term, funding of the arts and heritage should be gradually transferred back from the State into the hands of the people. This transfer cannot take place overnight, but it should take place over a period of years. The ideal method would be to reduce taxation (either direct or indirect) **pari passu** with reduction of arts and heritage funding, in measured annual steps. Any pressure-groups complaining at this reduction of State arts funding could then be fairly told to go to the people (to whom the money had been returned) and ask them for it. This principle of reducing taxation **pari passu** with reductions in grant or subsidy can, of course, be used in other realms of public spending.

OTO

NBPM AT 1/2

CC NO

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

31 January 1984

Dear Nigel

One of the arguments which has been used against the Government in recent debates on local government policy is that the additional tasks which central government has required local authorities to carry out in recent years have been largely responsible for the increased spending of local government.

My Secretary of State has recently sent a detailed response to this allegation to the Leader of Norfolk County Council. Mr Jenkin has suggested that your Ministers andthose in other local government spending Departments might like to make use of this material in the continuing debate on local government expenditure and I therefore attach a copy of his letter of 13 January with attachments.

I am copying this letter to the private secretaries to the Chancellor and to the Secretaries of State for Health and Social Security, Education, Transport, Scotland and Wales. I am also sending copies to Bernard Ingham and Andrew Turnbull at No10.

Yours sincerely

Alan Davis

A H DAVIS
Private Secretary

Nigel Pantling Esq

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

13 January 1984

Dear Councillor Alston,

I believe that you have seen a copy of Irwin Bellwin's letter of 21 November to John McGregor MP about your letter of 26 September to the Prime Minister concerning Government Initiatives which call for action by local authorities. That letter made some general comments on the issue, but said that we were looking in detail at your list of 89 "Government requirements".

I now attach (Annex A) a schedule with comments on each of the items in your list. Leaving aside the 9 items which were not, in fact, initiated by the Conservative Government, my general comments on your list are as follows.

Some 9 of the items in your list are requirements of general legislation (eg on data protection, health and safety at work), which affect local authorities in the same way as other bodies (eg in their capacity as employers). I think that it is important to draw a distinction between these items and the remainder of your list. It is, of course, a general aim of Government policy to reduce bureaucracy. But, where Ministers decide that changes are needed in administrative systems, there can be no case for treating local authorities differently from (for example) other employers. It may well be, of course, that some of the obligations stemming from such legislation are unduly onerous and should be reviewed; in that case any changes should apply to all those affected and not just to local authorities.

Our detailed study of the 80 requirements initiated by us has, in general, confirmed the views expressed in Irwin Bellwin's letter to John McGregor. Perhaps I could re-iterate the main points, and relate them to the schedule.

First, some 31 of the requirements were not really "new". They concerned the revision or updating of duties already in existence. The precise effects of these changes would no doubt depend to some extent on previous practice in each local authority. But, when the proposals were being considered by Departments, the view was taken that there should be no significant impact on local authorities generally.

Second, where genuinely new requirements are concerned, your list does not distinguish in any way between really significant items (eg the effects of the Education Act 1980 and the Criminal Justice Act 1982) and a whole range of matters which, while

new, should have had only an insignificant effect on an organisation as large as a county council. Our assessment is that some 35 of the 49 "new" requirements fall into the latter category.

Third, the alleged conflict with our policies on local government expenditure, to which you referred in your letter to the Prime Minister, does not really arise in relation to some items. Thus, there are 26 items - some new, some revised - where there are either arrangements for expenditure to be reimbursed within the terms of the scheme concerned, or where some allowance has been made in the course of the negotiations on Rate Support Grant. These include some of the more significant items such as the MSC initiatives and parts of the Education Act 1980. Of course, in these cases there is still the question of increased manpower. But we have recognised this in the Joint Manpower Watch (where the effect of major items is acknowledged); and local authorities can, of course, explain their own situation in detail in their local manpower statements.

Fourth, new proposals affecting local government are not conceived of, and introduced by, central government working in isolation. Improvements sometimes arise from reports by working parties which include local authority members - or indeed from suggestions put forward by local authorities in the light of their experience. And, before major changes are introduced there is consultation with local government through the Associations; this applied to 63 of the items in your list (ie about 80% of those for which the Government are responsible) including the great majority of the genuinely new requirements.

Fifth, since 1979 this Government has done a great deal to relieve local government of a mass of minor duties and constraints and to simplify procedures. I attach a list at Annex B which itemises these changes. Although, as with your list, a good many of these changes will have had only a minor impact on local authority manpower and spending, in aggregate they do amount to a considerable effort to reduce the obligations and constraints on local authorities. Of course, I recognise that the incidence of the relevant increases in burdens in your letter and of the relevant reductions in burdens in Annex B may well have been uneven as between different types of authority. All I would say is that the overall effect of the savings stemming from the relaxations and repeals in Annex B must be taken fully into account.

Finally, a more general point that subsumes some of those made above. As Irwin Bellwin pointed out, life cannot stand still. All organisations have to be ready to adapt to changing circumstances, and not only to change the disposition of resources accordingly, but also to make improvements in efficiency. This is clear from the experience of my own Department, where there has been significant growth in some areas (for example, the urban programme), while total staff numbers have been reduced by more than 30%.

Although this analysis suggests that the net total effect of the items you listed is less formidable than may at first appear to be the case, the Government is in no way complacent about

the issues you raise in your letter; and, as the Prime Minister pointed out, we are actively concerned to avoid all unnecessary burdens. In addition to our normal procedures to assess in advance the expenditure and manpower effects of policy proposals affecting local government, we are actively pursuing other measures which are relevant to the case you have put to us.

First, the Consultative Council on Local Government Finance recently agreed to my proposal that the Joint Manpower Watch Group should carry out a study of the factors affecting recent local government power trends and associated expenditure. This will involve a survey by the Associations of a wide spectrum of authorities. Your list, and the assessments that we have made, will no doubt be taken into account in that study.

Second, we have recently agreed, in the context of our Financial Management Initiative, to look again at the question of specific controls over local authorities. My officials are hoping to discuss this issue with the Associations within the next month.

Third, we naturally fully support the Audit Commission in efforts they are making to help local authorities in their search for greater economy, efficiency and effectiveness. If the Commission are right - and I have no reason to question their judgement - there is scope for making efficiency savings in many areas of local authority activity; and this should not be overlooked when local authorities are considering how to respond to new requirements.

I hope that you will feel that the careful attention we have paid to your letter repays the painstaking work which you and your officials must have put into the compilation of your list. It would be surprising if you agreed with all of our assessments, which are necessarily general and may not in all cases relate to your own specific situation; but you have no doubt already been consulted by the ACC in the context of the Joint Manpower Watch Study I have referred to, and this will provide a further opportunity for joint consideration of these matters.

I am copying this to Ralph Howell and John McGregor, both of whom referred your list to us and to the local authority Associations.

Yours ever

Patrick Jenkin

PATRICK JEKIN

-1 FEB 1984

Reference	Nature of provision
National Parks and Access to the Countryside Act 1949, s.62(4)	Power to make access orders etc. in light of result of access surveys.
National Parks and Access to the Countryside Act 1949, s.79	Power to exclude land required for forestry from access order or agreement.
National Parks and Access to the Countryside Act 1949, s.80(3)	Power to approve variations to access order or agreement in respect of danger areas.
Commons Act 1876, s.8	Power to sanction local authority contributions to maintenance.
Commons Act 1899, s.2	Approval of schemes of regulation.
Highways Act 1959, s.29(3) & s.112(5)	Powers to direct making of orders for creation, extinguishment and diversion of public paths.
Highways Act 1959, s.30(2), s.111(8)	Determination of disputes with highway authorities over works required in creating or diverting paths.
Highways Act 1959, s.126(2)	Appeals against highway authority's refusal to allow stiles, etc. on public paths.
National Parks and Access to the Countryside Act 1949, s.37	Power to expedite preparation of definitive maps of rights of way.
National Parks and Access to the Countryside Act 1949, s.53(1)(b)	Approval of agreements on operation of ferries on long distance routes.
National Parks and Access to the Countryside Act 1949, s.53(1), proviso	Directions on consultations with water authorities.
National Parks and Access to the Countryside Act 1949, s.53(3)	Directions on district council functions.
Smallholdings and Allotments Act 1908, s.32(2)	Use of sale proceeds for purposes other than allotments.
Smallholdings and Allotments Act 1908, s.47(1)	Appeal against prohibition of improvements.
Smallholdings and Allotments Act 1908, s.49(2)	Consent to grants.
Smallholdings and Allotments Act 1908, s.54(1)	Approval of transfer of surplus allotment revenue to other purposes.
Smallholdings and Allotments Act 1908, s.54(2)	Requirement to prepare allotment account within one month of end of financial year.
Smallholdings and Allotments Act 1908, s.28	Confirmation of rules.
Smallholdings and Allotments Act 1908, s.59	Requirement to make annual reports.
Land Settlement (Facilities) Act 1919, s.22(1)(b)	Consent to appropriation of allotment land.
Allotments Act 1922, s.20	Default powers in relation to outer London Boroughs.
Allotments Act 1925, s.13	Specification of contents of annual reports.
Rag Flock and Other Filling Materials Act 1951, ss. 6, 7 & 15(5)	Appeal against refusal of licence; prescription of analyst's fees.
Cremation Act 1952, s.1	Approval of site and plans of crematoria.
Highways Act 1959, s.288	Power to modify or repeal local Acts.
General Rate Act 1967, s.55	Lack of discretion for authorities over apportionment of rates between owners and occupiers.

Reference	Nature of provision
Public Health Act 1936 proviso to s.291(3)	Controls over interest rates for for various purposes.
Coast Protection Act 1949 s.10(2)	
Housing Act 1957, s.10(6)	
Highways Act 1959, ss.181, 212, 264	
Housing Act 1969, s.6(4)	
Mines and Quarries (Tips) Act 1969, s.23(5)	
Control of Pollution Act 1974, s.90(2)(b)	
Housing Act 1974, s.76(6)	
Local Government (Miscellaneous Provisions) Act 1976, s.24(6), s.33(3)	
Highways Act 1959, s.211	Fixing of annuity rates for private street works charging orders.
Highways Act 1959, s.246	Determination of questions as to what part of certain payments to highway authorities represents capital.

TRANSPORT

Reference	Nature of provision
Highway Act 1959, s.26(3)	Approval of new road ferries.
Transport Act 1968, s.120	Determination of height of parapets on bridges over railway lines.
Highway Act 1959, s.108(10)	Appeal by London Borough Council against GLC's refusal of consent to stopping up of a metropolitan road.
Locomotives Act 1898, s.7;	Appeals against bridge restrictions.
Ministry of Transport Act 1919, s.11;	
Road Traffic Regulations Act 1967, s.17	
Highways Act 1959, ss.95 and 96	Regulations on cattle grids.
Highways Act 1959, s.73(1)	Directions concerning prescription of building lines.
Local Government (Miscellaneous Provisions) Act 1953, s.5	Appeals concerning erection of bus shelters.
Road Traffic Act 1960, s.149	Modification of restrictions on use of roads by public service vehicles.
Road Traffic Regulation Act 1967, s.26(5)	Power to revoke or vary street playground orders.
Public Health Act 1961, Sch.3	Appeals concerning provision of safety barriers, litter bins and guard rails.
Local Government Act 1966, s.29	Appeals concerning provision of street lighting.
Highways Act 1959, s.233(2)	Control of period during which tolls may be levied.
Highways Act 1959, s.233(5)	Confirmation of agreements to transfer toll highways.
Highways Act 1959, s.280	Regulations as to forms and notices for dedicating a highway as reparable at public expense, and apportionment of costs for private street works.
Road Traffic Regulation Act 1967, s.21(4) & (5)	Power to revoke or vary pedestrian crossing schemes.

Reference	Nature of provision
Road Traffic Regulation Act 1967, s.9(3) & (5)	6 month restriction on initial duration of experimental orders. (Amended to enable authorities to make orders for up to 18 months, and to modify or suspend them without making a variation order.)
Road Traffic Regulation Act 1967, s.1(9)	Power to amend local act traffic regulation provisions.
Road Traffic Regulation Act 1967, ss.1(2), 84B(1)(g) & 84D(3)	Power to make traffic regulation orders on request of a university.
Road Traffic Regulation Act 1967, ss.1 & 9	Power to make traffic regulation orders applying to a trunk road. (Local authorities enabled to include trunk roads in orders relating to traffic management schemes, subject to the Minister's consent to the trunk road element.)
Countryside Act 1968, s.32(3) & (4)	Power to make traffic regulation orders for special areas in the countryside.
Road Traffic Regulation Act 1967, s.21(1)	Approval of the establishment of pedestrian crossing schemes.
Road Traffic Regulation Act 1967, s.84B(1)(a)	Consent to restriction of access for more than 8 hours in 24. (Consent required only where there are unwithdrawn objections from property holders.)
Highways Act 1971, s.2(2) and (4)	Confirmation of orders stopping up private access. (Confirmation required only when property owners are affected.)
Countryside Act 1968, s.32(9)	Power to require removal of traffic signs from Crown roads.

PERSONAL SOCIAL SERVICES

Reference	Nature of provision
Local Authority Social Services Act 1970, s.3(1)	Consent to a social services committee dealing with non-social services business.
Local Authority Social Services Act 1970, s.6(3)	Power to prescribe qualifications for directors of social services.
Local Authority Social Services Act 1970, s.6(4)	Requirement to consult Secretary of State over appointment of director of social services; Secretary of State's power to prohibit appointment.

AGRICULTURE AND FOOD

Reference	Nature of provision
National Parks and Access to the Countryside Act 1949, s.77(4)	Power of Minister to acquire land in a national park for public access for open-air recreation.
National Parks and Access to the Countryside Act 1949, s.69	Power of Minister to suspend public access to land which is the subject of an access agreement or Order if there is exceptional risk of fire.

Reference	Nature of provision
Weights and Measures Act 1963, s.47a	Prescription of fees for local authorities' services as Community obligations.
Weights and Measures Act 1963, s.43(1)	Prescription of adjustment fees.
Weights and Measures Act 1963, s.5(1)	Power to say what equipment is required.
Weights and Measures Act 1963, s.5(1A)	Prior approval to be obtained for any equipment hired in or out by a local authority.

Reference	Nature of provision
Housing Act 1957, Sch 3, para. 3(4)	Minister to be satisfied that notice has been served stating grounds for decision that building being acquired compulsorily is unfit.
Town and Country Planning Act 1971, s.119	Consent to acquire land outside local authority area when not immediately needed.
Town and Country Planning Act 1971, s.121	Confirmation of orders for appropriation of common land, open space, etc.
Town and Country Planning Act 1971, s.122(2)(a)	Consent to appropriation of planning land by parish councils.
Town and Country Planning Act 1971, s.123(2)(a)	Consent to disposal of planning land by non-principal councils.
Town and Country Planning Act 1971, s.123(2)(b)	Consent to disposal of land acquired under s.112 of the Act, and for planning purposes.
Town and Country Planning Act 1971, s.123(4), (5) & (7)	Power to direct disposal to a particular person or otherwise intervene in disposals.
Town and Country Planning Act 1959, s.23(2)(a)	Control on the appropriation of open spaces.
Town and Country Planning Act 1959, s.23(2)(b)	Control on appropriation of land acquired compulsorily.
Town and Country Planning Act 1959, s.26(2)(a)	Control on disposal of open space;
Town and Country Planning Act 1959, s.26(2)(b)	Control on disposal of land acquired compulsorily
Housing Act 1969, s.35(1)	Consent to dispose of land which is open space or compulsorily acquired
Local Government Act 1972, s.123(4) & (5), s.127(3)	Consent to disposal of open space and land compulsorily purchased in last 10 years.
Public Health Act 1961, s.6, as amended by Health and Safety at Work Act 1974, Sch 6	Power to make relaxations of building regulations.
Inner Urban Areas Act 1978, s.4(1)	Power to block declaration of improvement area.
Inner Urban Areas Act 1978, s.6(3)	Power to fix amount of grant per job created or preserved
London Government Act 1973, s.73(2)	Consent to advertisement by London authorities of commercial and industrial advantages of their areas.
Caravan Sites and Control of Development Act 1960, s.3(2)	Prescription of information in application for site licence.
Caravan Sites Act 1968, s.9(1)	Requirement for information on proposed gypsy sites, and notification of ultimate provision.
Caravan Sites Act 1968, s.9(3)	Directions transferring district functions to county.
Caravan Sites Act 1968, s.9(4)	Power to hold local inquiry.
Countryside Act 1968, s.17	Power to direct when agricultural land shall be treated as excepted land for access purposes.
National Parks and Access to the Countryside Act 1949, s.61(3)(b)	Power to direct that survey requirement should apply to former county borough area.

Reference	Nature of provision
Town and Country Planning Act 1971, s.9(3), s.10(2)	The requirement that an Examination in public must always be held to consider proposals for alteration of a structure plan.
Town and Country Planning Act 1971, s.20	The need for separate Orders to bring the 1971 Act system into force as each structure plan is approved— now provided for automatically.
Town and Country Planning Act 1971, Sch 7, para 6	The need for separate revocation Orders as parts of the old development plans are superseded by local plans— now provided for automatically.
Town and Country Planning Act 1971, s.10	The restrictions on replacement or amalgamation of present structure plans imposed by the wording of the present legislation.
Town and Country Planning (Structure and Local Plans) Regulations 1974, SI 1486	Powers of direction not associated with the rights of the individual to have access to the Secretary of State.
Town and Country Planning (Structure and Local Plans) Regulations 1974, SI 1486	Requirement for Secretary of State's approval of structure plan to cover reasoned justification for plan policies.
Town and Country Planning Act 1971, s.50	Power to set up tribunal for appeals on design.
Town and Country Planning (Control of Advertisements) Regulations 1969, Reg. 28(1)(a)	Call-in power.
Reg. 28(1)(c)	Direction to local planning authorities to consult other interests.
Reg. 28(3)	Power to direct local planning authority to make Area of Special Control Order or serve discontinuance notice.
Reg. 20(1)	Secretary of State's approval for duration of "express consent" exceeding five years.
Reg. 31(2)	Secretary of State's approval for index to register of applications not to be in the form of a map.
Town and Country Planning Act 1971, s.277(2), as re-enacted in Town and Country Amenities Act 1974	Directions to review past exercise of functions under s.277 and determine whether further conservation areas should be designated.
Town and Country Planning Act 1971, s.277(A)(4)	Direction that the provisions of s.277(A) shall not apply to individual buildings in a conservation area.
Town and Country Planning Act 1971, s.277(B)	Directions to submit proposals for preservation and enhancement of conservation areas.
Town and Country Planning Act 1971, Sch. 11, Part II, para. 12(b)	Confirmation of revocation of listed building consent where claim for compensation likely to arise.
Town and Country Planning Act 1971, s.60(4)	Confirmation of tree preservation orders.
Town and Country Planning Act 1971, s.61	Regulations securing notification of effect of provisional tree preservation orders.
Acquisition of Land (Authorisation Procedure) Act 1946, Sch 1, paras 3(1)(b) & 19(4)	Dispensation in connection with service of notice when owner unknown.

