

PERSONAL AND CONFIDENTIAL

cc Sir Derek Rayner

MR PATTISON

LORD MAYOR OF PLYMOUTH

The Lord Mayor of Plymouth has now cleared the note of my meeting with him on 9 August and I attach a copy for you to show to the Prime Minister, together with a copy of a letter from him to me dated 24 August - you will see that he is now taking a rather more positive and helpful line.

2. I must confess that I found the interview with the Lord Mayor, although interesting on points of detail, somewhat disappointing as to ideas for making local government more efficient and effective. To save the Prime Minister reading the whole note, I have sidelined the more interesting bits. I think that the essential points are these:

(a) It is difficult for a local authority to appraise a major project adequately and dispassionately. We know from other evidence that once such projects are entered upon, there may also be a problem of effective cost and project control.

(b) Since the main discipline in planning a controlling expenditure must lie within the local authority, it has a particular responsibility for devising and using a strong financial control, transcending the boundaries between services and their committees. Central government has a clear interest in helping local authorities achieve such control.

(c) The central government occupies an awkward position with regard to rate support grant. Its contribution comes from Votes of the relevant Secretaries of State, but they are unable to exercise control over the direction of expenditure and the quality of service given commensurate with their apparent position as paymaster.

(d) It is apparent that local government, if Plymouth is anything to go by, is over-manned. But you will see (paragraph 13) that the Lord Mayor is, not unnaturally, unwilling to see his authority joining with others and with central government to appraise its services. This is for the obvious reason that no one wants to unlock his cupboard and let the skeletons fall out. This leads me towards two provisional conclusions.

First, that just as an authority needs a strong financial centre, it needs a strong central control over manning. Second, that in order to help guarantee to the public good quality and cost effective services, the central government will need to develop the role it is perceived to have generally of inspecting and monitoring local provision against a standard of national application.

Sp

C PRIESTLEY
28 August 1979

ENCS: Meeting note 9 August
Copy of Councillor Jinks's letter of 24 August

PERSONAL AND CONFIDENTIAL

NOTE OF MAIN POINTS MADE BY COUNCILLOR G J JINKS, FCA, LORD MAYOR
OF PLYMOUTH ON 9 AUGUST 1979

Background

1. The background is contained in the letters exchanged by Cllr Jinks and the Prime Minister on 24 and 30 July and in my letter to him of 1 August.

Civic Theatre

2. Cllr Jinks said that all but one of Plymouth's five theatres had been destroyed during the war. The remaining one, the Palace Theatre, had been operated by Mecca as a bingo hall but had recently been sold and could, if used as a theatre, be of the same size as the one now intended by Plymouth County Council.

3. When it had first considered the question of a Civic Theatre many years ago, Plymouth CC had concluded that the question of size was all important, but no-one could advise on optimum size, and that it was unlikely that a Theatre could be profitable. There had been a period of research extending over some fifteen years, leading to a decision by the CC in January 1979, by 36 to 25, to award a contract at an estimated cost of £6.7m; he himself guessed that it would cost at least £10m to build the Theatre and that it would involve CC in high running costs. At the moment, the Theatre was no more than a hole in the ground and a few walls, but it would be expensive to stop the project.

4. The project was controversial locally. The January decision had gone through on a split vote, with the Labour Councillors voting en bloc, the Conservatives being split. There had been a public outcry against the Theatre, which was the biggest project ever undertaken in Plymouth; it had actually created a Ratepayers Association. He himself had believed that the Conservative Party would lose the local election held last May on that issue alone, but in fact the simultaneous General Election seemed to have influenced the electorate and the Party had held on to its majority, although a reduced one. It had then been argued within the Party that, regardless of the Theatre, it could hold on to power.

5. It remained true however that people at large were concerned about the Theatre. He himself thought it would be crazy to go ahead with the venture and that it made nonsense of national policy on public expenditure. He had been hoping for an intervention by the Prime Minister, but was now resigned to defeat; the CC was not in default of its duty and there were no formal grounds which would enable the central Government to interfere. This left him with a strong sense of unease about public expenditure. It was no

good central Government making all the right noises if local Government did not come to heel; moreover, while he disagreed with his Party colleagues on this issue, he believed that in general Conservative-controlled local authorities were more responsible in the use of resources than some Labour-controlled authorities and he did not want his CC branded as profligate in respect of the Theatre project.

