



PRIME MINISTER

"Good news" for Wednesday.

Are you content with the draft statement on local govt controls?

1.
Local Govt

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

20 July 1979

Flag A is the White Paper
MPP 20/7/79

Dear Willie
Excellent statement
Excellent White Paper
12.7.79
Speed MB

I circulated earlier this week a draft White Paper on controls over local authorities. I shall be making an oral statement on the day of publication, Wednesday, 25 July. I now attach a draft text for the approval of colleagues.

You will see that the text refers to a proposal to review the statutory duties of local authorities. In my minute of 10 July to the Prime Minister about local authority expenditure I referred to the concern which the local authority Associations had expressed to me about the extent of their mandatory duties under existing legislation. I suggested a review to see what relaxation would be possible. Departments will of course already have a fairly firm idea of the changes needed to achieve necessary savings in 1980/81. I believe, however, that we also need to take a wider look at the frontiers of local government activity. A note by my officials is attached outlining this idea. A review on these lines, chaired by a Minister, would give us an opportunity of carrying out an economical yet thorough study of the role of local government.

I am copying this letter to the Prime Minister, members of the Cabinet and the H Committee, and to Sir John Hunt.

Yours ever

MICHAEL HESELTINE

CONTROLS OVER LOCAL GOVERNMENT

DRAFT STATEMENT BY THE SECRETARY OF STATE FOR THE ENVIRONMENT

In the debate on the Address I said that we were determined to reduce bureaucratic controls over local government activities. The Government is today publishing a White Paper that lists more than 300 controls for repeal or relaxation. // All hon Members will understand that there are always some issues of national priority over which central government must retain control. But once we have struck the balance between national and local priorities we must seek to ensure that local authorities have the greatest possible discretion in carrying out their responsibilities.

Our proposals are wide-ranging; we plan totally to repeal the major part of the controls listed in the White Paper; and we shall amend other provisions to make them less onerous, and introduce less burdensome administrative arrangements for many controls including some that have to be retained.

Our guiding principle in preparing this list has been simple; unless there is an overriding need to retain a control it is being proposed for abolition. We have not ^{asked} ~~said~~ what can we let go? we have asked ourselves what we must retain.

I think the list speaks for itself; it is far too long and detailed for me to attempt to give the House a summary of our proposals. I believe that in total these proposals will go a long way towards helping local authorities to be more efficient by leaving them with greater freedom to manage their affairs without the intervention of government departments.

There are two particular areas applying to a wide range of functions where the Government have felt it right to keep a positive central involvement.

One is the provision for appeals to Ministers by third parties, whose interests may be especially affected, against the decisions of local authorities. There are many such provisions in our legislation. We do not think it right that individuals, in particular, should have to resort to time-consuming and often

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costly court action in order to exercise their right to appeal against a local authority decision. An appeal to a Minister is a simple arrangement which has much to commend it: I am sure that in most cases it is right that it should be retained.

The other category of provision the Government believes should be retained is that of default powers. When Parliament places duties on local authorities it expects that they will be carried out. Ministers have accordingly been given certain reserve powers. I know that they are virtually never used, but to abolish them would wholly abdicate the Government's proper responsibilities. I am sure that the force of this argument will be generally accepted; the existence of default powers does not in itself place any burden on local authorities.

We are also reviewing the Government's control over the capital expenditure of local authorities. And we are considering the statistical information government departments require local authorities to provide to see if reductions can be made.

There is also a need to consider the many statutory duties placed upon local authorities over the years, because of the need for economies; because of the desirability of providing councils with greater local discretion; and because no recent Government has seriously considered the proper frontiers of local authority activity. The Government will therefore be setting up a review for this purpose. I hope to make an announcement about this quite soon.

Local authorities are democratically elected bodies. The abolition of the controls proposed today will enlarge their autonomy. We have taken a first substantial step towards placing responsibility where it belongs. I am confident that, given this new freedom, local authorities will grasp the opportunity to overhaul their own arrangements so as to take full advantage of the savings which should now be available to them. But with freedom and responsibility must go accountability to the local electorate. I shall be proposing measures later to ensure that

local authorities provide more information for the public.

Mr Speaker, the Government will be bringing forward legislation in the autumn to give effect to today's proposals. Meanwhile, we are prepared to listen to representations about them.

LOCAL AUTHORITIES: REVIEW OF STATUTORY DUTIES

1. At the last meeting of CCLGF the ACC tabled a paper arguing that local authorities find themselves hampered by a lack of discretion over parts of their services because of the existence of mandatory statutory duties or restrictions, and listing a number of duties to be removed in the interests of reductions in public expenditure.
2. In his minute dated 10 July to the Prime Minister about public expenditure the Secretary of State referred to the need to review statutory duties on local authorities. He called for a review similar to that on controls, to report back in time for the necessary changes to be made in this autumn's legislation.
3. In the short term, some duties do need to be removed or modified to achieve public expenditure savings in 1980/81. Departments already have proposals with this in mind and will need to legislate early for example on school meals, school transport and charges for planning applications. There is no need for a special review on this account.
4. There is, however, a wider aspect to all this. Since the war reviews of local government have been concerned either with organisation and structure (eg Herbert, Mallaby and Redcliffe-Maud) or with finance (Layfield). No serious thought has been given to the frontiers of local government activity. Some duties have been removed from local authorities in this period, notably local health services, electricity and water and sewerage. Many more have been added or considerably developed, such as consumer protection, homelessness, rent rebates and allowances (relief of poverty), and personal social services. And many long-standing functions, such as provision of libraries, have simply gone on being performed without serious thought as to whether it is any longer appropriate for the public sector to be engaged in such an activity.
5. It would be worth setting up a review of local government functions which looked beyond the immediate need for public expenditure savings in the next financial year. The suggestions

made by the ACC and now the ADC for the removal of statutory duties in the context of expenditure savings would, of course, be relevant. But the review would consider the whole range of local government activity primarily to see how far these responsibilities are still appropriate in present conditions. Criteria would need to be developed for this purpose. One important distinction, for example, would be between the kind of regulatory activity, such as town and country planning, that only public authorities can perform, and those services for which there is ultimately a choice between public and private provision. The key questions to be faced would include:

- i. does this activity need to be done at all by local authorities?
- ii. what would happen if it were abandoned?
- iii. if the activity is to continue, is its present scale and cost justified or should the user be charged for all or part of the cost?
- iv. are there, on the other hand, activities which local authorities should be performing but which they are not at present performing at all, some of which may at present be performed by other public bodies or by central government?

6. There are various ways of setting about a review of this kind. At one end of the scale would be a full-scale Royal Commission; at the other, an internal study by officials. In between there are various possibilities. One would be a small group chaired by a Minister or senior official comprising a few local authority people, a few civil servants and one or two outside experts charged with a requirement to report by a particular deadline. On this basis, the review might be conducted with reasonable economy and report within, say, 6-9 months.

7. The terms of reference might be roughly as follows:

- i. to review the statutory duties placed upon local authorities including the costs of carrying them out;
- ii. to consider how far in today's conditions these duties remain appropriate including how far the present scale and cost is justified in the light of changing economic and social patterns; whether some duties should be removed or modified to provide local authorities with greater discretion to decide the level of provision; whether for some services the user should be directly charged;
- iii. to report in 6 months.

20 JUL 1979