Reference	Nature of provision
Deposit of Poisonous Waste Act 1972, s.3(4)	Regulations exempting wastes from notification requirements.
Control of Pollution Act 1974, s.2(2)	Regulations modifying information to be included in waste disposal plan.
Control of Pollution Act 1974, s.2(3)(a)(vi)	Prescription of persons to be consulted on waste disposal plan.
Control of Pollution Act 1974, s.2(7)	Direction as to time by which authority must discharge duty to make plan.
Control of Pollution Act 1974, s.5(1)	Prescription of information in application for disposal licence.
Control of Pollution Act 1974, s.5(2)	Regulations allowing licence applications to be considered pending receipt of planning permission.
Control of Pollution Act 1974, s.5(4)(a)	Prescription of bodies to be consulted on proposed issue of disposal licence.
Control of Pollution Act 1974, s.11(3)(c)	Prescription of bodies to be consulted on proposed resolution covering a disposal site operated by the authority.
Control of Pollution Act 1974, s.6(1)	Prescription of conditions for disposal licences and resolutions.
Control of Pollution Act 1974, s.6(4)(a)	Prescription of details for register of licences.
Control of Pollution Act 1974, s.13(7)	Regulations on receptacles for controlled waste.
Control of Pollution Act 1974, s.23(2), (3) & (5)	Regulations on notices prohibiting parking in order to allow streets to be cleaned.
Control of Pollution Act 1974, s.28(1)(a)	Prescription of form of map of waste collection pipes.
Refuse Disposal (Amenity) Act 1978, s.3(2)	Prescription of notices in respect of removal of abandoned vehicles.
Refuse Disposal (Amenity) Act 1978, s.4(4)	Regulations requiring information on disposal of abandoned vehicles to be given to prescribed persons.
Refuse Disposal (Amenity) Act 1978, s.6(2)	Prescription of notices in respect of removal of other refuse.
Town and Country Planning Act 1971, s.6(2)	Power to require a new survey.
Town and Country Planning Act 1971, s.7	Specification of periods over which changes in relevant factors are to be estimated.
Town and Country Planning Act 1971, s.10(1)	Power to require proposals for alteration of structure plans.
Town and Country Planning Act 1971, s.10c(6), s.10c(8)	Power to require preparation or amendment of development plan schemes and to prescribe their contents and procedures.
Town and Country Planning Act 1971, s.11(3)(b), s.11(5)	Specification of content of local plans by direction.
Town and Country Planning Act 1971, s.12(2)	Prescription of availability for inspection of local plans other than at local office.
Town and Country Planning Act 1971, s.12(3)	Prescription of content of public participation statement.
Town and Country Planning Act 1971, s.12	The requirement that the adoption of a local plan must be delayed until the structure plan is approved.

ENVIRONMENT

Reference	Nature of provision
Housing Act 1957, s.43(4)	Approval of extension of time for submission of slum clearance compulsory purchase order.
Housing Act 1957, s.91	Power to require submission of housing programmes.
Housing (Financial Provisions) Act 1958, s.43(1)	Control over conditions attached to individual local authority mortgages.
Housing Act 1974, s.42	Power to require reports on progress with Housing Action Areas.
Housing Act 1974, s.52(7)	Power to prevent declaration of Priority Neighbourhood.
Housing Act 1969, s.28, as amended by Housing Act 1974, s.50 and 51	Controls over declaration of General Improvement Areas.
Housing Act 1969, s.37(1) Housing Act 1974, s.46(2)	Project approval for environmental works in Housing Action Areas and General Improvement Areas.
Housing Rents and Subsidies Act 1975 Schedule 1 para 9	Approval of the terms of co-operative agreements.
Housing Act 1957, s.119	Consent to aid housing associations.
Clean Air Act 1956, s.4(1) & (2)	Regulations on smoke density measurements.
Clean Air Act 1956, s.6(3)	Call in of classes of applications for approval of arrestment plant.
Clean Air Act 1956, s.11(1), (5) & (6), and Sch. 1 paras 4 & 5	Confirmation of smoke control order
Clean Air Act 1956, s.31(6)	Power to settle dispute over which district should deal with particular premises.
Clean Air Act 1956, s.35(4)	Power to repeal or amend local Act with regard to CAA 1956.
Clean Air Act 1968, s.3(5)	Call in of applications, and appeal against refusal of approval for arrestment plant.
Clean Air Act 1968, s.4(3)	Prescription of form for application for arrestment plant exemption.
Clean Air Act 1968, s.6(3)	Prescription of form for applications for chimney heights approval.
Clean Air Act 1968, s.10(2) & (3)	Consent to postponement of operation of smoke control order.
Clean Air Act 1968, s.14(3)	Power to repeal or amend local Act with regard to CAA 1968.
Control of Pollution Act 1974, s.79(5), (6) & (7)	Approval of disclosure of information.
Control of Pollution Act 1974, s.63(1) and Schedule 1 (paras 1-3)	Confirmation of noise abatement order.
Control of Pollution Act 1974, Sch 1 para 5	Consent to postponement of coming into operation of a noise abatement order.
Control of Pollution Act 1974, s.73(2)(a)	Determination by Secretary of State of any question as to whether a place in the territorial sea lying seawards of a local authority's area is within that local authority's area for the purposes of s.73(2).

ANNEX B

CONTROLS LISTED IN THE 1979 WHITE PAPER WHICH HAVE SINCE BEEN RELAXED OR REPEALED

EDUCATION

Reference	Nature of Provision
Education Act 1944, s.13	Approval of proposals for establishment, closure, change of character, etc. of schools
Education Act 1944, ss.11 & 12	Approval of school development plans.
Education Act 1944, s.53	Approval of recreation facilities.
Education Act 1944, s.13(6)	The control of costs and standards for school premises.
Education Act 1944, s.9(1); Education (Miscellaneous Provision) Act 1953, s.6(1); Education Act 1976, s.5(2)	Approval of financial assistance by LEAs to independent schools.
Education Act 1944, s.84	Approval of financial assistance by LEAs to universities.
Education (Miscellaneous Provision) Act 1948, s.5	Approval of arrangements for the provision of clothing for PE.
Education Act 1944, s.61(2)	Prescription of scales of boarding fees.
Education Act 1944, s.37	Power to intervene over arrangements for children subject to school attendance orders.
Education Act 1944, s.82	Approval of arrangements for conducting educational research.
Education Act 1944, s.83	Approval of arrangements for educational conferences.
Further Education Regulations 1975, Reg. 11(2)	Approval of purchase of equipment for colleges of further education.

LIBRARIES AND MUSEUMS

Reference	Nature of provision
Public Libraries and Museums Act 1964, s.8(2)	Specification of maximum library reservation charges and fines.

HOME OFFICE FUNCTIONS

Reference	Nature of provision
The Fire Services (Appointments and Promotion) Regulations 1978, SI 436	Approval of appointment of Chief Fire Officers.
Breeding of Dogs Act 1973	Control of licence fees.
Theatrical Employers Registration (Amendment) Rules 1968, SI 1342	Control of licence fees.
Poisons Rules 1978, SI 1	Control of licence fees for sale of poisons.
Shops Act 1950, ss.8–11	Controls over orders fixing shop closing hours.
Public Health Act 1875, s.172	Confirmation of by-laws fixing hire fees for pleasure boats.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
84	NEW	MAN	V SMALL	NO	YES	Estate Agents Act 1979. It is very much up to each authority to decide how much effort to devote to this activity.
85	NEW	MAN	SMALL	NO	YES	Trade Descriptions Acts 1968-72. The extension in 1981 of duties on origin marking to include non-branded goods in certain sectors will certainly lead to some extra work although Trading Standards departments already had similar duties under the 1972 Act.
86	NEW	MAN	SIGNIFICANT but see comment	NO	YES	Weights and Measures Acts 1963-1979. The Measuring Equipment (Liquid Fuel delivered by Road Tanker) Regulations 1979 introduce controls on equipment to minimise fraudulent use; they were requested in 1977 by local authorities who have from 1979 to 1 July 1984 to spread the expenditure (maximum £3,000).
87	REVISED	MAN	SMALL	OFFSET	YES	Weights and Measures (Packaged Goods) Regulations 1979. The Eden Working Party report recognised that, when Weights & Measures enforcement was switched from the shops to the packing line, new equipment would be needed by local authorities: this expenditure was justified on grounds of time saving and avoidance of transcription errors. Costs are estimated at £0.3M pa for 1979/80 and 80/81, including the setting up of the National Metrological Co-ordinating Unit and training

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						inspectors (but the latter costs were eventually met by direct funding of £0.2M). The new system was estimated to lead eventually to savings of £0.2M pa in local authority expenditure (at 1978 survey prices).
88	REVISED	MAN	SMALL	NO	YES	General. While some extra analysis and testing has resulted from additional legislation many LAs have developed their own facilities and reduced the fees of external agencies.
WASTE DISPOSAL						
89	REVISED	MAN	See comment	NO	YES	Control of Pollution Act 1974 - Regulations (1981). When these regulations were introduced substantial administrative cost savings were predicted in the long term, although it was anticipated that there would subsequently be some redeployment of resources towards greater field controls. In the event, the anticipated saving in paper work did not properly materialise. A wide review is being undertaken of the initial operation of the Regulations which involves all the relevant interests, especially the LAAs.

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						provision of information followed by a request to distribute copies when Norfolk indicated the number they would wish to receive. Participation at each stage was entirely at the Council's discretion.
TRADING STANDARDS						
81	NEW	MAN	SMALL	NO	YES	British Telecommunications Act 1981. Imposes a power, rather than a duty, to enforce Orders.
82	NEW	MAN	V SMALL	NO	YES	Consumer Safety Legislation. New regulations exten the consumer protection provided under earlier Act to upholstered furniture not previously covered. The Department of Trade, the industry and LAs have been examining together ways of improving enforcement which should not increase the burdens on resources.
83	NEW	MAN	V SMALL	Account taken in RSG	YES	Consumer Credit Act 1974. The Consumer Credit (Advertisements) Regulations 1980 and (Quotations Regulations 1980 do make a contribution to the small burden resulting from the whole of the 1974 legislation and accompanying regulations, but thi was taken into account in financial estimates.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
76	NEW & REVISED	MAN	SMALL	THROUGH HIGHER FEES	YES	Residential Homes Act 1980: HSS and SS Adjudication Act 1983. The 1980 Act is a purely consolidating measure. Provisions for access to children in care, and associated recovery of charges for local authority services, have no resource implications. The new arrangements regulating private residential homes have resource implications which are covered by higher charges.
77	REVISED	MAN + DISC	SMALL	IN PART	YES	Housing Act 1974, as amended by Housing Act 1980. Changes in the arrangements for house improvement grants for the disabled have involved some extra work, but the comment from Norfolk suggests they may be exceeding the statutory provisions. The basic duties date back to the 1970 Act and so the implications will depend on previous practice.
78	REVISED	MAN	SMALL	NO	YES	Town and Country Planning Regulations 1981. It is not clear why the exemption from fees for planning applications for dwellings for the disabled involves occupational therapists in extra work as Norfolk claims.
79	A REQUEST - not a duty	DISC	SMALL	NO		"Department of Environment Circular - 1 April 1982". This refers to requests made by a Dept of Transport consultant, who produced a national guide to transport for the disabled. This involved the

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
71	NEW	MAN	NONE	-		Home Office Circular 58/83 - Through Care and Supervision of Young Offenders. No additional expenditure is envisaged because the measures provide for changes in practice and procedure rather than an increase in volume of work for the Probation Service.
72	NEW	UNAVOIDABLE	SMALL		YES	NHS Reorganisation. Small administrative consequences; unavoidable as a by-product of reorganisation.
73	REVISED	MAN	V SMALL	-	YES	Mental Health Act 1983. Broadly enacts existing responsibilities. Additional training costs small and taken into acocunt in settling PSS figures in RSG Settlement for 1983/4.
74	NEW	DISC	See comment	SERVICE COSTS FULLY	YES	Care in the Community. Significant manpower implications for LAs but since NHS meets the service costs LAs have to find only small extra administrative costs.
75	REVISED	MAN	SMALL	-	-	SI 1982 No 1740 Disabled Persons (badges for Motor Vehicles) Regulations 1982. A revised scheme.

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						Childrens Act 1975 LAC(82)1 - Further Implementation. Amendments during the lifetime of the present Government should have had minimal resource implications; the provisions with resource implications have yet to be implemented.
64	NEW	MAN	SMALL		YES	Children's Home Act 1982. The cost of inspecting and registering private children's homes will cost for all authorities an estimated £0.1m.
65 67 68 69 70	NEW	MAN	SIGNIFICANT See comment		YES	Criminal Justice Act 1982, including:- Home Office Circular 3/83 - Sanctions against Parents and Guardians Treatment of Young Offenders LAC 83(6). Implementation of Part I - Home Office Circular 42/83 The Secure Accommodation Regulations 1983 LAC 83(8) The Act gave effect to the Government's proposals set out in its election manifesto. It involved complicated changes for the supervising services and others in dealing with young offenders. The timing was designed to provide adequate notice and circulars were balanced to restrict their number while maintaining coherence of content. The DHSS estimated that total social service costs to LAs would increase by £9m per annum and this was taken into account in setting PSS figures in the RSG settlement for 1983/4.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
PROBATION and SOCIAL SERVICES						
59	NEW	MAN	See comment			Criminal Justice Act 1982 (see also items 65 to 70)
66						Home Office Circular 43/83: Social Inquiry Reports and Community Service Orders. Additional expenditure on Social Inquiry Reports should be minimal; reports should be targeted on certain categories of offender, but not necessarily increase in number. The cost of extensions to Community Service was estimated at £1m total and it was envisaged that this would be met from increased provision for the Probation Service.
60	REVISED	DISC	SMALL - See comment	-	YES	Child Abuse Register LASSL(80)4. The circular made clear that increased expenditure would only be incurred where local authorities decided to implement the discretionary proposals contained in the circular.
61	NO CHANGE	MAN	NONE	-	YES	Child Care Act 1980. This was a consolidating Act with no resource implications. If Norfolk required major adjustments they could not have been fulfilling their duties in the past.
62	REVISED	MAN	SMALL	-		Adoption Legislation.
63					YES	

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
						crime prevention departments easier. There are no significant additional manpower or expenditure implications although there may be a desire to adjust priorities in the light of the campaigns, information and advice from the Home Office.
53 and 46(b)	NEW	DISC	SMALL	50%	YES	Liaison Meetings Liaison with community through Community Relations Department. Following Lord Scarman's recommendations, local police authorities at their discretion respond to Home Office guidelines of good practice in obtaining the views of local communities on policing. Some areas have used similar arrangements for years and these have contributed to police efficiency. The Police and Criminal Evidence Bill will provide a statutory requirement for consultation.
55	REVISED	DISC	NONE	—		Employment of Female Police Surgeon. Home Office circular 25/1982 notes that some (rape) complainants may prefer to be examined by a female doctor; but there was no requirement to appoint female police surgeons.
57	REVISED	DISC	VERY SMALL	YES	YES	Road Traffic Act 1972 (S.85). In accordance with Government intentions when the 2 part motorcycle test was introduced in 1982, DTp have appointed motor cycle training bodies, local authorities and others to conduct part I of the tests in conjunction with training courses, the cost of which should be covered by fees.

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						met by a re-arrangement of priorities and overall budgets, which are matters for local determination.
47	NEW	DISC	MINIMAL	50%	YES	Edmund Davies/Home Office. At local discretion following recommendations of the report of Lord Edmund Davies, meetings are held to enable staff associations to make representations to the police authority. The arrangements should involve very little servicing; the meetings are usually infrequent and informal.
48	NEW	MAN	See comment	50% initial costs		Traffic Legislation. Initial costs of training and purchase of new breath testing equipment should make police procedure in drink/drive cases less time consuming and more cost-effective. This has been borne out by evidence taken from the first six months of operation. The estimated cost of new equipment and training was estimated at £2-3m for police authorities, of which Central Government would meet half.
50 51 52	NEW	DISC	SMALL			Code-a-Cycle Campaign Anti-Burglary and British Insurance Ass Campaign 1982 National Crime Prevention Campaign The level of police involvement in national crime prevention campaigns is a matter for local discretion. Often publicity material is free of charge. Many campaigns should make the work of

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
POLICE						
45(a)	REVISED - but see comment	DISC	£70,000 manpower costs p.a.	50%	YES	(a) Additional security for Government Designated Super Economic Key Point. A new requirement for increased manpower.
45(b)	REVISED	DISC	VARIABLE	50%	YES	(b) Royal Protection. Following the intrusion by Michael Fagan in 1982 a review of the security arrangements at all Royal residences lead to some increase in policing levels but the police were already required to provide appropriate protection. Increases in policing levels were decided by the Police and not by Central Government.
46	REVISED	DISC	SMALL	50%	YES	The Scarman Report on Brixton Disorders. (a) The recommendations for improved training and equipment were accepted by the police and local authority associations after consultation. Given that training already went on, any additional cost resulting from the changes will be marginal. (b) See item 53 (c) Increase Probationer and other training on race-related matters. Improved methods of training will have implications on resources which depend on existing practice, but it is felt that these can be

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
42	REVISED	MAN	SMALL - See comment	NO		Wildlife and Countryside Act 1981. Review of definitive maps and statements of rights of way does not represent a new requirement, but replaces the provision in the 1968 Countryside Act. Modifications however require orders; the recommended method is to make use of omnibus orders to save costs. The new procedure should permit staff to be used more effectively. If substantial additional work is involved, it would seem that hitherto duties were not fully done.
43	NEW but see comment	DISC	SMALL or NONE	NO		Circular 9/80. Local authorities have been asked to carry out joint studies (with builders) of land availability. As Norfolk recognises, much of work was already done and agreements from the studies should reduce time and costs of planning appeals. Much of work falls to District Councils.
44	NEW	DISC	SMALL	NO	YES	Circular 22/80. Quarterly statistical returns designed to provide with least possible work for authorities, a picture of state of play of planning applications. Forms used are self contained and no "provisional" returns are required. Some LAs complain forms are not sufficiently comprehensive.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
39 Cont						(d) The transfer of private waste disposal applications to the County Councils did involve a small shift of administrative costs, but overall costs to LAs should be unchanged. (e) Revision of structure plan housing and population guidelines. The Secretary of State considered that as first submitted the Norfolk plan underestimated future population. (f) New structure plan format. The revised arrangements involve a split in the plan's presentation: no more information is required. The change involved a relaxation of control; the process was intended to be more flexible and the manpower cost implications must be insignificant. (g) & (h) Apply to County Councils in a way similar to other public bodies. See section B.
41	REVISED	MAN	DETAILS NOT DECIDED FUTURE COSTS PROBABLY SMALL FOR NORFOLK	NO		Section 3 of the Town and Country Planning (Minerals) Act 1981 will require mineral planning authorities to periodically review mineral workings operating, or authorised, in their area within a prescribed period (currently 5 years) and to take orders amending planning permissions where they consider it appropriate. Section 3 is not yet in force and will not be introduced until regulations are made to reduce, in certain circumstances, the amount of compensation payable on such amendements. No cost ought yet to have been incurred and future costs will depend on how Norfolk decide to conduct the review and the extent to which they exercise amending order powers.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
PLANNING AND ASSOCIATED AREAS						
39	NEW	MAN	SMALL OVERALL - POSSIBLY A REDUCTION	SOME FEE INCOME	YES	<u>Local Government Planning and Land Act 1980</u>. Although some changes may have introduced new work, overall the intention of the Act, which included the relaxation of controls, was to simplify the system and reduce work. (a) <u>Consultation on planning applications raising strategic issues</u>. A rationalisation of development control in which the overall reallocation of functions was expected to produce staff savings. A DOE/LAA working party formulated a code of practice to govern consultations between councils and districts. (b) <u>Planning fees</u>. Some extra administrative duties offset by exempting certain developments from planning permission. The extra adminsitrative costs are a small proportion of fee income. (c) <u>Separation of listed building consents</u>. A letter from Cambridgeshire implied that East Anglia CCs supported this separation. It was expected to produce more efficient administration and less confusion where planning permission did or did not give consent. Separate decisions were previously required if demolition of a listed building was involved. The ADC regarded the provision as desirable and the ACC raised no objections.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
						Offices (Item 35) and the new regulations (Item 36) do not require extra resources but ensure that LAs spend to the level set in 1981. The new regulations will decrease some costs by increasing grant aid to 100%.
JOINT COMPUTER						
37	-	MAN (Disc in part)	NONE	VARIABLE	YES	Joint computers (development) work). The items listed generally refer to work in support of substantial matters, the cost of which have to be set against benefits gained. This applies to new arrangements for rating. DLO matters are under item 33. Agreement to hold direct elections to the European Parliament was reached under the previous administration. Parliamentary boundary changes create minimal extra work for authority staff. The redesign of Form A makes it easier to use. The changes required in the statistics required under the headings Traffic Accidents and Further Education Awards are minimal. Payroll matters are dealt with elsewhere - they apply to all employers. Housing benefit arrangements fall mainly on District Councils but it is recognised that Counties are involved in computer systems; however 100% reimbursement of actual costs is available. Computer development costs associated with Housing Rents and the sale of Council Houses are offset by the return on sales.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
25	REVISED (future)	MAN	SMALL if implemented	NO	YES (in due course)	L.A. Final Accounts. There is a future intention to prescribe the form and content of published statements but consultation has yet to take place.
26	REVISED	DISC	SMALL	NO	YES	Capital Expenditure Returns. A revised system of control on capital expenditure introduced in 1981 required LAs to supply additional information but the effects on manpower costs should be small.
HIGHWAYS						
33 and part of 37	NEW	MAN	SIGNIFICANT but see comment	NO	YES	LGPLA 1980: Part III: Direct Labour Organisations. New administrative accounting and reporting arrangements undoubtedly involves extra manpower costs but these should be more than offset by the savings achievable from putting work on a competitive and properly accounted basis.
HOME DEFENCE						
34 35 36	NEW	MAN (DISC in part)	SMALL NET EFFECT	SUBSTANTIALLY see comment	YES	Additional planning requirements (Circulars ES/1and2/1981) District Offices; Civil Defence Regulations. Circulars notified and defined a new civil defence programme. Total LA costs estimated at £4.4m (1979 prices) are reimbursed by central government at 75%. LAs were free to increase expenditure within stated limits. There is no requirement to appoint District Emergency Planning

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
17	REVISED	DISC	VERY SMALL	NO	YES	F.S.Circular No 2 Hazards posed by Asbestos. Recommended material for fire blankets and no change for gloves or flash hoods. Based on 1976 recommendations before present Government took office. Recommended phased and progressive replacements at minimal additional costs.
GENERAL						
21	NEW	MAN	SMALL	NO	YES	Annual Reports (LGPL Act 1980). To be produced under voluntary code agreed with local government, necessary for public accountability. Extra costs will depend on previous practice.
22	NEW	MAN but see comment	SMALL	NO	See comment	Rate Demand Leaflets. To be produced under voluntary code of practice largely as proposed by SOLACE and CIPFA. Demand notes are also subject to revised rules. Extra costs will depend on previous practice.
23	NEW	MAN	SMALL	NO	YES	Manpower Statement. Little extra work, because statements are based on existing returns under Joint Manpower Watch.
24	NEW (future)	MAN	SMALL	NO	YES	Audit Fees. Additional external audit work and fees will reflect greater emphasis on value for money which should identify scope for more than offsetting savings. Fees will be more closely related to actual audit effort, and will therefore reflect extent or existing internal audit.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
FIRE SERVICE						
12	REVISED	MAN	SMALL	NO	YES	F.S.Circular No 7 Home Office Wireless Organisation, Revision of Rental Charges. An annual review of rental charges has been made under arrangements promulgated in 1976 and so this is not a new or additional requirement. The 1980/81 charges reflected a realistic estimate of actual costs based on new information.
13	NEW	DISC	SMALL	NO	YES	F.S.Circular No 12 Fires caused by Vandalism. (Home Office suggests FSC 8/83 is more relevant). An advisory circular recommending the establishment of a specialist fire investigation team by those fire authorities which have not already done so. It included suggestions for more limited arrangements, according to the availability of resources.
14.	NEW	DISC	SMALL	OFFSET - See comment	YES	F.S.Circular No 19 Ability Range Tests for Whole-time Recruits. The additional costs should be offset by savings on wasted recruitment and training of unsuitable candidates.
15	NEW	MAN	SMALL	NO	YES	Housing Act 1980. Guidance on changes in law on fire safety in houses in multiple occupation was provided by a circular in October 1982. This advised that for consultation under the Act, fire offices should inspect premises "subject to the availability of resources".