6. I suggested that the local battle might not yet be lost if the analysis of estimated income and expenditure over, say, the next five years showed that the capital and current outlay on the Theatre could be met only at the cost of reducing facilities and services which might be regarded as having a higher social value. Cllr Jinks said that the CC had already called for forecasts of expenditure over the next five years and that discussion might provide a further opportunity to vet the project again. I added that another case that had been brought to Sir Derek Rayner's attention showed the importance of tight project control and providing within the contract for the local authority to review its position at regular intervals.

7. Cllr Jinks added that the Arts Council had originally agreed to help with the capital cost of the Theatre to the extent of £400,000. He had been astonished that after the election AC had, on its own initiative, increased this to £500,000. The latest idea was that the CC might be able to benefit from EEC funds. I could make no comment of substance on either of these points.

Drake 400 celebrations

8. We had a brief discussion of the reference in Cllr Jinks's letter to this, which we agreed was also a matter for local decision. Cllr Jinks said that the main point was that there seemed to be no real appreciation locally of what was intended to be achieved by the expenditure of some £180,000. He did not think that expenditure was needed in terms of Plymouth's commercial success.

General comments on efficiency and waste in local Government

a. Finance

9. Cllr Jinks explained that Plymouth CC had operated a "target budget" system since 1975. This system depended on the Finance Sub-Committee formulating a "target budget" broken down by committee areas and on reactions to it from each of the six "structure" committees. The process ended with the presentation of a revised Estimate to the full CC. The system was reasonably faultless, but Cllr Jinks disputed the wisdom of doing it on an incremental basis from year to year.

10. Turning to the national picture, Cllr Jinks said that in the days when he (and Mrs Thatcher) had first been associated with local Government, there had been a completely different rates

support grant structure, involving grants in aid of specific services. This had been open to some abuse; grant aid to education was very high, for example, so as many expenditures as possible were called "educational" to attract high grants. Then the "block grant" was introduced, very much restricting the opportunity for central Government to influence the direction of local expenditure. Now the central Government was really committed to what local Government did, so that central support for extravagant local authorities was much greater than it was for frugal ones. There would be merit in considering whether one could achieve a half-way house between the old and the new systems so as to restore to the central Government the ability to indicate where expenditure was desirable or essential. It would be impossible to change the system from the local level only since it was natural for local authorities to profit as best they could by the rules of the game.

b. Comments on particular services

11. Asked whether there were particular services in respect of which the grant arrangements should be varied, Cllr Jinks made the following points:

a. The picture might be changing somewhat as he understood that it was intended to transfer some powers from County to District Councils; he was not certain how this would turn out, for example it might be that social services would be kept at County level although he himself thought that they would be much better deployed at a more local level.

b. People should perhaps be charged for planning applications. The question who should receive the fees, central or local Government, depended on the view one took as to the source of the statutory requirement.

c. Similarly, it was arguable whether health and safety inspectors, required under central legislation, should be paid for by central or local government.

d. He estimated that one-third of Plymouth CC's employees were vetting the other two-thirds to see if they were doing their job properly, eg internal audit, finance, planning inspectors overlooking the public. The point here was that there seemed to be numerous officers standing between the ratepayer and the delivery to him of the services he wanted. He quoted as an example of this a complaint from a constituent of his who had had a blocked drain. She sought the help of the Rent Officer, who doubled as Housing Welfare Officer. The Engineer's Department then sent someone to see whether the drain was blocked. After that a foreman had come to see how much work was involved. Eventually someone had come to unblock the drain. All this had taken 11 days.

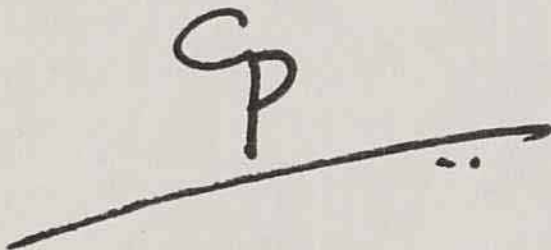
e. Asked about education, Cllr Jinks said that it was the costliest service and therefore the biggest element in the RSG. He himself favoured paying for education as a national service since it was meeting national as well as local needs

and it was, in his view, unfair to make ratepayers who are not directly benefiting from it pay for it. It was clear that, provided one retained local safeguards, one could remove many of the present anomalies by treating education as national, enabling the central Government to dictate certain requirements in order to achieve a service of a more uniform quality.

c. Promoting reform

12. Cllr Jinks said that if locally elected representatives got their officials to produce reports asking fundamental questions of a "zero base" kind, they would realise that services were provided less efficiently than they could be. However, he did not feel able to comment in any detail on the questions set out on page 2 of my letter. He had sought the personal comments on these, and on my other papers, from the City Treasurer, Mr B J Weston. These he handed to me.

