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RECORD OF A MEETING HELD AT 10 DOWNING STREET AT 1530 HOURS ON
WEDNESDAY 12 DECEMBER, TO DISCUSS THE LOCAL GOVERNMENT BILL

Present:

The Prime Minister
The Home Secretary
The Chief Whip
Sir Robert Armstrong
Mr. C.A. Whitmore
Mr. M.A. Pattison

The Home Secretary reported that, following his brief discussion of the Local Government Bill with the Prime Minister, the Chairman of the Party and the Chief Whip on 10 December, he had discussed it further with the Party Chairman and the Secretary of State for the Environment. He had then held a meeting, bringing in Sir Frank Marshall, Mr. Tom King, the Chief Whip, and the Leader of the House, in addition to Mr. Heseltine and Lord Thorneycroft. As a result of this discussion it was clear to him that Party Leaders at local authority level were now seized of the detailed implications of the Bill, and as a result were passionately and deeply opposed. Their main concerns were over capital controls, which they saw as a Whitehall strait-jacket. They also objected to the Unitary Grant proposals. The Prime Minister said that they did not have a case in respect of Unitary Grant proposals. Sir Robert Armstrong commented that the Bill would release project controls but increase block controls. The Prime Minister recalled that Sir Horace Cutler had no objections, having built up a capital fund from revenue.

The Home Secretary said that Mr. Heseltine had spoken to many local authority leaders. He had presented his proposals as allowing greater flexibility and striking at overspending authorities. This approach was popular. But when the details had been published in the Bill, views had changed. The local authority leaders were certainly agitated. The Home Secretary respected Lord Thorneycroft's wide experience in these matters, and Lord Thorneycroft saw the present

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course as madness, leading to divisions in the Party in the country. There was every prospect that a number of Conservative backbenchers would feel obliged to go along with this feeling. The Prime Minister said that Sir Frank Marshall must set out in detail the objections, and the justification for them. The matter was being handled by a strong Ministerial team. The Home Secretary commented that the agitation was real, regardless of the basis for it. The Prime Minister said she would not accept attempts by the local authorities to dictate to the Government about the distribution of the Rate Support Grant. The local authorities had always wanted greater central funding with greater control in their own hands.

The Home Secretary said that events had now provided an opportunity to change the Bill. The Unitary Grant issues could be covered in a Bill this Session. Lord Bellwin was now conceding that the Bill was not adequate on capital controls. Mr. Heseltine had agreed to reconsider what parts of the Bill could be left out at present. He had conceded that, whilst life would be easier for him with the whole Bill, it was not essential to meet his undertakings to the Chancellor. In the Home Secretary's considered judgment, the Government would face great difficulty in attempting to pass the existing Bill in one go. The Prime Minister said that the 11 clauses on capital controls were clearly the central issue. Mr. Whitelaw said that Mr. Heseltine might want to remove other elements. In his view, the Bill should now be divided into two, with the essentials to be taken this Session and the remainder in the next Session. The Chief Whip commented that it was not now realistic to divide the Bill into two and introduce one part into the Lords.

The Home Secretary said that there were also objections to the switch of planning powers from the county councils to the district councils. This had a political element in cases where they would pass from Conservative county councils to Labour local authorities. He was facing such difficulties in his own constituency. The Chief Whip said that Lord Denham had already warned him that many Conservative Peers with local government experience would raise this in the House of Lords.

/After further

After further discussion of elements of the proposed legislation, the Prime Minister concluded that she should see Mr. Heseltine, without other Ministers, later in the afternoon. She would ask him to agree to slim down the Bill, to propose one covering essentials for the current Session of Parliament and defer other matters to the next. She would then commission the Home Secretary to convene a group of Ministers to include Mr. Heseltine, and Lord Bellwin among others, with the Chairman of the Conservative Party, to settle the details of what should be included in the Bill. The Home Secretary's group should report to her in time for decisions to be taken at Cabinet on 20 December.

12 December 1979

✓ MAP

THE LOCAL GOVERNMENT, PLANNING AND LAND BILL

The Local Government, Planning and Land Bill, published this week, marks a significant advance in the relationship between central and local government. It has four central themes:

- i. a better framework for the distribution and control of public funds in place of the present unsatisfactory system;
- ii. the withdrawal of central government from detailed scrutiny of local government;
- iii. improvement of the general level of information available to councillors and ratepayers to help them play a full and constructive role in their authorities;
- iv. better value for money in local government.

The better framework for local government finance will encourage the best use of resources. The new block grant system will relate grant more closely to standard spending levels so that authorities who chose to spend more will no longer automatically get an equivalent increase in grant. The new broad control of capital expenditure will enable us to prescribe ceilings for expenditure but within those ceilings it is intended that local authorities should have more freedom to determine their own spending priorities, and that we should reduce substantially the detailed project control that exists today.

Withdrawal of central government is marked by the removal - or substantial relaxation - of a large share of the 300 unnecessary controls so far identified (the rest are either included in the Education Bill or will be covered in the forthcoming Housing Bill). 38 clauses and 13 schedules are concerned with the repeal or relaxation of controls: the repeals include 3 Acts of Parliament and parts of 59 others. We have already drastically cut down on circulars to local authorities and have begun a major review of their statutory duties.

Better information for councillors and ratepayers is the key to strengthening local democracy. The Bill will give power to ensure that essential information is freely available including where appropriate comparative information about the performance and efficiency of different authorities. Direct labour organisations will become properly accountable and will be tested in competition

with private contractors.

Value for money will also result from getting rid of duplication between local authorities in the field of development control. This will also speed up the planning system and make clear to the public where responsibility for decision lies. The new registers of public sector land will make it easier to see what land is potentially available for development and will ensure that surplus land gets released. The repeal of the Community Land Act will remove an irrelevant obstacle to development. And in Merseyside and London's docklands, where there are special problems, new urban development corporations will seize the opportunities for regeneration that exist to make the most of the resources lying there.

The measures are intended to help make local authorities more efficient; local democracy more effective; and to clarify the roles of central and local government.

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