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
5	REVISED	MAN	SMALL	SOME ADMINISTRATIVE SAVINGS	YES	Education (Teachers) Regulations 1982 (probation). These regulations relaxed controls; LEAs can now waive, shorten or extend probation without reference to Secretary of State.
6	NEW	DISC	V SMALL	NO	YES	Circular 6/81 The School Curriculum. Asks for a review of policies and plans for development within resources available, following guidance document. No more returns are required, but a further circular asks for progress to be reported.
7	REVISED	DISC	SMALL	NO	YES	Circular 2/83 - HMI Reports. New arrangements to ensure effective follow up after HMI reports; additional work results where arrangements have been ineffective.
8	NEW	DISC	SMALL	50% on equipment	See comment	Microelectronics in schools. Extra teacher training is required to run the Microelectronics Education Programme and participating LEAs have to administer the DTI hardware schemes. But LAs play a key role in steering regional information centres.
9	REVISED	DISC	SMALL		YES	DES Letter 30/6/83 - Education Capital Expenditure 84/5. LAAs agreed new form of data collection would be easier to provide; but the system is under review with the LAAs.

C. GOVERNMENT REQUIREMENTS

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
EDUCATION						
1	NEW	MAN	SIGNIFICANT	SOME ALLOWANCE IN RSG	YES	Education Act 1980. Costs to LAs vary widely depending on prior provisions, but net increase in work is justified by benefits.
2	REVISED	MAN	SMALL	"	YES	Education Act 1981: provision for children with special educational needs. Norfolk misrepresents effects; formal assessments and parental consultation on c.2% in special schools will involve little more effort than good authorities already make. If duties to others (c.20%) with special needs are proving to be more expensive, they have been neglected in past.
3 and 32	NEW, but precedented	MAN	NONE, OVERALL	THROUGH FEES	YES	LG (Misc Prov) Act 1982. Entertainment's Licensing including entertainments in schools. Intended to assist LAs by making available popular provisions in local Bills. Councils may ensure fees recoup administration costs: remission of fees for educational, charitable etc purposes is discretionary.
4	REVISED	MAN	SIGNIFICANT BUT SPREAD OVER 10y	OFFSET BY SALES OF SURPLUS	YES	Education (School Premises) Regulations 1981. Effects depend on previous practice. Arrangements designed to save money as pupil rolls fall.

B. REQUIREMENTS OF GENERAL LEGISLATION

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
40	REVISED	MAN	SMALL	NO		Ancient Monuments and Archaelogical Areas Act 1979. If LAs wish to do works affecting their own scheduled monuments, they must apply to the Secretary of State for consent like any other owner.

B. REQUIREMENTS OF GENERAL LEGISLATION

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
38	NEW	MAN	See comment	See comment	YES (with LAMSAC)	Data Protection Legislation. LAs will have to register as data users and provide for access by individuals. The average implementation costs over two years for a non-Met county are estimated to be less than £100,000; these could be substantially less where data processing is already carried out in accordance with the general principles of the legislation. Thereafter, any running costs will be offset partly by fees. It is not a requirement of the Bill for LAs to designate a special data protection officer but where this is done it is unlikely to amount to a full-time job. The duties apply to other data collecting bodies in similar circumstances.
PLANNING AND ASSOCIATION AREAS						
39 (g&h)	REVISED	MAN	See comment	NO	YES	Building Regulation Fees. Enforcement rests with District Councils. County Councils pay fees as do other bodies; but these are usually of order 0.5% of relevant capital costs. Land Registers. Like other public bodies. Local authoritie are required to provide brief details of each site of an acre or more which is under-used. Although they are asked to bring these up to date every 6 months, the work should be negligible for authorities managing their land efficiently.

B. REQUIREMENTS OF GENERAL LEGISLATION

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
28	REVISED	MAN	NONE	NO		Construction Industry Tax Deduction Scheme Regulations 1980. This is not a new requirement but dates from the 1971 Finance Act. LAs have been included since 6 April 1972 and should have been complying; the 1980 regulations merely extended the definition of "contractors" which already included LAs.
29	NEW	MAN	SIGNIFICANT but reducing	SUBSTANTIALLY	YES	Employment Legislation. Effects of new legislation such as Statutory Sick Pay are initially significant but become less so as systems are established. Reimbursement should offset contractual sick pay and other costs.
30	NEW	DISC	SMALL	NO	YES	"Companies Act 1980". Department of Environment Circular 24/81 requested that LAs publish policy statements on the employment of disabled people along the lines of that required by companies under this Act.
JOINT COMPUTER						
37 (pt)	REVISED	MAN	SMALL	NO	-	Payroll. Changes to tax, National Insurance etc apply equally to all employers.

B. REQUIREMENTS OF GENERAL LEGISLATION

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
GENERAL						
18	REVISED	MAN	SMALL	NO	YES	Health and Safety at Work Act. Additional duties for LAs as employers are the same as those placed on other employers. The extra duties imposed since the present Government took office which fall to LAs as enforcement agencies have been small and the LAAs have indicated a willingness to take extra responsibilities in the division of work with HSE.
19	REVISED	DISC	SIGNIFICANT	FULLY, WITHIN LIMITS OF SCHEME - see comment.	YES	MSC Employment Initiatives YTS/CP. It is appreciated that while all identifiable costs within the scheme are reimbursed and excluded from RSG calculations, additional staffing is involved. Representatives from LAs were involved with the Youth Task Group which approved the funding arrangements.
20	NEW (future)	MAN (if implemented)	LIKELY TO BE SMALL	NO	YES	School Transport. The proposal for reduction in the age below which three children can occupy two seats is at the consultative stage.
27	REVISED	MAN	SMALL	NO		Finance Act 1976. All employers are obliged to keep sufficient records of expense allowances to determine whether they are taxable. Local Authorities are not as a whole now being asked to keep more detailed records, but HM Inspector of Taxes may ask for more detail where the records supplied are insufficient; again, like any other employer.

A. REQUIREMENTS FOR WHICH PRESENT GOVERNMENT IS NOT RESPONSIBLE OR DID NOT INITIATE

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A) FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
POLICE						
54						Major Incident Room procedures Not a Whitehall requirement, but a result of an initiative from the Association of Chief Police Officer's Crime Committee which had Home Office support.
56						Security of Force Armouries. Not a central government initiative. It is for police forces themselves to determine their security needs. It is understood that the Norfolk Constabulary were themselves concerned that physical security had become less than adequate and consequently instituted improvements.
PROBATION						
58			See note on p. A1			Domestic Proceedings and Magistrates Court Act 1978. Although the legislation came into force in 1981 it was initiated by a Labour Government. The provisions complained of were merely a re-enactment of existing legislation.
TRADING STANDARDS						
80	NEW	MAN	V SMALL	NO	YES	Agriculture Act 1970. The extension of statutory standards to include pet foods is a European Community requirement and although the Government agreed to it, it cannot be described as a Government initiative.

A. REQUIREMENTS FOR WHICH PRESENT GOVERNMENT IS NOT RESPONSIBLE OR DID NOT INITIATE

ITEM NO.	NEW OR REVISED? (IN FUTURE?)	MANDATORY OR DISCRETIONARY	(SEE NOTE A)* FINANCIAL/ MANPOWER IMPLICATIONS	REIMBURSED?	CONSULTATION WITH LAAs	COMMENT
FIRE SERVICE						
10						F S Circular No 3. Safety in Fire Service Drill Towers. Issued 12 Jan 1979 before present Government took office.
11						F S Circular No 18. Fireman's Alerter System. Issued 28 March 1979 before present Government took Office - Norfolk Fire Brigade stressed the urgent need for the new equipment.
16 and 49	REVISED (future)	MAND	SIGNIFICANT	NO	YES	"Dear Chief Officer" Letter No 20 (presumably 25/1980) Police Communications. These items stem from VHF frequency changes following decisions made at the World Administration Radio Conference in 1979. Significant costs are entailed but in many cases existing equipment is nearing the end of its useful life. Not a Government initiative.
GENERAL						
31						Parochial Registers and Records Measure 1978. A measure from the Church of England Synod which came into force before the present Government took office.

These columns will be deleted in Section A (p. A1 & A2) and the pages retyped.

*A - These assessments relate to the estimated effects on LAs generally and not, unless otherwise shown, specifically to Norfolk CC.

ANNEX A

RESPONSE FROM GOVERNMENT DEPARTMENTS TO NORFOLK COUNTY COUNCIL'S LIST OF GOVERNMENT REQUIREMENTS WHICH CALL FOR ACTION BY LOCAL AUTHORITIES

INDEX

		Page
A.	Requirements for which present Government is not responsible or did not initiate	A1-2
B.	Requirements of general legislation	B1-4
C.	Government requirements	C1-19

January 1984

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

30 January, 1984

The Prime Minister has seen a copy of Lord Bellwin's letter of 25 January to the Secretary of State for the Environment about the Abolition Paving Bill. She has noted the proposals set out in it, and is content.

DAVID BARCLAY

Mike Bailey, Esq.,
Department of the Environment

CONFIDENTIAL

CONFIDENTIAL

Minister of State
for Local Government

Department of the Environment
2 Marsham Street London SW1
Telephone 01-212 3434

25 January 1984

Prime Minister (2)
Lord Bellwin proposes to suspend the SofS's duty to consider amendments to the Greater London Development Plan, or to Met County Structure Plans.
26/1

Dear Patrick,

ABOLITION PAVING BILL

We are reaching the stage at which we need to take decisions on a number of outstanding issues on the paving Bill. I therefore propose to put to MISC 95 papers on by-elections to the abolition authorities; arrangements for the transitional councils; staffing matters; and obstruction. Meanwhile, there are two minor matters which need not take up the time of a meeting but on which I should be grateful for colleagues' agreement.

We have already agreed that the Bill should suspend the Secretary of State's duty to consider amendments to the Greater London Development Plan. It would be prudent to extend this provision to the metropolitan counties' structure plans, lest they too begin to submit amendments to their approved plans.

In my letter of 12 December I envisaged that the duty on the Secretary of State to consider amendments to the structure plans, and on the Boundary Commission to review electoral arrangements, would be suspended until 1 April 1986. On reflection, this is unnecessarily rigid and I therefore propose that the Bill should not prescribe any date for these two purposes. The duties will be suspended so long as the paving legislation is in force. Should abolition fail, the duties would be re-applied as part of the order repealing the paving legislation.

I am copying this to colleagues on MISC 95, to the Prime Minister, the Chief Whip and to Sir Robert Armstrong. If I do not hear to the contrary by Friday 3 February, I shall assume that recipients are content with my proposals.

Yours sincerely,
Irwin

LORD BELLWIN

The Rt Hon Patrick Jenkin MP

CONFIDENTIAL

NBPM AT 24/1

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

23 January 1984

Dear Irwin,

CONTENT OF ABOLITION PAVING BILL

Thank you for your letter of ~~12~~ [conv-regent] December, setting out certain proposals for inclusion in the Paving Bill on the implementation of the election provisions by a Commencement Order, on the appointment of members of the transitional councils and on other measures, described in the attachment to the letter.

I understand that colleagues to whom your letter was copied are now content with these proposals and you may therefore take it that you are free to proceed as you propose, subject to the points which have been agreed in the Home Secretary's letters to me of 22 December 1983 and 13 January 1984 and mine to him of 9 January.

I am copying this to colleagues in MISC 95, to the Prime Minister, the Chief Whip and Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

Lord Bellwin

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

20 January 1984

Dear John

SPEAKING NOTE ON RATES BILL

I would be grateful if you would substitute the attached letter for that sent to you on 17 January. There is no change of substance. We inadvertently included too many words in the second paragraph of my earlier letter.

Copies of this letter go to recipients of your letter of 11 January.

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

John Gieve Esq

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

20 January 1984

Dear John

SPEAKING NOTE ON RATES BILL

Thank you for your letter of 11 January.

It may be helpful if I set out our understanding of the agreement reached by officials about the treatment of expenditure deflated to different types of constant prices. Expenditure plans are to be shown only in cash or in cost terms (deflated by the GDP deflator); outturn and budgets can be shown in cash, cost terms or volume (deflated by the index of local authorities' pay and price changes). When we use volume we say we are using volume; we try to avoid the rather ambiguous term "real terms". I am afraid that in the speaking notes recently sent to the Chief Secretary and other Ministers we inadvertently used "real terms" rather than "volume". We will put this right.

My Secretary of State is of course, a firm supporter of cash planning, and in general our figures are presented in cash terms only. But like the Treasury, this Department sometimes finds it useful to express certain figures in constant price terms. On some occasions we use cost term comparisons; we recognise the importance of these in demonstrating the changing burden of local authority expenditure on the economy as a whole. In this context, you will have noticed our use of cost terms in paragraph 1.19 and Graph 3 of the Rates White Paper. We also use volume comparisons. This largely reflects the fact that we have to talk to and negotiate with local authority bodies. They recognise volume; but cost terms is not a concept they yet fully understand. Moreover, volume is a meaningful concept; it shows the changing amount of inputs being used by local authorities.

My Secretary of State and this Department therefore propose to continue to use volume comparisons where we consider them appropriate. For example, they are particularly appropriate in the comparison between what the Government's early (volume) plans had expected for 1983-84 and what local authorities have actually achieved. This analysis has been successfully presented in both volume and cash terms. A number of volume figures have now become well known. We will of course continue to give cash and cost terms figures too.

Two final points. First, large differences between cost and volume are largely the result of Clegg and other comparability awards during 1979/80 and 1980/81. Since 1981-82, local authority costs have been moving roughly in line with other prices in the economy. Second, "real terms" is an ambiguous term. To those in the Treasury it clearly means cost terms. To those in local government it means volume. We think that confusion can best be avoided if we refer to volume when we use volume, and refer to cost terms when we use cost terms.

I am copying this letter to those who received copies of yours.

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

John Gieve Esq

Local Govt. PT 19

Relations

RSG SETTLEMENT DEBATE OPENING SPEECH

1. I BEG TO MOVE THAT THE RATE SUPPORT GRANT REPORT (ENGLAND) 1984/85 WHICH WAS LAID BEFORE THIS HOUSE ON 14 DECEMBER BE APPROVED.

2. BEFORE I DEAL WITH RSG SETTLEMENT, I WANT TO MAKE ONE OR TWO GENERAL POINTS TO THE HOUSE.

3. THE SYSTEM FOR SETTLING THE RATE SUPPORT GRANT, COMES IN FOR A LOT OF CRITICISM. IT IS CERTAINLY COMPLICATED LARGELY BECAUSE IT TRIES TO TAKE ACCOUNT OF THE VARYING CIRCUMSTANCES OF INDIVIDUAL AUTHORITIES. AS I HAVE SAID ON A PREVIOUS OCCASION IT CAN RESULT IN ROUGH JUSTICE. BUT LET US NOT FORGET WHAT WENT BEFORE. I WELL REMEMBER HOW, YEAR AFTER YEAR, WE ALL COMPLAINED HOW THE OLD SYSTEM OF RSG WORKED SO THAT IT REWARDED OVERSPENDING: THE MORE A COUNCIL INCREASED ITS SPENDING THE MORE RATE SUPPORT GRANT IT GOT.

4. WE NOW HAVE A SYSTEM WHERE BOTH UNDER THE BLOCK GRANT AND TAPER AND, MORE SHARPLY UNDER THE TARGETS AND HOLDBACK, AN INCREASING PROPORTION OF HIGHER SPENDING COMES FROM THE RATEPAYER AND A REDUCING PROPORTION COMES FROM THE TAXPAYER. QUITE RIGHTLY, THE SYSTEM NOW PENALISES OVERSPENDING.

5. BUT I AM VERY WELL AWARE OF THE CONTINUING SENSE OF UNFAIRNESS FELT BY THOSE COUNCILS WHICH HAVE MADE GREAT EFFORTS TO MAKE SAVINGS AND CUT STAFF COSTS, BUT STILL FIND THEMSELVES FACED WITH VERY DEMANDING TARGETS. OUR CENTRAL PROBLEM IS THAT BETWEEN 1978/79 AND 1983/84 CURRENT EXPENDITURE BY LOCAL COUNCILS IN ENGLAND [AND WALES] WILL HAVE DOUBLED - FROM £11.8 BILLION TO AROUND £23 BILLION. ALLOWING FOR INFLATION THAT IS AN INCREASE IN COST TERMS OF 9%. I PAY A WARM TRIBUTE TO THOSE COUNCILS (AND THEY INCLUDE MOST CONSERVATIVE-CONTROLLED COUNCILS) THAT HAVE DONE THEIR BEST TO MAKE SAVINGS, CUT COSTS AND LIVE WITHIN THEIR TARGETS. I UNDERSTAND THE VERY REAL DIFFICULTIES WHICH THEY HAVE BEEN FACING. THEY KNOW THAT KEEPING PUBLIC SPENDING DOWN IS CENTRAL TO THE ECONOMIC POLICY APPROVED BY THE ELECTORATE AND ENDORSED BY PARLIAMENT.

6. I CANNOT SAY THE SAME FOR THOSE COUNCILS (AND THE WORST OFFENDERS ARE ALL LABOUR-CONTROLLED) WHO HAVE SUBSTANTIALLY INCREASED THEIR SPENDING. THEY ARE THE ROGUE ELEPHANTS IN THE SYSTEM, MAKING LIFE EXTREMELY DIFFICULT FOR THE REST. GOVERNMENTS HAVE TO BE CONCERNED WITH THE TOTALITY OF LOCAL GOVERNMENT SPENDING. IF SOME INSIST ON OVERSPENDING, THE TARGETS OF THE RESPONSIBLE MAJORITY MUST BE CORRESPONDINGLY TOUGHER. IT IS THIS WHICH HAS DRIVEN US TO PROPOSE MORE DRASTIC, DIRECT ACTION TO CURB THE HIGHEST SPENDERS; LAST WEEK THE HOUSE PASSED BY A MAJORITY OF 101 THE 2ND READING OF THE RATES BILL WHICH IF THE HOUSE SO WILLS, WILL GIVE US POWER TO DEAL WITH THE FECKLESS FEW.