13. I asked Cllr Jinks whether he thought that Plymouth CC would be willing, if asked, to join with a few other local authorities and with the central Government in making a radical appraisal of its services. He said that he was sure that it would not.


C PRIESTLEY
21 August 1979

Graham Jinks & Co.

GRAHAM J. JINKS, F.C.A.

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24th August, 1979

PRIVATE, PERSONAL AND CONFIDENTIAL

Clive Priestley, Esq.,
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Dear Mr. Priestley,

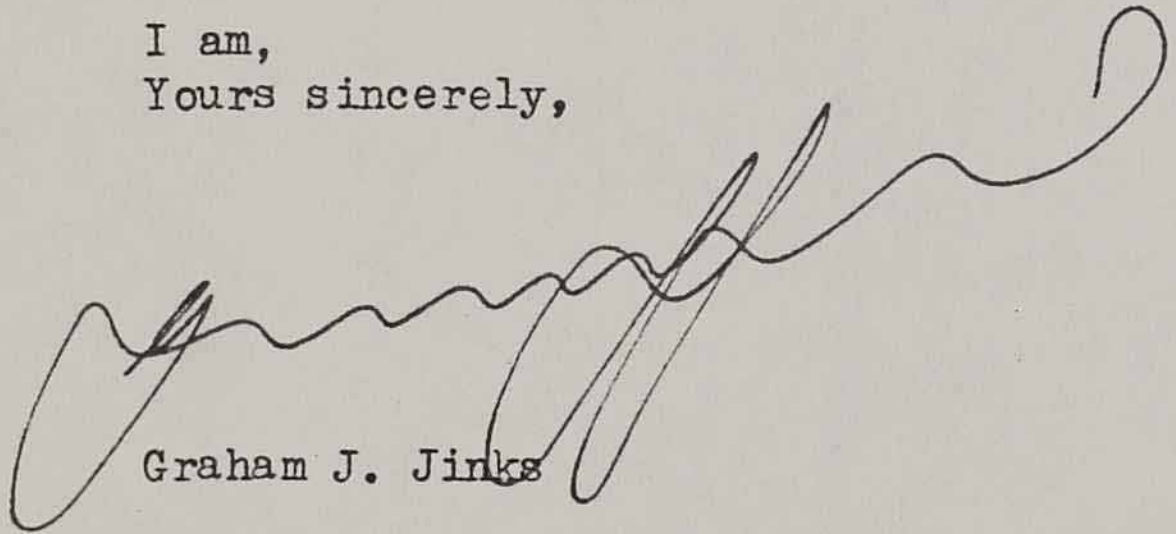
Thank you for your letter of the 21st instant and for the notes of the main points made at our interview on the 9th August. I think there is little I can add or comment I would like to make on the notes which I think are a very fair summary of our discussions. There is only one small error in paragraph number nine on page two, where you refer to ten structure committees, whereas in fact, this is six structure committees.

No I assumed that you intended me to keep the copy of the notes but if you need them returned to you please let me know. I felt that the meeting with you was extremely interesting and from the notes that you have now produced, for onward transmission to the Prime Minister and presumably with notes of other interviews that you may have had with other people, I think some very useful purpose may emanate from the collective thoughts of a few people such as myself and certainly, I will contact Mr. Weston to ask him if he would have any objection to your following up with him some of his observations later on.

I confess I am full of admiration for the pronouncements presently being made from "the centre" and I am encouraged by the mere fact that you have gone to so much trouble to come and see me. Certainly, if I can be of any further assistance to you please do not hesitate to call upon me and perhaps on the next occasion I could travel to London to meet you to save you, what I know, is a tedious journey down to and back from the West Country. For my part, I am frequently in London on business in any event and it would be simple to call on you with one of these trips.

Thank you once again and I wish you well,

I am,
Yours sincerely,


Graham J. Jinks

P.S. Subsequent to dictating this letter I have spoken to Mr. Weston who would be only too pleased if you wish to follow up any of his observations but would prefer you to do it either through me or through his private address as opposed to his office address which of course was

on the letter he wrote to me, for the very good reason that the views he expressed in that letter were personal views and not necessarily the views of his employing authority. You may be interested to know that he is presently our City Treasurer but has actually been accepted by the Devon County Council to become their Treasurer at such time as his notice to Plymouth City Council expires. This will therefore be in something like three months time.