7. As evidence of the responsibility of the many, let me cite the outcome of last year's RSG settlement. When my Rt Hon Friend the Member for Henley announced the settlement for this year 1983/84, he cut the percentage of spending met by grant from 56% to 53%. Many targets were again set well below GRE. He was met by a barrage of protest. Foremost among the protesters was that prophet of doom the Rt Hon Member for Manchester, Gorton. Here is what he said:

.... will it not continue to mean, record high rates, worse services and over 100,000 job losses to add to the present total of 3¼ million?".

/RHM for Manchester Gorton (Mr Kaufman) 27 July 1982 (Hansard Col 924).

8. Well, what happened? 4 out of 5 authorities budgetted to spend at or within 2% above their targets. In other words, the great majority of responsible councils buckled to and did their best.

9. AND WHAT ABOUT THE LEVEL OF SERVICES? OF COURSE, WE'VE ALL HEARD THE USUAL SCARE STORIES. BUT I HAVE SEEN NO EVIDENCE THAT SERVICES ARE UNACCEPTABLY LOW. AND WHERE ARE THE FORECST REDUNDANCIES? ON THE CONTRARY, I HAVE TO REPORT TO THE HOUSE DURING THE YEAR THE LATEST MANPOWER FIGURES SHOW NO REDUCTION AT ALL IN THE LEVEL OF LOCAL GOVERNMENT MANPOWER IN ENGLAND.

10. WHAT ABOUT RATES? ON 16 DECEMBER 1982 THE RT HON MEMBER FOR GORTON WENT EVEN FURTHER IN HIS ATTACK ON MY RT HON FRIEND FOR HENLEY.

> "IS NOT HIS PHONEY AND MISLEADING TALK ABOUT NIL OR LOW SINGLE FIGURES A SICK JOKE?" (HANSARD COL. 490)

IN THE EVENT THE AVERAGE GENERAL RATE INCREASE IN 1983 WAS 6½% THE LOWEST FOR 5 YEARS.

11. SO MUCH FOR LABOUR'S PROPHESIES. OF COURSE, HAD ALL COUNCILS BEHAVED LIKE THE SOCIALIST REPUBLICS SO ADMIRED BY THE PARTY OPPOSITE, NO DOUBT THERE WOULD HAVE BEEN RECORD RATE INCREASES. RATES IN ISLINGTON, SHEFFIELD AND LAMBETH DID RISE TO RECORD LEVELS. [AVERAGE FIGURE]. BUT THE GREAT MAJORITY OF COUNCILS DID THEIR BEST. SOME ACTUALLY CUT. BIRMINGHAM, WITH INNER CITY PROBLEMS NO LESS SERIOUS THAN ISLINGTON'S OR SHEFFIELD'S OR LAMBETH'S, CUT THEIR RATE BY 15 PENCE LAST YEAR, AND HAVE JUST ANNOUNCED A FURTHER 5 PENCE CUT. THAT SHOWS WHAT A SENSIBLE, VIGOROUS CITY COUNCIL CAN DO IF IT SETS ITS MIND TO IT.

[11A. So I will leave the Rt Hon Member for Gorton with just one more false prophesy - a year ago - almost to the day - he said:

"The next report will be presented by a Labour Government".
(Mr Kaufman, 20.1.83, Hansard Col 527).]

12. Let me now turn to the settlement for 1984/85. Faced with a budgetted overspend in the current year of £¾ billion - ¾'s of it due to the extravagance of just 16 Labour authorities - I have had to increase the provision for next year by £540 million to £20.4 billion. This increase has of course put pressure on other spending programmes including capital spending. The targets I have set are consistent with that figure of £20.4 billion. In setting targets I have tried to take account of the many representations made to me by local authorities. The big change this year is that I have made a bigger distinction than ever before between the majority of authorities who have tried to find savings and the high spending minority who have not. But I do not question that the targets once again imply real economies across the board even for responsible low spending councils.

13. The targets for most low spending authorities - 233 authorities in all - are a cash increase of 3% over the adjusted budget for this year. Most high spending authorities by contrast have targets representing cash cuts of up to 6%.

/13A. ADJUSTMENTS HAVE BEEN MADE TO THE BASELINE (THE 1983/84 BUDGET FIGURES) FOLLOWING REPRESENTATIONS MADE SINCE I ISSUED THE PROVISIONAL FIGURES. THREE KINDS OF AUTHORITY ARE HELPED - COUNCILS WHO BUDGETTED THIS YEAR TO MAKE TRANSFERS FROM THE HOUSING REVENUE ACCOUNT; COUNCILS WHO BUDGETTED TO RECEIVE INTEREST RECEPTS REPRESENTING MORE THAN 10% OF THEIR SPENDING; AND COUNCILS WHO UNDERSHOOT THEIR TARGET THIS YEAR BY MORE THAN 2%./

14. WHAT THESE TARGETS WILL BUY WILL DEPEND CRITICALLY ON THE RATE OF INCREASE IN LOCAL GOVERNMENT COSTS AND TWO THIRDS OF THOSE COSTS ARE WAGES. A CLEAR MESSAGE OF THIS SETTLEMENT IS THAT RESTRAINT IN MANPOWER COSTS IS NEEDED MORE THAN EVER THIS YEAR. IF THE LOCAL GOVERNMENT EMPLOYERS CONCEDE HIGH PAY SETTLEMENTS THIS YEAR, THEN OF COURSE EVEN THE MAXIMUM 3% INCREASE FROM BUDGETS WILL MEAN EVEN GREATER CUTS ELSEWHERE. THE DOWNWARD TREND OF MANPOWER NUMBERS MUST BE RESUMED. COUNCILS SIMPLY CANNOT EXPECT TO KEEP THEIR SPENDING BELOW TARGET IF THEY ALLOW THEIR MANPOWER NUMBERS TO RISE.

15. AGGREGATE EXCHEQUER GRANT FOR NEXT YEAR WILL BE £11.9 BILLION - £90 MILLION MORE THAN THIS YEAR'S SETTLEMENT, AND £370 MILLION MORE THAN IS ACTUALLY BEING PAID THIS YEAR WHEN HOLDBACK IS DEDUCTED. £11.9 BILLION IS 51.9% OF RELEVANT EXPENDITURE, ONLY MARGINALLY LESS THAN 52.8% IN THIS YEAR'S SETTLEMENT. MANY COUNCILS FEARED A REALLY LARGE CUT; IN THE EVENT THIS IS A MUCH SMALLER REDUCTION IN THE PERCENTAGE OF GRANT THAN IN THE RECENT YEARS. I WOULD REMIND THE PARTY OPPOSITE THAT IT IS NOT ONLY THIS GOVERNMENT WHICH HAS REDUCED GRANT PERCENTAGE. OUR PREDECESSORS THOUGHT IT RIGHT TO REDUCE THE PERCENTAGE OF GRANT FROM 66% TO 61. AND WE HAVE SIMPLY CONTINUED THAT TREND.

[15A. THE DISTRIBUTION OF GRANT IS LARGELY UNCHANGED FROM THIS YEAR. AFTER CONSULTATION WITH THE LOCAL AUTHORITY ASSOCIATIONS I AM MAKING A NUMBER OF CHANGES TO THE GRE ASSESSMENT; THE MOST SIGNIFICANT CONCERNS THE TREATMENT OF INTEREST RECEIPTS WHERE THE NEW METHOD TAKES ACCOUNT OF THE DIFFERENT LEVELS OF ACTUAL INTEREST RECEIPTS AS BETWEEN CLASSES OF AUTHORITY IN RECENT YEARS].

16. I COME NOW TO HOLDBACK. AS I DISCUSSED WITH LOCAL GOVERNMENT IN OCTOBER I AM PROPOSING A MORE SEVERE SCHEME OF GRANT HOLDBACK FOR AUTHORITIES WHICH EXCEED THEIR TARGETS NEXT YEAR. THE HOLDBACK ARRANGEMENTS ARE SET OUT IN PARAGRAPHS 28-32 OF THE REPORT. TO SUMMARISE, AT RATEPAYER LEVEL HOLDBACK WILL BE AT THE RATE OF 2P IN POUNDAGE TERMS FOR THE FIRST PERCENTAGE POINT OF OVERSPEND, 4P FOR THE SECOND, 8P FOR THE THIRD AND 9P FOR EACH PERCENTAGE POINT ABOVE THAT.

17. QUITE UNDERSTANDABLY, THIS HAS AROUSED MUCH CONCERN EVEN AMONG RESPONSIBLE AUTHORITIES AND I SHOULD LIKE TO EXPLAIN WHY WE HAVE HAD TO DO THIS.

18. THE PURPOSE OF HOLDBACK IS TO DETER OVERSPENDING BY INCREASING THE COST TO RATEPAYERS OF SPENDING ABOVE TARGET. BECAUSE AUTHORITIES EXCEEDING THEIR TARGETS THIS YEAR WILL HAVE ALREADY RATED UP FOR THAT EXCESS, WE MUST STEEPEN THE HOLDBACK TARIFF IF DETERRENCE IS TO WORK NEXT YEAR. MANY COUNCILS ASKED FOR A GENTLER LEAD IN SO THAT THE PENALTY FOR THOSE WHO TRY BUT NARROWLY FAIL TO HIT THEIR TARGETS IS LESS SEVERE THAN HIGHER UP THE SCALE. I UNDERSTAND THAT ARGUMENT AND THE PENALTIES FOR THE FIRST 2 PERCENTAGE POINTS OF OVERSPEND ARE THEREFORE MUCH LOWER THAN FOR THE HIGHER LEVELS OF OVERSPEND. BUT IF THE FIRST STEP WERE EVEN SMALLER, I DOUBT IF IT WOULD HAVE MUCH IMPACT.

19. WHY CAN THERE NOT BE AN EXEMPTION FOR SPENDING ABOVE TARGET BUT BELOW GRE? I AM WELL AWARE THAT THE MOST TRENCHANT CRITICISMS OF THE SETTLEMENT COME FROM THOSE COUNCILS WHOSE TARGETS ARE SET BELOW GRE AND WHO CAN THEREFORE COME INTO PENALTY WHILE STILL NOT SPENDING UP TO THEIR GRE LEVEL.

20. THE MAIN REASON IS THAT A GRE EXEMPTION FOR NEXT YEAR WOULD PROVIDE HEADROOM FOR ADDITIONAL SPENDING WITHOUT PENALTY OF SOME £500M. WHEN WE HAD GRE EXEMPTIONS IN 1981/82 AND 1982/83 WELL OVER HALF THAT HEADROOM WAS TAKEN UP BY THE AUTHORITIES CONCERNED. I AM SURE THE HOUSE UNDERSTANDS WHY IT SIMPLY WOULD NOT BE RESPONSIBLE TO CONTEMPLATE ALLOWING EXTRA EXPENDITURE OF THAT ORDER OF MAGNITUDE NEXT YEAR.

21. SOME EXPENDITURE IS DISREGARDED FOR THE PURPOSE OF HOLDBACK, AND TO THE 2 EXISTING DISREGARDS - INCREASED URBAN PROGRAMME EXPENDITURE BY PARTNERSHIP AND PROGRAMME AUTHORITIES, AND INCREASED EXPENDITURE ON CIVIL DEFENCE, WE HAVE ADDED A THIRD. I PROPOSE TO DISREGARD INCREASED EXPENDITURE ON THOSE COMMUNITY CARE SCHEMES WHICH ARE JOINTLY FINANCED WITH HEALTH AUTHORITIES. THE AMOUNT EARMARKED BY DHSS FOR JOINT FUNDING HAS TREBLED SINCE 1978/79. THIS NEW DISREGARD IS THEREFORE AN IMPORTANT CHANGE FOR SOCIAL SERVICE AUTHORITIES, AND HAS BEEN WIDELY WELCOMED BY THEM.

22. THOSE THEN ARE THE MAIN FEATURES OF THE SETTLEMENT. IF AUTHORITIES BUDGET TO SPEND WITHIN THE TARGETS THAT HAVE BEEN SET, THE AVERAGE RATE INCREASE SHOULD BE QUITE LOW.

23. MANY AUTHORITIES, WHILE CRITICISING THIS SETTLEMENT, HAVE EXPRESSED TO ME THEIR VERY GRAVE ANXIETIES NOT SO MUCH ABOUT 1984/85 BUT ABOUT THE FOLLOWING YEAR 1985/86. I WOULD LIKE TO GIVE THIS ASSURANCE TO THE HOUSE.

24. I HAVE BEEN MADE VERY WELL AWARE THAT A NUMBER OF LOW SPENDING AUTHORITIES REGARD THE TARGETS THAT HAVE BEEN SET IN 1984/85 AS AN UNFAIR USE OF A SYSTEM WHICH SHOULD IN THEIR EYES BE INTENDED TO BRING PRESSURE PRIMARILY ON THOSE SPENDING WELL ABOVE GRE. I HAVE ALREADY SAID THAT IN THE ABSENCE OF ANY EFFECTIVE WAY OF CURBING THE EXTRAVAGANCE OF THE HIGH SPENDERS, THE GOVERNMENT HAS BEEN FORCED TO SEEK SAVINGS FROM EVERYONE - HIGH <u>AND</u> LOW SPENDERS - IN ORDER TO MEET THE CHANCELLOR'S SPENDING GUIDELINES. THE RATES BILL IS NOW BEFORE THE HOUSE. ONE OF ITS PRIMARY PURPOSES IS TO HELP RESTRAIN THE TOTAL OF LOCAL AUTHORITY EXPENDITURE. AFTER ENACTMENT - AND THAT IS A MATTER FOR PARLIAMENT - WE SHALL, FOR THE FIRST TIME, HAVE POWER TO RESTRAIN THE WORST EXCESSES OF THE HIGHEST SPENDERS. THIS POWER WILL NOT CHANGE THE PICTURE OVERNIGHT, BUT AS IT BEGINS TO TAKE EFFECT, I WOULD EXPECT IN 1985/86 AND THEREAFTER TO BE ABLE TO SET TARGETS WHICH TAKE GREATER ACCOUNT OF GREs AND THUS RECOGNISE THE EFFORTS WHICH LOW SPENDING AUTHORITIES HAVE MADE.

25. Before I sit down I want to say something about a new factor in the equation - the Audit Commission. Set up under the 1982 Local Government Finance Act, the Commission was given a specific remit to look at value for money in local authority spending. The Commission really got under way in April of last year, and it has already produced an impressive Handbook entitled, "Economy, Efficiency, and Effectiveness" explaining how it proposes to tackle this aspect of its work. Copies are in the Library of the House, and I am sure that the Commission will be happy to provide a copy to any Hon Member who wishes to have one. Copies have been sent to every local authority; and each local authority has been given an individual profile of its own spending, costs, and other data - including demographic data - together with comparisons with the figures of other comparable authorities of the same class.

26. These profiles, and the other material in the handbook, are intended to help individual authorities and their auditors to identify the areas where they should concentrate their efforts in looking for better value for money, and for savings through greater economy and efficiency. They provide the necessary information to enable auditors and councillors to ask the really searching questions that are needed.

27. LET ME QUOTE FROM THE HANDBOOK'S INTRODUCTION:

"IS THE COUNCIL GETTING WHAT IT IS PAYING FOR? DOES THE COUNCIL NEED TO PROVIDE ALL ITS PRESENT SERVICES, SOME OF WHICH MAY WELL BE GEARED TO THE NEEDS OF AN EARLIER ERA? SHOULD RESOURCES BE REDEPLOYED TO MEET NEW NEEDS AND DEMANDS? ARE THERE LOWER COST WAYS OF DELIVERING THE SAME BENEFITS? IS THE COUNCIL BEING MANAGED WELL? THESE ARE QUESTIONS .... TO WHICH, OFTEN, THERE ARE NO READY ANSWERS".

28. THE HANDBOOK DEALS GENERALLY WITH THE ARRANGEMENTS WHICH COUNCILS SHOULD HAVE IN PLACE TO ENSURE ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THEIR USE OF RESOURCES. IT SHOULD BECOME COMPULSORY READING, NOT ONLY FOR CHIEF OFFICERS BUT FOR THE CHAIRMEN OF POLICY AND RESOURCES COMMITTEES AND THE CHAIRMEN OF FINANCE COMMITTEES. THERE MAY BE COUNCILS WHO CANNOT IMPROVE THEIR SYSTEMS. I SUSPECT THEY MAY BE VERY FEW.

29. THIS FIRST EDITION OF THE HANDBOOK CONTAINS SECTIONS ON FURTHER EDUCATION, POLICE, REFUSE COLLECTION AND PURCHASING. FURTHER SECTIONS WILL BE ADDED PROGRESSIVELY TO COVER OTHER SERVICES AS THE COMMISSION'S SPECIAL STUDIES OF SPECIFIC AREAS PRODUCE RESULTS AND FINDINGS FOR GENERAL APPLICATION. LET ME GIVE THE HOUSE SOME EXAMPLES OF HOW THE HANDBOOK CAN BE USED.

30. Take the mundane subject of refuse collection. The handbook records how one council cut its refuse collection costs by 30% using the "ROSS" computer programme devised by LAMSAC. Others have saved 15% or more. Why is it that only one refuse collection authority in eight has actually seen fit to use the system?

31. Or take police. The Commission outlines the range of opportunities for savings that exist, including for instance the use of civilians. Using 1% more civilians instead of uniformed officers for administrative police work could save a typical county police force £100,000 a year. There is no evidence to suggest that civilianisation reduced the efficiency or effectiveness of any force. Why does the ratio of civilians to police officers in different forces range from 11 per 100 officers to 59?

32. Or take further education. The Handbook spells out the significant opportunities for increasing student numbers and reducing costs without adverse effects on the quality of education. In 1981 one polytechnic alone wasted £110,000 of which £20,000 went on rates on buildings they did not need, had already sold or which had even been pulled down. Is every education authority quite satisfied that nothing like this is happening in their area?

33. I MUST TELL THE HOUSE THAT I REGARD THIS AUDIT COMMISSION HANDBOOK AS ONE OF THE MOST POWERFUL TOOLS FOR EFFICIENCY EVER PUT INTO THE HANDS OF LOCAL COUNCILLORS. TIME AND TIME AGAIN, OFFICERS TELL THE COUNCILLORS, AND COUNCILLORS TELL THE PUBLIC (AND, DARE I SAY, THEIR MEMBERS OF PARLIAMENT?) THAT FURTHER ECONOMIES CAN ONLY MEAN SAVAGE CUTS IN SERVICES. WHO IN THIS HOUSE COULD PUT HIS HAND ON HIS HEART AND SAY THAT HIS COUNCIL IS SO EFFICIENT THAT ANY FURTHER ECONOMIES MUST MEAN CUTS IN SERVICES?

34. WHY IS IT THAT SIMILAR AUTHORITIES CAN PRODUCE SUCH TOTALLY DIFFERENT FIGURES FOR EXPENDITURE PER HEAD? ACCORDING TO CIPFA FIGURES FOR 1982/83, TORY WANDSWORTH SPENT £246 PER HEAD ON ALL ITS SERVICES; LABOUR CAMDEN SPENT £528, OVER DOUBLE WANDSWORTH'S FIGURE. TORY DUDLEY SPENT £290 PER HEAD, COMPARED WITH LABOUR NEWCASTLE'S £478 OR LABOUR MANCHESTER'S £548. SPENDING PER HEAD IS I AGREE A ROUGH AND READY COMPARISON, BUT WE ARE BOUND TO ASK HOW AN EARTH THE DISPARITIES REVEALED BY THOSE FIGURES CAN BE JUSTIFIED! ARE WANDSWORTH'S RATEPAYERS REALLY GETTING LESS THAN HALF THE SERVICES RECEIVED BY CAMDEN'S RATEPAYERS? OR MANCHESTER'S NEARLY TWICE AS MUCH AS DUDLEY'S? I DO NOT BELIEVE IT FOR ONE MINUTE!

35. THE HON GENTLEMAN FOR HOLBORN AND ST PANCRAS SOUTH MADE AN IMPASSIONED SPEECH LAST TUESDAY ABOUT THE INNER LONDON EDUCATION AUTHORITY. WHAT THE HONORABLE MEMBER DID NOT ASK - AND I WONDER WHETHER HE EVER HAS ASKED - IS WHY THE ADMINISTRATIVE AND CLERICAL COSTS PER PUPIL IN THE INNER LONDON EDUCATION AUTHORITY ARE 80% MORE THAN THE AVERAGE COSTS IN THE OUTER LONDON BOROUGHS. OR WHY THE SUPPORT STAFF COSTS PER PUPIL ARE 86% MORE; OR WHY THE STAFF LOOKING AFTER SCHOOL PREMISES ARE 90% MORE. THESE ARE NOT THE CLASSROOM COSTS. THESE ARE THE ADMINISTRATIVE TAIL WHICH OVER THE YEARS HAVE MADE THE INNER LONDON EDUCATION AUTHORITY A BYWORD FOR FECKLESS EXTRAVAGANCE. COMPARING ILEA WITH SOME OF THE OTHER HARD-PRESSED INNER CITY AREAS IN THE PROVINCES ? MANY OF THEM WITH LARGE ETHNIC MINORITIES, THE EXPENDITURE PER PUPIL IN ILEA IS HALF AS MUCH AGAIN AS COVENTRY, BRADFORD, BIRMINGHAM AND WOLVERHAMPTON. IT IS TWICE AS MUCH AS THE WEST YORKSHIRE DISTRICT OF KIRKLEES.

36. IT IS THIS SORT OF COMPARISON, BROKEN DOWN BY FUNCTION AND SERVICE, WHICH SHOULD ENABLE COUNCILLORS WHO GENUINELY WANT TO CUT OUT WASTE WITHOUT DAMAGING SERVICES TO SEE THE WAY TO DO SO.

37. MILLIONS OF POUNDS CAN BE SAVED BY PUTTING SERVICES OUT TO COMPETITIVE CONTRACT. THIS HAS BEEN SHOWN CONCLUSIVELY BY THOSE COUNCILS WHO HAVE DONE IT. REFUSE COLLECTION, STREET CLEANING, PARK MAINTENANCE, SCHOOL CLEANING AND NO DOUBT MANY OTHER SERVICES CAN SHOW SUBSTANTIAL COST REDUCTIONS THROUGH COMPETITIVE TENDERING. WHEN THE SAVINGS ARE NOW PROVEN WHY HAVE SO FEW COUNCILS STARTED DOWN THIS ROAD? IS IT FEAR OF THE UNIONS? MANY COUNCILS HAVE SHOWN THAT IT IS PERFECTLY POSSIBLE TO NEGOTIATE SATISFACTORY DEALS WITH THEIR UNIONS IN ORDER TO SECURE REAL BENEFITS FOR THEIR RATEPAYERS. WHAT IS AT THE MOMENT A PIONEERING TRICKLE MUST BECOME A GREAT COST-SAVING FLOOD. THE OPPORTUNITIES ARE THERE. ALL THAT IS NEEDED IS THE COURAGE AND THE WILL TO GRASP THEM.

38. THAT IS THE WAY TO MAKE SURE THAT THIS SETTLEMENT, TOUGH AS IT UNDOUBTEDLY IS, BRINGS BENEFIT TO RATEPAYERS, AND I ASK HON AND RT HON MEMBERS TO GIVE IT THEIR APPROVAL.

LOBBY BRIEFING

time: 4.15 pm date: 19.1.84

BY LEADER OF THE HOUSE

RATE SUPPORT GRANT

He did not know how many rebels there would be on Monday, but it was a different case to last Tuesday. Some of the Tuesday rebels felt they had made their point; some who might have rebelled are saving it for Monday because they represent Shire counties who are adversely affected in the Rate-Support Grant settlement. But it was difficult to judge numbers.

He explained that on RSG we were away from the philosophical argument about central government taking over the powers of local government and into the modalities of the operation working out inequitably across the country. But at the end of the day he thought the figures would not be wildly out of line with those on Tuesday night. Asked if the revolt could be bigger, he repeated that he did not know and pointed out that three days before last Tuesday's vote, the Whips were still guessing.

He confirmed that the Government was still confident about the passage of the Bill. What Mr Jenkin had said still stood: the principles were not for changing, but the Government would listen to the detailed arguments in committee. His assessment of its passage through the Commons had not changed from that of 10 days ago - before the revolt.

The Lords were an enigma, but he did not think they would reject a Bill of this magnitude; his point was that the Lords had never chanced their arm against one of the session's major Bills. He knew of no case where the Lords had defeated a Bill of this magnitude. He thought the Lords more likely to amend then reject. On the Standing Committee, he said the composition including Beaumont Dark, was acceptable to the Chief Whip, and the Government would have its majority despite any planting of rebels.

The Government was in control of the situation - but of course there could be adjustments at Committee Stage.

Asked if the second part of the Bill would survive, he said (after a pause) "yes".

He did not agree that it would be facing the same trouble as the Devolution Bill had and similar local government reforms. There was a big difference between a Bill discussed in detail in Committee and a Bill discussed in detail on the floor of the House - which was Labour's problem with the Devolution Bill.

Monday's affair would be short, sharp and over in a day. The Shire counties resented the rate support settlement because of the inequities, but he thought these would be muted in their anxiety for the Metropolitan counties.

The (uninformed!) public generally thought rate-capping was a good thing and that pressures against came from the well informed elitist quarter.

RATES

Asked to explain the constitutional background to the Rates proposals, he said that it was based on the fact that so much of local

government expenditure was being provided by corporate revenue. It was taxation without representation. There was an imbalance between the sources of revenue and the voters who decided how it would be spent.

Asked about the restoration of the business vote, he pointed out it would not add many many votes to the list, whereas corporate money was 60% of local government revenue. He had no great enthusiasm for the proposals, but no public agony.

CENOTAPH CEREMONY

Asked about discussions, he said everybody was being seen separately; it was not a round table conference. The purpose was to see if there was the basis for agreement. He did not rule out a suggestion of a Speaker's conference, but he said the process was being taken one step at a time. He found the arguments about the ceremony distasteful and absurd.

ELECTORAL REFORM

Asked about the proposal for an extended list of signatures on the nomination paper, he said the House would have the chance of discussing it. But he would still like to see a deposit system retained. Asked about the deposit being raised, he said nothing had been decided. He thought the next step would be a White Paper, then legislation. (FOOTNOTE: A White Paper will be published shortly.)

LOBBY LUNCHEON

The Leader of the House offered his congratulations to the Chairman of the Lobby on his speech.

ELECTRICITY PRICES

Asked about the price rise, he said he had not been aware an announcement had been made and had taken Mr Kinnock's assertion that it had at face value. There had been no directive to nationalised industry chairmen to come to a particular judgement.

PUBLIC EXPENDITURE DEBATE

He could not help on timing (of a discussion document). He had no further information than offered previously. He noted a Lobby Member's offering that Mr Lawson has been postulating December last week.

HOUSING BENEFIT

Asked for the timing for the laying of the Orders, he said it was not known yet. It would be fairly soon but not next week. (FOOTNOTE: The regulations will be laid within the next few weeks, at the same time as Mr Fowler responds to the Social Security Advisory Committee report (which leaked to the Guardian).

PUBLIC EXPENDITURE WHITE PAPER

He confirmed that the White Paper could be expected before the Budget.

FREEPORTS

Asked if they would be named next week, he said they would not.

There had been interdepartmental discussions, but no Ministers' decision yet.

DEPUTY PRESS SECRETARY'S BRIEFING 4.35 pm

The morning Lobby was repeated.

RADIATION INCIDENT AT ALDERMASTON

We read out the line the Prime Minister would have taken if asked:

> "It occurred when six employees were moving, under carefully controlled conditions, a small piece of radioactive material within a purpose-built facility.
>
> Six employees suffered very minor contamination which was immediately removed by normal decontamination procedures. Medical and health physics staff are continuing to carry out measurements on the six to ensure that there has been no internal ingestion and that the radiation dose, while contaminated, was within permissible limits.
>
> No other people were involved so that there is no question of risk to others in the establishment and that there is no effect on the environment of the establishment and beyond."

We were not prepared to answer a hypothetical assertion that the Government would not have revealed the incident if it had not been publicised in the Reading Evening Post on Tuesday.

THE GLC

Asked about an article in Tribune by George Tremlett, criticising the Government's proposals for abolishing the GLC, we did not know if the Prime Minister had seen it. We pointed out it was not her practice to comment on articles.

MARK THATCHER

Asked about a possible follow-up by the Observer, we pointed out that the Prime Minister had made it clear she intended to maintain her position on the matter.

MH

File

Briefing Note

No. 2
19.1.84

THE RATES BILL

The Rates Bill, designed to control local authority overspending in England and Wales, received a second reading in the House of Commons on 17th January, by a majority of 100.

Background. Local authorities in England and Wales are responsible for a quarter of all public expenditure. Back in the early 60's their current spending amounted to about 5% of all domestic expenditure; by 1982 that proportion was around 9 %. The national Exchequer makes a very substantial contribution, providing 52% of the funds spent by local authorities in England and Wales.

Between 1978-79 and 1983-84, at a time when the Government was striving to achieve real savings, current expenditure by local authorities rose significantly. Budgeted expenditure this year in England is expected to be 12% above the levels set by the Government in 1980.

As a result, between April 1979 (just before the Government came into office) and April 1983 domestic rates in England rose by 91% compared with a 55% increase in the RPI. The average increase in domestic rates was 72p in the £, but in some authorities the rise has been as high as 160p.

The Government has reduced the proportion of local government finance provided by the rate support grant in order to encourage greater economy. But a small number of local authorities have responded to this by imposing an ever-greater burden on their ratepayers instead of making the savings which are essential for the country's continued economic recovery. Three quarters of this year's budgeted over-expenditure of £770 million is due to only 16 authorities. If these authorities had reined back their expenditure, rate increases this year would on average have been below the general rate of inflation.

Rates will cost UK companies £5 billion this year - the largest rates bill, in real terms, that they have ever been required to pay, and nearly 60% of all rates levied. Such high rates discourage the setting up of new firms, encourage old companies to move away from important centres of population, and contribute to unemployment by damaging profitablity. Mr Patrick Jenkin, Secretary of State for the Environment, stressed: 'excessive rates have added to unemployment difficulties in some areas, and are certainly one of the reasons for the exodus of small firms from inner cities'(Hansard, 17th January 1984, Col.169).

The constitutional implications. Britain is a unitary state. Local Government carries out the functions prescribed by Parliament. There is no 'local mandate' through which national policy can be overridden. The Government is entitled to expect local authorities to help it in its task of achieving lasting economic recovery. The Labour Government in 1975-76 called on local authorities to fall in with its policies. Mr Jenkin has said: 'all the local authority associations accept that it is the duty of local authorities ... as a whole to abide by the broad general guidelines in spending that are laid down by the House. That was the policy of our predecessors, and it is our policy now' (ibid. Col. 167). The Government is entitled to ask Parliament to provide it with the means to ensure that the long established constitutional position is respected.

The Conservative Manifesto 1983 promised: "We shall legislate to curb excessive and irresponsible rate increases by high-spending councils, and to provide a general scheme for limitation of rate increases for all local authorities to be used if necessary". The Government is now implementing that unequivocal commitment, thereby extending to England and Wales a principle that has already been introduced in Scotland.

A selective scheme will apply to the most extravagant overspending authorities, which number between 12 and 20 of the 456 councils in England and Wales.

The process of rate limitation will have four stages:
(i) the selection of authorities whose rates (or precepts) are to be limited;
(ii) the setting of expenditure levels for each selected authority - normally in J ly;
(iii) consideration of any applications for increased expenditure levels - normally during August-December;
(iv) the setting of rate limits - normally during January.

The rate limits set will be upper limits. If an authority attempted to levy a rate at a higher figure it would be invalid and ratepayers would not have to pay it. (An authority could, of course, set a lower rate if it chose.)

Provision has been made for setting expenditure levels because:
- it will provide authorities with advance notice of the savings they will need to find: the rate limits themselves cannot be calculated until relatively late when the Rate Support Grant for the authority is set in the December RSG settlement;
- local authorities initially prepare their budgets in expenditure terms.

The reserve power for a general scheme

The general rate limitation scheme will provide reserve powers to set upper limits for all local authorities. The powers would not become available until an order had been approved by both Houses of Parliament. Before presenting such an order the Secretary of State would be required to consult with the local authority associations.

The mechanisms of the scheme are similar to those of the selective scheme with the following main differences:
(i) there will be no automatic exclusions from the scheme, although there will be a power to exclude councils with low expenditure;
(ii) before determining expenditure levels of all authorities the Secretary of State will be required to consult with local authority associations;
(iii) the parliamentary procedure for determining maximum rates and precepts will provide for a parliamentary Order to be made, setting limits for all authorities which do not accept the rate figure proposed by the Secretary of State; he would then have power to increase the figures determined in the Order, as discussions were completed (though any reduction in rate limits would require the approval of a further Order).

Mr Jenkin emphasised: 'the Government hope that this part of the Bill will never have to be invoked. We hope that the powers in Part I, coupled with the existing system of block grant, expenditure targets and other measures in the Bill, will bring local government spending into line with the Government's guidelines' (ibid. Col.174).

Improvements to the rating system

The Bill also provides for reforms to the rating system which will improve accountability. A duty will be placed upon local authorities to consult representatives of local business ratepayers before determining their budgets and rates or precepts; availablity of rate relief for institutions caring for the disabled will be widened; and other minor improvement are to be made, such as allowing non-domestic ratepayers to pay rates by instalments from 1985-86.

The Labour Party has claimed that ratepayers through their votes can keep rates down. But this argument totally ignores two key facts: 60% of rates are paid by non-domestic ratepayers, and only 35% of local electors pay full rates. As Mr William Waldegrave, Under-Secretary of State at the Department of the Environment, said : 'the system is far too weak to protect ratepayers; in such classic circumstances, ... the Government are right to take powers to prevent ratepayers suffering from institutions which are not workir as intended '(Hansard, 17th January 1984, Col.246).

Conservative Research Department,
32, Smith Square, London,S.W. 1. NC/LC

File

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

17 January 1984

Overtaken: see letter of 20.1.84

Dear John

SPEAKING NOTE ON RATES BILL

Thank you for your letter of 11 January

It may be helpful if I set out our understanding of the agreement reached by officials about the treatment of expenditure deflated to different types of constant prices. Expenditure plans are to be shown only in cash or in cost terms (deflated by the GDP deflator); outturn and budgets (in the case of local authority revenue expenditure) can be shown in cash, cost terms or volume (deflated by the index of local authority revenue expenditure) can be shown in cash, cost terms or volume (deflated by the index of local authorities' pay and price changes). When we use volume we say we are using volume; we try to avoid the rather ambiguous term "real terms". I am afraid that in the speaking notes recently sent to the Chief Secretary and other Ministers we inadvertently used "real terms" rather than "volume", We will put this right.

My Secretary of State is of course, a firm supporter of cash planning, and in general our figures are presented in cash terms only. But like the Treasury, this Department sometimes finds it useful to express certain figures in constant price terms. On some occasions we use cost term comparisons; we recognise the importance of these in demonstrating the changing burden of local authority expenditure on the economy as a whole. In this context, you will have noticed our use of cost terms in paragraph 1.19 and Graph 3 of the Rates White Paper. We also use volume comparisons. This largely reflects the fact that we have to talk to and negotiate with local authority bodies. They recognise volume; but cost terms is not a concept they yet fully understand. Moreover, volume is a meaningful concept; it shows the changing amount of inputs being used by local authorities.

My Secretary of State and this Department therefore propose to continue to use volume comparisons where we consider them appropriate. For example, they are particularly appropriate in the comparison between what the Government's early (volume) plans had expected for 1983-84 and what local authorities have actually achieved. This analysis has been successfully presented in both volume and cash terms. A number of volume figures have now become well known. We will of course continue to give cash and cost terms figures too.

Two final points. First, large differences between cost and volume are largely the result of Clegg and other comparability awards during 1979/80 and 1980/81. Since 1981-82, local authority costs have been moving roughly in line with other prices in the economy. Second, "real terms" is an ambiguous term. To those in the Treasury it clearly means cost terms. To those in local government it means volume. We think that confusion can best be avoided if we refer to volume when we use volume, and refer to cost terms when we use cost terms.

I am copying this letter to those who received copies of yours.

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

John Gieve Esq

CONFIDENTIAL COPY NO: 6

PRIME MINISTER

RATES BILL

As you know, Robin Maxwell-Hyslop has raised with me the question of whether this Bill is hybrid and should therefore follow the hybrid bill procedure. The effect would be to delay the passage of the Bill and mean that we could not begin the procedure for capping selected authorities in 1984 in time to become effective for 1985/86.

I am always conscious of the possibility of hybridity in the field of local government legislation, and Parliamentary Counsel raised this point at an early drafting stage with the House authorities. He obtained an assurance from them that by listing the local authorities to whom the Bill is to apply and not including in that list certain rating authorities (the Sub-Treasurers of the Inner and Middle Temples) and certain precepting authorities (the Receiver of the Metropolitan Police, parish councils, water authorities and joint boards) the Bill was not rendered hybrid. There is the precedent of the Local Government, Planning and Land Act 1980 which lists authorities in the same way and on which hybridity was not raised.

After my conversation with Maxwell-Hyslop I had an urgent meeting with my officials and Parliamentary Counsel yesterday to discuss the points which he had raised with me. I am firmly persuaded that the Bill is not hybrid. A summary of the legal position as we see it is annexed to this minute.

I understand that Robin Maxwell-Hyslop has mentioned this point informally to Mr Speaker. The House authorities - who have been approached again this morning - have reaffirmed that the Bill is not hybrid. The Speaker is not of course obliged to accept their advice, but the general view is that he would.

In these circumstances there is clearly no case for the Government taking any action before Second Reading and we are confident that if this point is raised tomorrow it will not succeed.

It is of course always possible that some point that we have not uncovered might be raised at Second Reading. It is prudent therefore to consider what action we might then need to take. Much would depend on the exact nature of the point raised but supposing it was one of substance there would appear to be three options:

(i) if the point is purely technical, eg that the list should be redrafted in the form of a general definition, an undertaking could be given to put the matter right in Committee. (This would require a resolution as described in sub-paragraph (iii) below to proceed with the Bill without a reference to the Examiners).

(ii) if the issue is more than purely technical and the Speaker refers the Bill to the Examiners we could argue the point there but with no guarantee of success. This would very probably delay the enactment of the Bill so that its provisions could not take effect for next year.

(iii) if the point goes to the root of the Bill, eg if it attacks the whole principle of selection of authorities, and is upheld we would have to consider adopting the tactic chosenby the then Leader of the House (Michael Foot) in the case of the Aircraft and Shipbuilding Industries Bill: to put down and carry a procedure resolution which in effect would set aside the Speaker's ruling. This would be most controversial and you may think would require collective consideration.

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I have asked the Whips to speak to Robin Maxwell-Hyslop (who supports the Bill). In the light of our further researches I am meeting him again and will seek to persuade him that his concerns on the issue of hybridity have been fully examined and are unlikely to be accepted by Mr Speaker.

I am sending a copy of this minute to John Biffen and John Wakeham.

P.J.

P J

16 January 1984

HYBRIDITY: THE RATES BILL

1. Hybridity is an elastic concept and difficult to define. The definition relied on most frequently is the statement by Mr Speaker Hylton-Foster on the London Government Bill (Hansard, 10 Dec 1982 col 45 et seq).

> "I think that a hybrid Bill can be defined as a Public Bill which affects a particular private interest in a manner different from the private interest of other persons or bodies of the same category or class."

The Rates Bill

2. The authorities eligible for selection under the selective scheme of control and those subject to the general scheme of control are:

(a) the council of a county or district;

(b) the GLC, the council of a London Borough and the Common Council of the City of London;

(c) the ILEA; and

(d) the Council of the Isles of Scilly.

3. An objection on the grounds of hybridity could be based on the existence of precepting or rating authorities not included in this list, namely:-

(a) as respects precepts, the Receiver of the Metropolitan Police, parish councils, water authorities and joint boards

(b) as respects rates, the Sub-treasurer of the Inner Temple and the Under-Treasurer of the Middle Temple.

Thus, it could be argued, these bodies are being treated in a manner differently from the list of authorities of the same class.

4. In whichever way the counter argument is put, it amounts to saying that these bodies are not of the same class either because:-

(i) parish councils are not in the same "tier" of local government as the authorities included in the Bill, and/or

(ii) apart from parish councils, none are local authorities and/or

(iii) they are not democratically elected authorities eligible for Block Grant under the Local Government Planning and Land Act 1980, as amended. (The Receiver although not a local authority for the purposes of 1980 was effectively made one by an amendment made by the Local Government Finance Act 1982, which enabled block grant to be paid direct to the Receiver. This was done at the request of local authorities.)

The common sense view is that this list includes all authorities within what is commonly taken to be the two tier-structure of local government. (See, generally, the exchange of correspondence between Parliamentary Counsel and the Public Bill Office - copies attached).

5. It could be argued that because certain authorities, ie those whose GRE does not exceed £10m are exempt, an element of hybridity is introduced. However this exemption applies to all authorities listed and the further selection process takes place under the provisions of the Bill.

6. A factor which persuaded the Public Bill Office when they gave the assurance that the Bill was not hybrid was the precedent of section 53 of the Local Government, Planning and Land Act 1980 which lists the same authorities. That was not regarded as hybrid and the Scots rating measure, now in Committee, which theoretically is open to the same criticism, has not been alleged to be hybrid.

7. It could be suggested that the use which can be made of precedent is limited because the point may never have been raised. This however ignores the fact that it is the duty of the Public Bill Office to consider every Public Bill and to notify the promoter if they consider that any Bill is potentially hybrid (see S.O.40)

Mr Maxwell-Hyslop's arguments

8. The first argument is that Mr Speaker Hylton-Foster's ruling is not comprehensively stated in Erskine May and he ruled,* in effect, that <u>if it be possible to take the view</u> that the Bill is hybrid then it should be referred to the Examiners. This of course does not stand alone. In the next paragraph, the Speaker interpreted his words as meaning that the Bill must be <u>prima facie</u> hybrid. That is not the case here. (In other words a remote or ~~forceful~~ fanciful possibility would not justify a reference.)

* Hansard, 10 Dec 1962, Col. 45

9. The second argument is that the class to which the Bill applies must be explicit; if it is not and the class is implicit, presumably because it refers to individual authorities rather than setting out a general definition, then there is a possibility that the Bill is hybrid.

This argument is difficult to follow, however. Mr Maxwell-Hyslop may be drawing upon his knowledge of the Aircraft and Shipbuilding Industries Bill (certificate from the Examiners that certain Private Bill Standing Orders should apply to the Bill and Statements of Reasons therefore (71) - copy attached).

The examiners reported,

> "It is still open to us to find that this Bill is hybrid according as we answer the arid questions whether all the companies named in Part 1 of the 2nd Schedule to the Bill are within the category or class set out in Part II of that Schedule and whether any company within that category or class is not named in Part 1. If Part 1 and Part II of the Second Schedule are not congruent, the Bill is hybrid".

10. The short answer is that the structure and the provisions of the Rates Bill bear no comparison to the Aircraft and Shipbuilding Industry Bill and the argument does not hold. In the case of the latter it was possible to demonstrate as a matter of fact that there was a member of the class to which the provisions of the Bill did not apply. Furthermore the mere fact that the authorities are named does not make the Bill hybrid. The Stock Exchange Bill which named one member of the class was not regarded as hybrid. Even if it were remotely possible to argue that, in effect, Clause 10(1) creates a "class" of designated authorities it is not possible to find an authority

which is "named" /

in Clause 1(3) and which does not fall within the "class" in Clause 10(1).

11. There may be other arguments which could be made and which have not been considered. Given the nature of this elastic concept it is conceivable that there is a mine hidden somewhere. Nevertheless nothing has been suggested so far which raises a prima facie case for the Bill being hybrid.

16 January 1984

PUBLIC BILL OFFICE
HOUSE OF COMMONS, SW1
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01-219 3255 (direct line)

3 November 1983

In Confidence

Dear Henry

Limitation of Rights and Precepts

Thank you for your letter of 31 October. As I understand it, we are talking about local authorities in London (including ILEA and the Common Council) and local authorities in the rest of England and Wales, including the Isles of Scilly but excluding parish councils.

I had thought from your letter of 26 October that you had intended to find formulae which would ascribe the authorities in the bill to two or more classes. Obviously, general definitions of these classes would throw a cloak of respectability (ie, of non-hybridity) over them, and the fact that a definition is not feasible makes one wonder whether a class which cannot be defined is truly a class!

However, I agree with you that it is the reality which matters. Commonsense tells me that a bill treating all these bodies alike is not hybrid. If in addition you are able to cite the precedent of Section 53 of the Local Government, Planning and Land Act 1980 (c. 65), which lists the same authorities and which was not regarded as hybrid, I am content.

John Grey agrees.

Yours ever

Jim

J H WILLCOX
Clerk of Public Bills

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CONFIDENTIAL

J H Willcox Esq
Public Bill Office
House of Commons

31 October 1983

LIMITATION OF ~~RIGHTS~~ RATES AND PRECEPTS

Thank you for your letter of 28 October.

What matters for hybridity purposes is substance rather than form and I take it that neither you nor John Grey would take a differen view if the Bill specified the authorities to which it applies viz.-

(a) county councils, the GLC and the ILEA; and

(b) district councils, London boroughs, the Common Council of the City of London and the Council of the Isles of Scilly.

This would obviously be more convenient for a reader of the Bill and a user of the Act; and I doubt whether a definition of these authorities would in fact be feasible. Upper tier and lower tier are colloquial rather than legal expressions and while they aptly descri the relevant authorities in common parlance they could not be used as the basis of a statutory definition.

A copy of this letter goes to John Grey.

C H de WAAL

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The Bill giving effect to the Government's proposals is likely to be bitterly contested and its opponents can be expected to avail themse[illegible] of any weapons they can lay their hands on. I should be grateful, therefore, if you would confirm that objections on the ground of hybrid would be unfounded. Any such objection would presumably be based on t[illegible] existence of precepting or rating authorities not covered by the Bill. These are -

(a) as respects precepts, the Receiver of the Metropolitan Police District (s.120 of the Local Government Act 1948 (c.26)), parish councils (s.150 of the Local Government Act 1972 (c.70 water authorities (s.46 of the Land Drainage Act 1976 (c.70)) and joint boards (i.e. certain port health authorities) under s.309(2) of the Public Health Act 1976 (c.49);

(b) as respects rates, the Sub-Treasurer of the Inner Temple and the Under-Treasurer of the Middle Temple (s.1(1) of the General Rate Act 1967).

Apart from parish councils, however, none of these are local authoritie and parish councils are not in the same "tier" of local government as the authorities to be included in the Bill.

A copy of this letter goes to Vallance White whose views would also be welcome.

C H de WAAL

CONFIDENTIAL

PUBLIC BILL OFFICE
HOUSE OF COMMONS, SW1
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In Confidence

28th October, 1983

Dear Henry

John Grey and I have considered the points in your letter of 26th October:

Provided satisfactory definitions can be drafted to cover local authorities in the upper tier which have power to precept, and local authorities in the lower tier which have power to levy a rate, we can see no possible difficulty.

Yrs
Jim

J. H. WILLCOX
Clerk of Public Bills

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25 October 198

LIMITATION OF RATES AND PRECEPTS

You will be aware that the Government intend to introduce legis which will enable the Secretary of State to impose limits on th rates or precepts of local authorities. The proposals are desc in Chapters 3 and 4 of the White Paper "Rates" published last August (Cmnd 9008). Chapter 3 describes a scheme under which t Secretary of State would be able to select particular authoriti for limitation and Chapter 4 describes a scheme that would appl to all authorities. The authorities capable of selection under Chapter 3 and those to which a scheme under Chapter 4 would app are described in paragraph 3.2 on page 15, ie -

(a) "upper tier" precepting authorities (county councils, the GLC and the ILEA); and

(b) "lower tier" rating authorities (district councils and the London boroughs).

The reference to a London borough is to be read as including th City of London and although not I think mentioned in the White both schemes would also cover the Council of the Isles of Scil This has power to levy a rate: see s.118 of the General Rate Ac 1967 (c.9).

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[MR. EDEN.]
right hon. Friend agree that this particular action demonstrates not only the importance, as the right hon. Member for Easington (Mr. Shinwell) has stated, of the continued strength of the Gurkha Brigade but also of the significant rôle in the maintenance of peace in the area which can be played by the Singapore base?

Mr. Sandys: I do not think I need say more than I have about the value we attach to the contribution of the Gurkhas and I am also already on record about the importance of our base at Singapore. There are indications, but they are not yet firm, that the rebel forces have received, or have undergone, a certain amount of military training outside the country.

Mr. Wigg: The right hon. Gentleman has told us that intelligence available made him aware that such a rebellion was a possibility. The composite force sent in should, therefore, be balanced and equipped and organised to fight, with reinforcements, if required, available in sufficient numbers and without extensive notice. Will the right hon. Gentleman say how it comes about, however, on the basis of what he has said, that the force is anything but balanced? Will he tell us the kind of aircraft used and confirm whether or not the force has been limited, not by the needs of the situation, but by the capacity of the sea and air lift?

Mr. Sandys: If the hon. Gentleman studies my statement he will see that a very adequate force was sent in, and sent in very quickly. More troops are available should they be needed. Some are already on the way, while others are being held in readiness. As for equipment and balance, I have no knowledge —and, certainly, I am sure that the hon. Gentleman has no information—which suggests that the force has not been properly equipped and is not in every way ready and fit to carry out these duties.

Mr. Wigg: The right hon. Gentleman has given the details of the forces. They are the Queen's Own Highlanders, the 1st Battalion the 2nd Gurkhas, 42nd Commando and a squadron of the Queen's Irish Hussars. He has said nothing about the services. Has the force been sent in without a signal company, without any R.Es., without hospitalisation? Has the force been sent in without those formations because the right hon. Gentleman lacks the lift to move the rest in?

Mr. Sandys: I was not going into every detail about kitchen stoves and the Dental Service, or things of that sort.

Mr. Gordon Walker: Has the right hon. Gentleman any information about where the arms, which he told us were coming from outside, have come from? In view of what he has said about the great value of the Gurkhas, does he realise that there is strong feeling in the House that the Government should reconsider what is broadly thought to be their intention to disband quite a large number of these valuable troops?

Mr. Sandys: It is not for me to make a statement, arising out of a report on Brunei, on the future of the Gurkhas, but I understand that my right hon. Friend the Secretary of State for War will be making a statement on this subject early in the new year.

Several Hon. Members *rose*——

Mr. Speaker: We cannot go on with this now, without a Question. I am not giving the hon. Member for Dudley (Mr. Wigg) any encouragement. I was about to ask the Clerk to read the Orders of the Day. Does he wish to make an application?

Mr. Wigg: I should be the last to take advantage of any encouragement that you gave me, Mr. Speaker, but as I gave notice to the Minister of Defence and was answered by an easy political gibe by the right hon. Gentleman, who suggested that I was referring to the Dental Corps and who did not answer my question about the kind of aircraft which were used in this operation—and I suppose that even hon. Members opposite would think that it was relevant to know whether the troops had ammunition; or do they not? —and as we do not know whether these troops are effectively supplied, I do not know whether to seek permission to move the Adjournment of the House under Standing Order No. 9 so that we can discuss the matter.

Mr. Speaker: Either the hon. Member moves his Motion, giving it to me in writing, or he does not. There is no half-way house about it.

ORDERS OF THE DAY

LONDON GOVERNMENT BILL

Order for Second Reading read.

3.53 p.m.

Mr. G. R. Mitchison (Kettering): On a point of order. Mr. Speaker, I desire to submit that this is a Bill to which the Standing Orders relative to Private Business may apply—the words of Standing Order No. 36 are "may apply". If that is so, the Bill ought to be sent to the Examiners.

A side note to the Rules talks about *prima facie* Hybrid Bills, but I prefer the language of the rule itself and the answer which was given by the then Clerk of Public Bills to the Select Committee on Hybrid Bills, 1948, when, on page 52 of the evidence, he was asked:

"Is the principle then, that when there is any doubt at all the bill must go to the Examiners?"

His answer was:

"I should say so, yes."

I propose to submit that in this case there is, at any rate, some doubt and that the Bill should, therefore, go to the Examiners.

Standing Orders will be applicable if the Bill affects private rights which are not the private rights of a whole class of people. The second paragraph of the Report of that same Select Committee on Hybrid Bills contains as part of its definition of a Hybrid Bill

". . . a public bill, since it accords with the two fundamental criteria of public bills described by Erskine May"—

those two fundamental criteria are that it should relate to public policy and be introduced directly by a Member of the House—

"it has also, in large or small degree, the character of a private bill, since it affects the interests of specific individuals or corporations as distinct from all individuals or corporations of a similar category."

An instance of a Private Bill, and a very common instance, is a Bill local in its application. There appears to be no doubt that if the present Bill related to Birmingham, for instance, it would be a Private Bill and would, therefore, have in it that element of Private Bill character which would require it to be sent to the Examiners. That is the conclusion in Erskine May which, on page 869, says:

"A bill relating to a city is usually held to be a private bill."

The question is whether that also applies to the Metropolis. I must say at once that the practice of the decisions about this has not by any means been consistent, but all that I have to show is that there is some doubt. For that purpose I can take a very simple case referred to on page 1 of the Minutes of Evidence given before that same Committee. The footnote says:

"A bill purely public has been converted by amendment into a hybrid bill. Thus the Waterworks Clauses Act (1847) Amendment Bill, 1884-85, as introduced into the House of Commons, applied to every water company in the kingdom. By an Amendment made in Committee it was limited to the metropolis. The House of Lords referred the bill to the Examiners who held that it had become a hybrid bill."

There follow references to the Lords Journals.

The practice in these matters is the same whichever House is concerned. The change from a general application to a Metropolis application was held to turn the Bill into a Hybrid Bill. During the course of years, Bills about the Metropolis were originally introduced as Public Bills; then, matters affecting the Metropolis, gradually but to an increasing extent, have been dealt with by Private Bills now introduced regularly year by year. On page 870 of Erskine May there are a number of references to a variety of cases and the general statement:

"Since 1874 bills for giving further powers to the Metropolitan Board of Works and to its successor, the London County Council, have been introduced and passed as private bills."

There therefore appears to be nothing in the metropolitan character of London which necessarily prevents this Bill from being treated as what it really is—a Bill of local application.

There is a reference to the point of the Metropolis in Erskine May, but it is no doubt the result of the growth of other large conurbations that the tendency has been more and more to assimilate metropolitan practice to that which would apply to Birmingham, or some other large town. Therefore, if any distinction is to be drawn, it must be a distinction relating to the character of the Metropolis as such. I can see the

[MR. MITCHISON.]

point in relation to the police, for instance, but I fail to see it in relation to a number of matters with which this Bill deals. I submit that there is, therefore, sufficient doubt as to whether the matters should be dealt with in this form without reference to the Examiners to entitle us to have the Bill sent to them.

From that aspect of the matter I wish to turn to one or two particular cases. It is common knowledge, and has been stated by the Government and reported in the Press, that there were provisions relating to the water supply of the Metropolis which appeared in some draft Bill —which, of course, I have not seen— and which were taken out and do not appear in the present Bill; and which are to be the subject of other legislation, because it was understood that if they were put into this Bill, they would turn it into a Hybrid Bill.

If one looks at the published statement, called "Future of the Metropolitan Water Board," printed by the Board and containing the report of its General Purposes Committee which was adopted on 19th October, one sees the sort of thing which might have been the reason for the hybrid character which these water provisions would have imported in the Bill. Page 2 of the printed statement states:

"The proposed area to be administered by the Council"—

that is, the Greater London Council which is contemplated in this Bill—

"is some 750 square miles. Of this only some 420 square miles are supplied by the Board, that is, a little more than half. Moreover, the Board supply an area of about 120 square miles outside the Greater London Council area".

Later in the statement, when arguing the case, the Board says:

"... it is inconceivable that at the very time when the Government is endeavouring to improve and regularise the local government pattern in London, a step is proposed which would immediately create an anomaly by giving the Greater London Council jurisdiction for a service in parts only of its area, and permitting ten other authorities to have jurisdiction for the same service in other parts of its area."

The point of this, of course, is that if we have provisions of this kind we are bound to have with them treatment relating not to a whole class, such as the water undertakings throughout the kingdom, but to a whole class, less some particular instance. The particular instance, would, therefore, get the special treatment which imports a private character into the Bill and calls for its examination by the Examiners.

The Metropolitan Water Board is a statutory body. It is financed by a water fund with the deficiencies out of the fund supplemented from the rates of the constituent bodies. A similar body appears in the sewerage section of the Bill. Sewers are not always treated with sufficient seriousness, but their maintenance is, no doubt, an essential part of local government. They are just as essential as the water supply, and Part V of the Bill deals with nothing else but sewage and trade effluents. Here we get an instance, on which I propose to rely, of what I submit is, quite clearly, exceptional treatment of one particular person; using the term "person" in the sense in which it is used in the definition to which I refer, a Parliamentary person, either an individual, or some public authority or corporation.

It may be said that this is a small point. But the words of the definition which I read refer expressly to a small degree and I think that I can show the House, or I can show you, Mr. Speaker, that even two sewers may be enough to turn the Bill into a Hybrid Bill, and these are more than two.

Turning to Clause 35, the first Clause in this part of the Bill, certain sewerage authorities and sewers and sewage disposal works are dealt with. The authorities are to be dissolved in the near future, and the sewers and sewage disposal works are to vest in the Greater London Council. Those authorities cover a considerable part of the Greater London Council area, but not the whole of it. The part which they do cover is referred to in the same Clause as "the sewerage area of the Greater London Council"; and the broad structure of the Clause is to hand over the provision of main sewers and sewage disposal works to the Greater London Council and the provision of what I might perhaps call ancillary sewers to London boroughs.

There is even a provision for the

"... power of the Common Council, the Sub-Treasurer of the Inner Temple or the Under-Treasurer of the Middle Temple to provide sewers ..."

I do not know what they do about it, but there it is.

Then follows, in subsection (5), a provision which enables the Greater London Council, in effect, to annex adjacent sewers which go with the main sewers which pass to them by virtue of the first subsection of the Clause. The Council can make a declaration and take over such sewers as it thinks are required. Indeed, it is laid down as the duty of the Council that it should examine the whole matter and take action.

The point on which I rely is that subsection (5), as the operative subsection, is subject to one exception which recurs through the whole Clause. It is that nothing is to affect the property or the functions of the West Kent Main Sewerage Board. That Board, which receives this exceptional treatment—for, in the language of the subsection, it is exceptional treatment—is the sewerage authority which provides for the whole of one, and most of another, of the new London boroughs to be constituted under the Bill.

On page 89 of the Bill we find that Borough No. 19, which includes Beckenham, Bromley and other places, and most of the preceding borough No. 18, are served by the West Kent Main Sewerage Board. The result of these provisions is, therefore, that if the West Kent Main Sewerage Board had not been excepted its public sewers and sewage disposal works would have been vested in the Greater London Council and the boroughs respectively so far as the Greater London Council thought proper, having regard to its statutory duties.

It is now not allowed to deal with the West Kent Main Sewerage Board in this way and, therefore, its position, as indeed appears from the language of the Clause, is an exceptional one. This, of course, is not a mere matter of the technical property in this, that or the other sewer. It directly affects the rating powers and the exercise of those powers in the whole area. The effect may not be large, but it is there.

If one looks at Clause 36 which is entitled, "Expenditure on sewerage", and without going into detail, it is perfectly clear that the exclusion, the peculiar treatment given to this sewerage board in this way, must have some effect —though it is rather hard to see beforehand exactly what it is—on the finances of the sewerage authorities concerned, and ultimately on the rating authorities concerned.

I suggested a little time ago that two sewers might make all the difference. I am sure that the Minister will remember that they did make a considerable difference in 1955 when what is now the Rating and Valuation (Miscellaneous Provisions) Act, 1955, contained a number of various and wide provisions about rating generally all over the country and was unquestionably, in the form in which it came before the House, a public Bill; and, I should have thought, with no character of the hybrid Bill in it at all.

During the course of the passage of that Bill through this House, an undertaking was given on behalf of the Government to give exceptional treatment to two sewers. The position was that sewers were to be derated, and the effect of derating the two sewers, which were the London outfall sewers, would be considerable on the finances of the Metropolitan boroughs, on the one side, and the London County Council, on the other.

The London County Council was taken to be in occupation of the sewers, and, for this purpose, paid rates, which constituted a substantial source of finance, for instance, to the East End authorities. A great deal of pressure was put upon the Government in the House not to upset the finances of these authorities and to make things difficult for the East End boroughs, which, I think, were the ones principally dealt with here.

The Government gave an unqualified undertaking, but, when the matter came to another place, they broke it. They recognised it, but said it must be carried out some other way. Indeed, I believe that steps have been taken to that end. But the Government broke the undertaking to amend that Bill, and the reason they gave was that to have carried it out would have been to make that Bill a hybrid Bill. This was a case of two sewers, not all the sewers of the West Kent Sewerage Board, which may have been many more than two; and maybe they were two very large sewers, but still only two. This was in a Bill which not only dealt with sewers, because the sewers were dealt with only

[MR. MITCHISON.]

in two subsections of a miscellaneous Clause.

In regard to the other, I quote from HANSARD of 26th July, 1955:

"MR. HASTINGS asked the Minister of Housing and Local Government what steps he is taking to implement his undertaking"—

that is, the undertaking to which I have just referred, and the present Secretary of State for Commonwealth Relations, who was then Minister of Housing and Local Government, replied:

"It was unfortunately found that the inclusion in the Bill of the proposed Amendments to implement the undertaking would turn it into a hybrid Bill, and this would involve a lengthy procedure for which time is not available. It is, however, still the Government's view that the overground parts of these sewers should continue to be rated, and I am considering how best that result might be served."

Then, later, the Minister said, at the top of column 980:

"We have taken the best possible advice, but we are not satisfied that, without stretching the constitution, it would be possible to deal with the matter other than by means of a hybrid Bill."—[OFFICIAL REPORT, 26th July, 1955; Vol. 544, c. 979-80.]

Therefore, I find it hard, and to my limited capacity it is impossible, to distinguish that case from that which we have to consider in relation to the West Kent Sewerage Board. Of course, the right hon. Gentleman had taken the best possible advice, and all I would say is that though that led to no ruling, it led to a distinct change of front by the Government and to a step which had a very marked effect, and it must surely be sufficient to raise doubt, which is all that I require to have this Bill sent to the Special Examiners.

I wish to mention two other points, and I apologise for taking the time of the House, but this is a matter of importance, and the Bill itself is important. First, there is the question of land occupied by local authorities for housing purposes. Under Clause 23, there is provision for a transfer of land held for housing purposes, and, where land is so held, it is to vest in the councils of the newly constituted London boroughs. These difficulties inevitably occur, as in the case of the West Kent Sewerage Board, on the boundaries of the area concerned.

In this case, the difficulty occurs in connection with land held by the Councils of the Borough of Epsom and Ewell and the Chigwell Urban District. These two local authorities are partly within the new Greater London Council area and partly outside it, and the result is that they get special treatment. Some land held for housing purposes is to pass to the newly constituted London boroughs, being land within the area of the Greater London Council, and some will not. The result will be to have an effect on those councils, on their rates and on their ratepayers, which is quite exceptional and derives from the fact that they are cut in two by the Bill. If being cut in two does not affect one's private interest, I do not know what does, and that is what is happening in this case.

Again, we cannot say what the effect will be. The authorities may be better off or worse off. One cannot say, in this case, as in the sewerage case, exactly how it would work out, so there is room for doubt whether this comes within a hybrid Bill, so far as it relates to private interests.

There is one other instance which I shall mention shortly. This is a very complicated and long Bill. Nobody will deny that. I have said nothing, in speaking to this point of order, about its merits, but it is very odd indeed that when one looks at the City of London and the Middle Temple, one finds that throughout the Bill they are having treatment which appears at first sight to be very special. Some of it may depend on their existing statutory position, and I would not deny that, though I am not sure that all of it does. Perhaps the simplest way of looking at it is to look at Clause 69 (1), where there is a provision about the equalisation of rates, under which the Minister may make a scheme for the purpose of reducing the disparity in the rates levy in certain areas other than the Temple.

It means something. It could mean much, it may mean little; but this question of the position of the Temples, and, for that matter, the City of London, raises doubt whether private interests are affected. When I refer to private interests, I am not talking about the interests of private individuals, but the interests of the public or local authorities. In the case of the two sewers and the Minister, if I may so refer to it, the parties concerned were, on the one hand, the London County Council, and on the

other, a number of London boroughs. In one sense of the word, there is no life in any of them; in another, they have a full and vigorous Parliamentary life, until somebody abolishes them one day.

This is the kind of thing which it is intended to protect by this provision relating to Hybrid Bills, and I respectfully submit that this is a case where there is, at least, some doubt, and that the matter should be referred to the examiners.

Mr. Speaker: I should like to begin by thanking the hon. and learned Member for Kettering (Mr. Mitchison), not only for the careful and pleasant way in which he has made his objection now but for coming quite a long time ago, with the hon. Member for Fulham (Mr. M. Stewart), to warn me of the substance of this argument, and my advisers, so that we might have time to consider it as best as we could.

I do not think that I need quarrel at all about definitions with the hon. and learned Member. I accept the true position to be this, that if it be possible for the view to be taken that this Bill is a Hybrid Bill it ought to go to the examiners. There must not be a doubt about it.

I will try to follow his order as much as I can. I do not think, frankly, that the relevant Standing Order applies to this Bill as *prima facie* hybrid. On the wide ground that the hon. and learned Member was urging, in the light of precedent by which I am guided, I think that a Hybrid Bill can be defined as a public Bill which affects a particular private interest in a manner different from the private interest of other persons or bodies of the same category or class. But I am afraid that the precedents relating to Bills affecting local government of the whole of London and those which relate to Bills on the metropolitan sewers would prevent me from ruling that this Bill is *prima facie* hybrid by reason of the presence of Part V in it.

Indeed, it is plain that our practice has admitted sewerage as having the very metropolitan character that the Police have so as to make it properly the subject of a Public Bill. An instance of it being so regarded is the Metropolitan Local Management Act, 1855, part of which dealt with that very topic. Further, sewerage necessarily falls within the scope of public policy dealt with by this Bill. Indeed, by the Bill the authorities at present charged with the functions relating to sewerage would largely disappear. It is, in the words of the hon. and learned Member, essentially part of local government.

What this Bill is doing is dealing with the whole structure of local government and the exercise of all local authority functions in Greater London. Sewerage is by statute a local authority function imposed here, either by the Public Health Act, 1936, or by Part II of the Public Health (London) Act, 1936, on the local authorities. The fact is that on this principle London sewerage has previously been treated as a matter which can be dealt with by a purely Public Bill without any sort or kind of complaint or hint of hybridity.

I think that the first stab into that principle which the hon. and learned Member attempted was the footnote on page 1 of the evidence given before the Select Committee. Were this a matter of water it may well be that we should regard it the same way as another place regarded the matter then, namely, that when the Bill, by amendment, was confined to London that Bill, relating to water supply, became a Hybrid Bill. It might be so, but whatever the reason may be, it is quite clear that our practice in this field distinguishes between public utilities, like water, gas, transport, electricity, and local government and local government functions.

I can only guess at what the reason is. It may be that by and large you need not have gas if you do not want it, or electricity if you do not want it, but you must use the sewerage. To make good my point at a glance, if hon. Members look at Erskine May they will find the two notes on page 870. One is under (*d*) and another under (*e*). The (*d*) Bills are the ones which managed their life happily as Public Bills without hint of hybridity, and the (*e*) Bills are the ones dealing with water and gas.

I am not unduly frightened off my line of thinking by the footnote on page 1 of the evidence before the Select Committee. It is true that I did privately

[MR. SPEAKER.]

rule this Bill in its previous form as hybrid. I did it in relation to the provisions relating to the Metropolitan Water Board on grounds which in no way deal with the matter I am now ruling about, or my views about that.

The next narrower objection of the hon. and learned Member's is based on Clause 35, the argument being that that Clause treats the West Kent Main Sewerage Board differently from the three sewerage boards which are dissolved by subsection (1), but in my view there is no question here of singling out a sewerage board for special treatment within a category of sewerage board to which it belongs. This is the problem—I forget the exact words the hon. and learned Member used just now—it is the in and out problem. What happens on the boundaries of an area one is legislating about? All the boards serving areas wholly or mainly within and having their disposal works or outfalls within Greater London are dealt with in exactly the same way by this Bill.

The East Kent Board is quite different. Half of its area will remain in Kent if the Bill becomes law and the sewerage of the area is purified at works which will lie outside Greater London under the Bill and fall into the Thames at a point which will be outside Greater London under the Bill. For this reason I cannot regard the exclusion of the West Kent Main Sewerage Board by subsection (8) of that Clause as making the Bill *prima facie* hybrid.

I turn to the hon. and learned Member's two sewers case, in which I suspect he participated. I should have shared the fears of the Government of the day that, had they imported into the Bill the amendments they were contemplating, the Bill would have been ruled by my predecessor, if necessary, hybrid, because what the Bill would have done —not, indeed, with the two great outfall sewers but with parts of those sewers— would have been to except as against the category of all the sewers in England parts of two sewers from the exemption from rating. I cannot help feeling that that would be a way of singling them out in a wholly different way from the treatment of the West Kent Main Sewerage Board, which has its works and outfalls outside Greater London. In that case, I cannot regard the 1935 Act as a precedent helping me in what I have to decide here.

The remaining matters that the hon. and learned Member mentioned were the provisions of Clause 23, but those are a different problem. In connection with this Clause, he used the expression that it looks as though the Council of the Borough of Epsom and Ewell, on the one hand, or Chigwell Urban District Council, on the other, were being singled out of the whole category of local authorities for some kind of benevolent and special treatment, but this is not so. I think that if hon. Members look at the facts they will see that those two local authorities are the only two of which a part will lie within Greater London under the Bill. So they are not treated specially within a category, but in the same way inside their own special category.

I think that the only other matter the hon. and learned Member mentioned was the Inner and Middle Temples, but I do not think that this vitiates my Ruling. They are, inside the Bill, treated as though they were local authorities, as, indeed, for some purposes they are. I do not think their treatment makes the Bill *prima facie* hybrid.

Mr. Marcus Lipton (Brixton): Further to the point of order raised by my hon. and learned Friend the Member for Kettering (Mr. Mitchison). There is no doubt, Mr. Speaker, that you have given the most careful consideration to the possible hybridity of the Bill in all its aspects. May I very respectfully submit for your consideration Clause 81 of the Bill, which provides that any local Act for the time being in force in any part of London may be modified.

I am wondering whether, in the course of your consideration of the points raised by my hon. and learned Friend, you have also satisfied yourself that no action taken by the Minister under this Clause could possibly affect or deal with any private interest in such a manner as to make the Bill a Hybrid Bill.

It is unfortunate that no hon. Member has available to him all the local Acts for the time being in force in any part of Greater London. They are not even available to hon. Members in the Library of the House. No doubt it will be possible for this information to be made

available to hon. Members, but in the meantime, Mr. Speaker, I ask you to indicate whether your investigations have included this point and whether you are satisfied that Clause 81 does not, in fact, make it a Hybrid Bill in that connection.

Mr. Speaker: The hon. Member will understand that I cannot for this purpose examine things which the Minister might do at some future time. I have to take the Bill as it is, and on that basis Clause 81 does not involve any evident hybridity. May I suggest to the House, in no sense of vanity, that I have of necessity had to give rather a long Ruling and that it might be profitable if we read it before we argued about it. We have a lot to do.

4.31 p.m.

The Minister of Housing and Local Government, and Minister for Welsh Affairs (Sir Keith Joseph): I beg to move, That the Bill be now read a Second time.

This is the first Bill to deal with the structure of London local government in any major way since 1899. The Bill has two main features—the creation of an overall authority to meet needs which by their nature are needs of Greater London as a whole, and the setting up of a substantially uniform system of borough administration for all other purposes.

The Bill gives effect to the general policy for London local government set out in the 1961 White Paper, as amplified by later statements by my predecessor on the borough groupings and on the educational arrangements for the central area. It is, of course, part of the general scheme of local government review which is now in hand over the whole of England and Wales, the only difference being that instead of a review by a Local Government Commission under the 1958 Act, followed where necessary by a ministerial Order, there has been the even fuller treatment of a Royal Commission, followed by a White Paper, followed by parliamentary debates on the White Paper, and now a Bill.

All organisations, public and private, need reviewing from time to time so that they may be adapted to changing conditions. That, I think, is agreed on all sides. In England and Wales generally, the structure of local government has been practically unchanged since the last century. Meanwhile, the population has grown from 31 million to over 50 million. Villages have become towns, small towns have become big towns, and in the great centres of industry and commerce, whole communities which used to be distinct have merged together. Meanwhile, more and more has come to be expected of local government with the emergence of social services and with the widening of ideas and practice in the scope and purpose of local government. Local government today, in fact, traces paths undreamed of when the present structure was established.

It is also agreed that London has not escaped these trends. The population of Greater London in 1881 was nearly 5 million, of which just under 4 million lived in what was, in 1888, to become the administrative county of London, the L.C.C. area. By 1961, the Greater London population had grown to over 8 million, while the population of the L.C.C. area had declined to just over 3 million. In other words, authorities established at the end of the nineteenth century have had to assume much wider responsibilities over an area which has greatly developed and which has become steadily more congested.

As a result of this and other factors, London government at present has structural complexities which, to put it at the very least, do not help effective administration. It has a number of distinct systems of local government. In the centre, the L.C.C., with many of the powers of a county borough, shares the duty of providing local services with 28 metropolitan borough councils and the Common Council of the City. The metropolitan borough councils, despite their size, have responsibilities and powers which are considerably less than those of most non-county borough and urban district councils over the rest of the country. In Middlesex, great boroughs have grown up, some of them struggling for county borough status but continually denied it in the interests of some comprehensive reorganisation of the whole metropolitan area.

Outside London and Middlesex, the metropolitan fringes, also containing

AIRCRAFT AND SHIPBUILDING INDUSTRIES BILL

STATEMENT OF REASONS FOR THE CERTIFICATE FROM THE EXAMINERS

We have based our inquiry on the well-known statement by Mr. Speaker Hylton-Foster on the Bill for the London Government Act 1963:

"I think that a hybrid Bill can be defined as a Public Bill which affects a particular private interest in a manner different from the private interest of other persons or bodies of the same category or class."

This definition, taken at its face value, indicates what might have been thought to be obvious, that the doctrine of hybridity is an expression of the will of each House of Parliament that an individual singled out by a Public Bill for adverse treatment should be allowed to plead his cause to a Select Committee on a petition against the Bill or against those provisions of the Bill that will affect him. The doctrine was designed to give the minority some defence against the legislature; and that in modern times means defence against the Crown. Unless it is that, it is nothing.

Yet this defence has been eroded by two Speakers' rulings, the first given before, and the second given after, Mr. Speaker Hylton-Foster's ruling. Before discussing these rulings, it is right to call attention to the difficulty of applying the Hylton-Foster definition to any particular Bill. Every person or body is a member of a category or class of persons or bodies and every category or class of persons or bodies is a member of a wider category or class of persons or bodies. Therefore, the answer to the question whether a Bill is hybrid on the Hylton-Foster definition depends on where you draw your category or class. The two rulings we have referred to are that of Mr. Speaker Clifton-Brown on the Bill for the Iron and Steel Act 1949 and that of Mr. Speaker King on the Bill for the Iron and Steel Act 1967. The effect of both of them is that the category or class that is relevant is the one selected by the promoters of the Bill. In other words, the defences of the subject against selective ill-treatment can be turned by drawing a category or class that comprises him and his fellow victims and nobody else.

We therefore conceive ourselves effectively prohibited by the rulings of Mr. Speaker Clifton-Brown and Mr. Speaker King from finding that the Aircraft and Shipbuilding Industries Bill is inherently hybrid, that is to say that we cannot in the light of those rulings find that the class of companies whose securities are to be taken into public ownership is described with such particularity that it is itself a selection from a wider class of companies. We are prohibited, not because we as officers of the House of Lords are formally bound by decisions of the Speakers of the House of Commons, but because it would be, to say the least, inconvenient if the two Houses developed different doctrines of hybridity.

It is still open to us to find that this Bill is hybrid according as we answer the arid questions whether all the companies named in Part I of the Second Schedule to the Bill are within the category or class set out in Part II of that Schedule and whether any company within that category or class is not named in Part I. If Part I and Part II of the Second Schedule are not congruent, the Bill is hybrid. This is because—

(*a*) if a company is named in Part I but is outside the category or class defined in Part II, it is singled out from its own category or class; and

(*b*) if a company within the category or class defined in Part II is nevertheless not named in Part I, the companies named in Part I are within a category or class not all of whose members are subjected to nationalisation.

We deal later with the Government's suggestion that a category or class other than that described in Part II is appropriate to the list in Part I.

It is widely supposed that the Bill is to nationalise the aircraft manufacturing industry and the shipbuilding industry. This is far from the truth. The long title of the Bill refers to "certain companies" engaged in those industries, and, so far as the shiprepairing industry is concerned, and that is the industry that our examination has been almost exclusively concerned with, the Bill is notably selective. Out of the ninety or so shiprepairing companies, the Bill would bring into public ownership twelve companies named in the Second Schedule as shiprepairing companies, and about six more shiprepairing companies which are on the list in that Schedule of shipbuilding companies and presumably fulfil the criteria appropriate to such companies. If, therefore, we were free to apply Mr. Speaker Hylton-Foster's ruling to the shiprepairing nationalisation proposed by the Bill, but without taking Mr. Speaker King's ruling into account, we should be forced to find it hybrid, whether we were to treat the "category or class" as comprising the "companies engaged in shipbuilding and allied industries" mentioned in the long title or as comprising those engaged in the shiprepairing industry. It was only by devising a class as tight as that described in paragraphs 1 and 3 of Part II of the Second Schedule to the Bill that the Government could hope to avoid hybridity. How tight that class is can be seen by a study of those paragraphs and of the definitions of "group of companies" and "subsidiary" in clause 56(1).

One of the main arguments advanced by those who appeared before us in support of the proposition that the Bill is hybrid (whom we shall refer to as "the memorialists") was that many shipowning companies fitted the description in paragraph 1(*b*) of Part II of the Schedule as companies that "fulfilled the criteria" in paragraph 3 of that Part as shiprepairing companies, in that they fulfilled, among other criteria, that of being engaged on the 31st July 1974 in the business of repairing, refitting or maintaining ships in spite of the fact that the ships were their own. The Government has all along resisted this contention. In his answer of 14th October 1976 to a question asked by Lord Colville of Culross, Lord Peart said:

> "The Government are satisfied that a person who does repair or other work only for himself, such as a shipowner carrying out his own repairs or maintaining his own ships, is not 'engaged in the business of repairing, refitting or maintaining ships.' A good analogy would be a hotel company which launders its own linen; no-one would say this would make the company into a company engaged in the laundry business."

It was pointed out to us that the hotel analogy would have been better had it said "would make the company into a company engaged in the business of laundering linen".

We are thus invited to find that the Bill is hybrid because, although the shipowning companies are for the most part not within the list of shiprepairing companies contained in Part I of the Second Schedule, they fulfil the conditions in Part II of that Schedule. This issue, above all, shows the unreality and artificiality of what we have been inquiring into. We are aware that Mr. Speaker King, in ruling that the Bill for the Iron and Steel Act 1967 was not

hybrid, declined to speculate on the reason why the class devised for that Bill was selected ; but in the case before us there was no occasion to speculate because both Mr. Gamon, the Government Agent, and Mr. McDonald, whom he called as a witness from the Department of Industry, made it abundantly clear that from the beginning the Government was aiming, not at the ship-repairing industry, but at a carefully selected list of companies engaged in that industry. The risk of hybridity was therefore immediately apparent, and we are entitled to assume that Parliamentary Counsel endeavoured to draft Part II of the Second Schedule so as to enable the Government to avoid hybridity by availing itself of Mr. Speaker King's ruling, that is to say, by devising a category or class into which the twelve companies could be fitted, but no others except those included in the list of shipbuilding companies. The Government was fully entitled to do this, as other Governments have in the past ; but the effect of such tactics is remarkable, because the right of any of the twelve companies to plead its cause before a Select Committee depends, not on any consideration of the rights of the subject, but on the success of Parliamentary Counsel in so drafting the Schedule that Parts I and II cover exactly the same twelve companies ; and indeed we had evidence that Part II was altered in the draft Bill stage of the original Bill, both on the dry-dock qualification and on the turnover qualification, to admit or exclude individual companies.

Moreover, when we turn to the question whether shipowning companies are also shiprepairing companies for the purposes of the Bill, the answer is " No " because those companies are not named in Part I of the Schedule. But that is not the question we have to answer. What we have to answer is the artificial question whether shipowning companies which repair their own ships fulfil the criteria in paragraph 3(1)(*a*) of Part II of the Schedule as shiprepairing companies. Mr. Gamon strongly urged us to have regard to the intention of those who framed the Bill ; but this leads us nowhere. The intention of those who framed the Bill was to exclude the shipowning companies or most of them ; and this, of course, the Bill will achieve, not by reference to the long title or to the language of paragraph 1(*b*) of Part II, but by the list of companies in Part I. We find that many of the shipowning companies did repair their own ships.

Whether it follows from this that the shipowning companies which repaired their own ships were " engaged in the business " of repairing ships is an evenly balanced question. To find that they were not so engaged involves some absurdity having regard to the case of Clyde Wharf Ltd., a subsidiary of Sugar Line Ltd., which until the end of March 1973 was repairing ships belonging to Sugar Line. On 31st March 1973, Clyde Wharf ceased to trade and transferred its shiprepairing section to Sugar Line together with the workforce, plant and machinery used in that section. Before the transfer Clyde Wharf was certainly engaged in the business of repairing ships. Can it therefore reasonably be held that immediately after transfer Sugar Line was not engaged in that business because its main business was the owning of ships? We nevertheless find that, in ordinary parlance, to be engaged in business connotes making, or attempting to make, a trading profit.

But the element of trading profit is more evident in the analogous case of companies such as Athel Line Ltd., Royal Mail Lines Ltd., Houlder Brothers Ltd., Manchester Liners Ltd. and Shaw Savill & Albion Ltd., which were managing ships belonging to other companies. We were told that a management contract invariably requires the manager to maintain the ship and generally

requires him to repair the ship. As a rule small repairs are done by the manager's employees at sea or in port; larger repairs are carried out by shiprepairers. The five companies mentioned above are relevant, not because it was suggested that they should be in the Bill, but because, in the case of Athel, its turnover would, it was submitted to us, have required Richards (Shipbuilders) Ltd., and, in the other cases, their turnover would have required Manchester Dry Docks Ltd., to be included in the Bill as shiprepairing companies. All five companies sometimes repaired their managed ships with their own workforce and equipment. There is thus a strong argument for the proposition that a company that contracts with a shipowner to manage his ships and, as an element of management, to maintain them and repair them as occasion demands with the manager's workforce and equipment is "engaged in the business of repairing, refitting or maintaining ships". Is the managing company then nevertheless engaged in the business of managing ships or can it be said to be engaged in the business of managing and the business of repairing or maintaining? With some difficulty, we have come to the conclusion that the management of ships does not involve the manager in the business of maintaining or repairing ships.

It was submitted to us that the Westminster Dredging Company, though not listed in Part I of the Second Schedule, was engaged in the business of repairing, refitting or maintaining ships within the meaning of paragraph 3(1)(*a*) of Part II of the Schedule because it was engaged in repairing not only its own ships and ships chartered by it but also ships of other companies. On 7th June 1972, the company wrote to the general manager and engineer of the Port of Preston Authority in these terms:

> "We have now leased from the Mersey Docks and Harbour Company both No. 1 and No. 3 Birkenhead Drydocks. You will probably know that we maintain our own vessels utilising our workshops both at Bromborough and adjacent to the drydocks.
>
> For many years we have virtually monopolised No. 1 drydock for our own vessels and this utilisation, together with third party vessels using No. 3 dock, leaves us with about 70 per cent. spare capacity.
>
> Since 1st May 1972 we have been hiring the dock to shiprepairers who also carry out their own repairs, but we would also like to make maximum use of our workshop facilities. It is for this reason we are writing to ask if you would allow us to quote for drydocking and repairs on your vessels which drydock regularly in the Port of Liverpool.
>
> We would like to think that, apart from our large stocks of materials and parts (peculiar to dredgers), we have also accumulated a great deal of specialised knowledge, and hope therefore we may be of some assistance."

The Company was from June 1972 until about May 1975, and certainly at the end of July 1974, repairing ships that were not owned or chartered or managed by the company, including ships belonging to the Preston Port Authority. There is some dispute between the memorialists and the Government about the number of ships repaired for outsiders during this period. We find that there were seven or eight. This repair work was a small portion of the company's total business, which consists of dredging and land reclamation. The turnover of the company in the financial year ended 31st December 1974 was £21 million, whereas the turnover of the company so far as it related to repair work undertaken for outside companies was from May 1972 to December 1975 inclusive not more than £47,305.

It was submitted to us that the London Graving Dock Company Ltd., though included in Part I of the Second Schedule to the Bill, did not fulfil the criteria of paragraph 3 of Part II of that Schedule. That company in the year in which 31st July 1974 fell was acting purely as a holding company, one of whose subsidiaries was London Graving Dock Ship Repairs Ltd. Though the parent company has for most of the time been the one selected by the Government for nationalisation, there was a time in the spring of 1975 when both the Government and the directors of the companies were in serious doubt whether to select the parent or its subsidiary. It was the view of the directors that neither the parent nor its subsidiary in isolation appeared to fulfil the criteria specified in paragraph 3 of Part II of the Second Schedule ; but the Government had no doubt that taken together the two companies and the companies in the same group engaged in shiprepairing fulfilled those criteria. After prolonged negotiations between the Government and the directors, it was decided by the Government with the approval of the directors to list the parent company in Part I ; but the involvement of the parent company in the business of repairing, refitting or maintaining ships was tenuous and depended on a contract with Trinity House which was entirely subcontracted to London Graving Dock Ship Repairs Ltd. A note by Mr. Walker of the Department of Industry of a meeting on 10th April 1975 between the Department and the directors suggests that there may have been other long-term contracts ; but we have no evidence about their content. The parent company's turnover for the relevant financial year, which is that ended 31st March 1973, was over £5 million, being the consolidated turnover of the company and its subsidiaries. At the end of March 1973 the company ceased to carry out shiprepairing, but retained its fixed assets. Though it employed some 200 persons some of whom were engaged in shiprepairing, its turnover for the year ended 31st March 1975, the year in which 31st July 1974 fell, was nil. All the practical work including administration work on the parent company's contracts was performed by London Graving Dock Repairs.

We deal next with J. B. Howie Ltd. and Western Shiprepairers Ltd. Both these companies were on 31st July 1974 engaged in the business of repairing, refitting or maintaining ships. Both companies were entitled to an interest in possession in, or a licence to occupy, a dry-dock or a graving dock within the meaning of the Second Schedule, Part II, paragraph 3(1)(*b*). The Department of Industry was informed by letter dated 30th September 1976 from Messrs. Ashurst, Morris, Crisp & Co., solicitors to the Laird Group, that in the " relevant financial year", i.e. that ended 31st December 1972, Howie did not trade and Western had a turnover of £1,735,243, so that neither qualified for the £3·4 million turnover which by paragraph 3(1)(*c*) is made a condition for takeover. Cammell Laird (Shiprepairers) Company Ltd. was, however, a member of the same group ; and that company in the same relevant financial year had a turnover of more than £5 million. That company was on 31st July 1974 a member of the Laird Group to which Howie and Western belonged and accordingly its turnover could be reckoned with the turnovers of Howie and Western if, but only if, on 31st December 1972 it was " engaged in the business of repairing, refitting or maintaining ships " as required by subparagraphs (1)(*a*) and (2)(*b*) of paragraph 3. Messrs. Ashurst, Morris, Crisp & Co. have informed the Department of Industry that on 31st July 1974 Cammell Laird (Shiprepairers) Ltd. had a contract with the Venezuelan navy for the refitting of two destroyers and a contract with the Peruvian Government for the refitting of two other destroyers. These two contracts were entered into before 1972. Cammell Laird (Shiprepairers) Ltd. had sold their assets to the Laird Group in 1972 and

the work on the Venezuelan and Peruvian contracts had been sub-contracted to Cammell Laird (Shipbuilders) Ltd. and Western Shiprepairers Ltd. Cammell Laird (Shiprepairers) had no employees, it had no interest in possession in a dry-dock or graving dock and had no other fixed assets. There is some evidence that the directors of Cammell Laird (Shiprepairers) Ltd. continued to supervise the Venezuelan and Peruvian contracts. We find that on 31st July 1974 Cammell Laird (Shiprepairers) Ltd. was a member of the same group of companies as J. B. Howie Ltd. and Western Shiprepairers Ltd. and that on 31st December 1972, the end of the relevant financial year, it was still marginally engaged in repairing, refitting or maintaining ships, and that therefore its turnover may be aggregated with those of J. B. Howie Ltd. and Western Shiprepairers Ltd.

We now turn to the case of Humber St. Andrews Engineering Company Ltd. That company was on 31st July 1972 repairing the Esquimaux and the Emerald in a dry-dock at Hull owned and operated by the British Transport Docks Board. The Esquimaux was owned by British United Trawlers (Hull) Ltd. and managed by Hellyer Brothers Ltd., and the Emerald was owned by Hellyer. The three companies, British United Trawlers (Hull) Ltd., Hellyer and Humber St. Andrews were members of the same group. Humber St. Andrews had a turnover in the relevant financial year exceeding £3·4 million and was agreed to be engaged on 31st July 1974 in the business of repairing ships. In an answer given in the House of Lords on 14th October 1976, Lord Peart said that neither Hellyer Brothers, who booked the dry-dock, nor Humber St. Andrews, who was doing the repairs, was entitled to a licence to occupy the dry-dock. What does the phrase "entitled to a licence to occupy a dry-dock" mean? It must be something less than "an interest in possession in a dry-dock" which is the other dry-dock qualification imposed by paragraph 3(1)(*b*) of Part II of the Second Schedule to the Bill. We would expect it, on the other hand, to be something more than the occupation of a dry-dock in pursuance of a booking by the owner, charterer or manager of a ship occupying the dry-dock. No evidence has been given to us of any intermediate "licence" between an interest in possession and occupation under a booking from the dock-owner. We find that Hellyer Brothers Ltd. occupied the dry-dock on 31st July 1974.

We are thus presented with the question whether the Bill is hybrid—

first, because of the omission of Westminster Dredging Company notwithstanding that on 31st July 1974 it was engaged in the business of repairing ships, albeit in a small way;

second, because of the inclusion of the London Graving Dock Company notwithstanding that its shiprepairing business on 31st July 1974 was minimal;

third, because of the inclusion of J. B. Howie and Western Shiprepairers notwithstanding that on 31st July 1974 the shiprepairing business of Cammell Laird Shiprepairers, by virtue of whose turnover those two companies are included, was minimal;

fourth, because of the exclusion of Humber St. Andrews Engineering Company on the ground that their work in a dry-dock on 31st July 1974 did not amount to an entitlement to a licence to occupy it.

It has been urged on us on behalf of the Government that we should not concern ourselves with such trivialities; and we agree with the Government that they are indeed trivialities. We go further and say that they have little bearing on the underlying question whether any of the companies selected by the Bill

for nationalisation, and especially the twelve shiprepairing companies, should be allowed to present their case to a Select Committee of the House.

It is at this point that the fundamental issue of this examination presents itself. We share the view expressed on behalf of the Government that it is grotesque that the constitutional right of a subject to plead his cause before a Select Committee of the House of Lords or the House of Commons should depend on the answers to the kind of questions we have just mentioned. Mr. Gamon, perhaps anticipating that the shiprepairing activities of Westminster Dredging Company might compel us to find that that company was engaged in the business of repairing ships within the meaning of Part II of the Schedule, though not listed in Part I of the Schedule, suggested that we should look beyond the class described in paragraphs 1 and 3 of Part II of the Schedule to an unexpressed class, described by him as the "genuine class", of companies which are to be nationalised as shiprepairing companies. He contended that the Government sought to bring into public ownership a genuine class of eighteen or so major shiprepairing companies and that Westminster Dredging Company, for instance, could not in ordinary parlance be described as a shiprepairing company at all. It was almost exclusively engaged in dredging and land-reclamation. But one must assume that those who framed the Bill shrank from a bare naming of the shiprepairing companies that the Government wanted to take, with or without some such description of them as "the major ship-repairing companies", because to do so would be to make a naked selection and so hybridise the Bill. So they employed the device adopted in the two Iron and Steel nationalisation Bills and blessed by the rulings of Mr. Speaker Clifton-Brown and Mr. Speaker King. That device, as we have said, was for the promoters to draw a class that would comprise the selected companies and no others. That is the way the Government has chosen to play it. The fact that the class has been so drawn as to include a company that the Government did not intend to include does not justify us in ignoring the stated class and relying on the unexpressed "genuine" class. To do so would amount to finding not only that clause 19(2) and the Second Schedule were ineffective but to substituting something for them that would itself hybridise the Bill.

We find that the Bill is hybrid in respect of the omission of the Westminster Dredging Company. We find that the Bill is not hybrid with respect to the inclusion of the London Graving Dock Company, J. B. Howie and Western Shiprepairers and the exclusion of Humber St. Andrews.

It will be seen that the minor shiprepairing business of Westminster Dredging Company, a company outside Schedule II, is balanced by the minor shiprepairing businesses of London Graving Dock Company and Cammell Laird (Shiprepairers) which have brought London Graving Dock and J. B. Howie and Western Shiprepairers within Schedule II.

There is another matter which raises the question of hybridity. In the Bill for the Iron and Steel Act 1967 the ruling of Mr. Speaker King, to which we have already referred, was to the effect that the description contained in that Bill of the companies selected for public ownership formed an adequate class if the description was germane to the subject matter of the Bill. It is not clear whether by this he meant germane to the Iron and Steel Industry or germane to the companies selected out of that industry for nationalisation. We think he meant the first. It was submitted to us that the condition in paragraph 3(1)(*c*) of Part II of the Second Schedule to the Bill is not germane to the shiprepairing industry. Paragraph 3(1)(*c*) deals with turnover and requires that

the aggregate turnover of the company concerned and of its associated shiprepairing companies must have exceeded £3·4 million in order to qualify for nationalisation ; but the turnover is not confined to turnover in the shiprepairing business and, in one company at least, the Humber Graving Dock and Engineering Company, some 40 per cent. of the turnover required by the Bill was turnover in respect of business that was not the business of shiprepairing. In other words the Government has decided, in the case of this company, to bring it into public ownership by reason of its size, but not solely by reason of its size as shiprepairers. We find that the Bill is hybrid in that the condition of turnover is not germane to the subject matter of the Bill so far as it relates to the shiprepairing companies.

It is also our duty to decide whether the Bill is or is not hybrid in respect of the aircraft manufacturing industry and in respect of the shipbuilding, marine diesel engine and training industries. We have received virtually no evidence about these ; but we accept Mr. Gamon's assurance that, as far as he knows, there is no incongruity between Parts I and II of the First Schedule and Parts I and II of the Second Schedule so far as they relate to the shipbuilding, marine engine and training industries. We accordingly find that the Bill is not hybrid on account of any such discrepancy.

Having pronounced our finding, we would add this. We are conscious of the fact that important sections of industry are waiting for Parliament to decide whether, and to what extent, nationalisation of certain companies is to proceed. We are also conscious of the fact that, since this Bill is introduced with the certificate from the Speaker pursuant to section 2(4) of the Parliament Act 1911, the House of Lords will be unable in all probability to give effect to any Petitions against the Bill. Nevertheless, we have to do our best to decide whether the memorialists and other parties affected by the Bill should be given an opportunity to plead their case before a Select Committee of the House.

We have not investigated to any great extent the origins of the rules of both Houses regarding hybridity. We are however convinced that they were designed by both Houses to ensure that the subject should have a right to plead his cause before them if he could show that their legislation would put him to greater disadvantage than it would put his fellows. Parliament has, in other words, been careful to protect the individual from the majority, from the power of the state, or, if you prefer it, from the power of the Government.

As we have indicated above the rulings of Mr. Speaker King and his predecessor, Mr. Speaker Clifton-Brown, have, we think, almost completely lost sight of the fundamental purposes of the hybridity rule. Governments are naturally very reluctant to submit major decisions of policy to the judgment of Select Committees, whether they be Committees of the House of Commons or Committees of the House of Lords. They therefore take great pains to have their Bills drafted so as to avoid hybridity. We have already expressed our opinion that whether a Bill is or is not hybrid has degenerated into a question whether the Parliamentary Counsel who draft Bills for the Government have been successful in drawing a class into which the undertakings intended for nationalisation can be fitted and which excludes the undertakings that the Government does not wish to nationalise ; and it is curious that the answer to the question whether a constitutional right of such importance as the right of a subject to plead his cause before Committees of either House might depend on the opinion of officers of the House about the meaning of such phrases as "engaged in the business of repairing, refitting or maintaining ships" and "entitled to a licence to occupy a dry-dock or graving dock".

The draftsman of this Bill was assigned an impossible task. It was difficult enough for him to make Part II of his Second Schedule cover all the companies in Part I; but when it came to ensuring that no other company fulfilled the conditions in Part II, he had to rely on such information as the Government could glean from sources that were not always sympathetic. Had he had the knowledge available to us, he would in all probability have succeeded. As it was, that knowledge was denied him, and the attempt failed.

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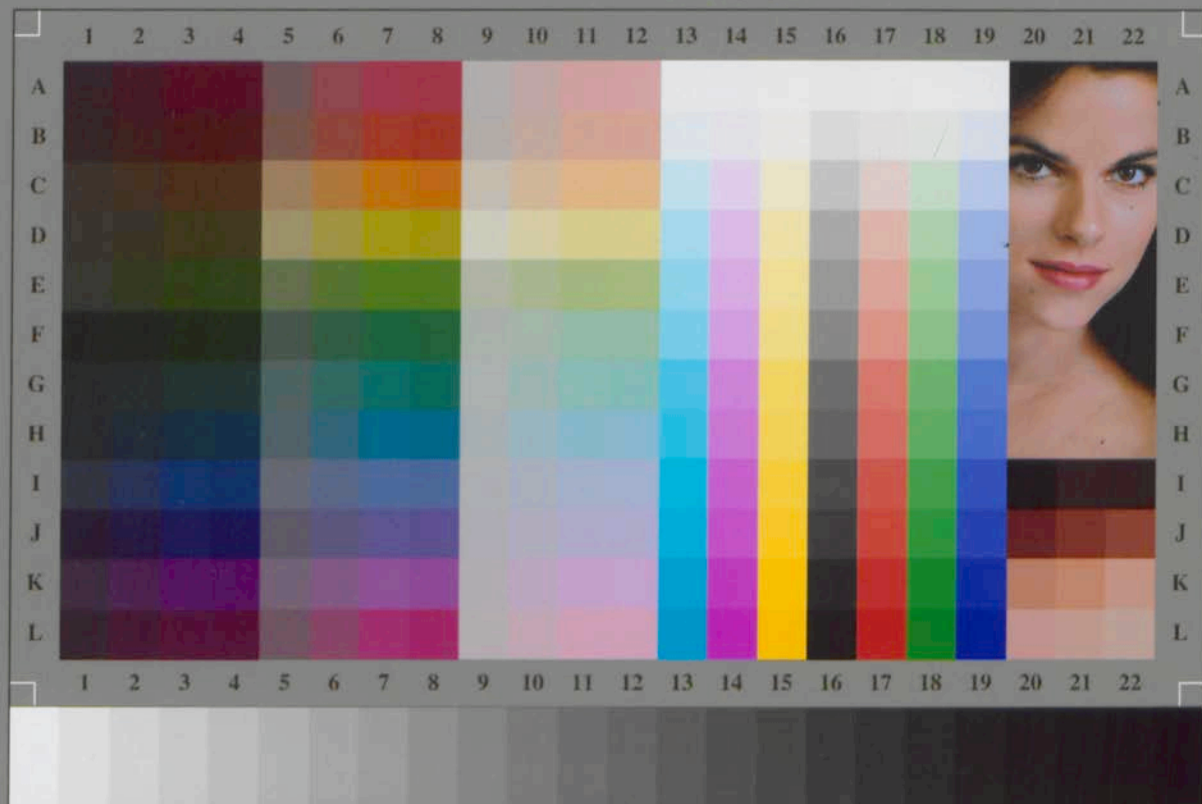

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