

RECORD OF A MEETING AT 10 DOWNING STREET at 1025 HOURS

Present:

Prime Minister
Mr. Tom King, M.P.
Mr. John Stanley, M.P.
Mr. M.A. Pattison

Sir Horace Cutler

Sir Horace Cutler told the Prime Minister that he had decided to continue in his present post until the 1981 election.

There followed some discussion of personality problems within the Greater London Council.

Sir Horace said that inner city issues remained his top priority. He felt it essential that he should have demolished ILEA and restructured the housing machinery before he left his post. The immediate problem which he wished to mention to the Prime Minister concerned his capital fund. He was now in a dilemma, with the deadline approaching for the laying out of a budget. The GLC had now paid its debts (except on housing account) and was accumulating funds through the disposal of surplus assets. He wanted agreement that funds recycled from under-used assets and the disposal of surplus assets could go into capital expenditure. He would emphasise with Mr. Fowler later in the day that he wanted no Government money for Stage II of the Jubilee Line. He already had £100m. earmarked for this. He needed simply the authority to use his own funds. The Prime Minister asked why he wished to spend so much on the Jubilee Line given the enormous problems of regeneration of docklands. Mr. King acknowledged that there was a problem of getting in and out of docklands. The Government had doubts on whether the Jubilee Line was the best approach to this issue. Sir Horace Cutler pointed out that the Jubilee Line would cross the Thames five times: no road could be provided

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to meet the need in an equivalent fashion. He was concerned that if, in the difficult year of 1981, the Conservative Group lost control of the GLC, then there would be a nest-egg left for an incoming party. The Prime Minister noted the problem. She said that she would prefer to see the money locked into mortgages. Mr. King said that the issue was whether to concentrate on housing or communications in dockland. If communications were chosen, the money could not be spent by 1981, but could be tied up on tenders and contracts. The Prime Minister asked whether the GLC would get a better reception by using its funds on housing rather than the Jubilee Line. Sir Horace Cutler repeated that his problem was the restrictions on the form of his spending. The Prime Minister asked whether this should be examined in the context of the Local Government Bill. Mr. King emphasised that the issue was not the ability to recycle funds, but the decision as to whether the GLC were to be allowed to use such funds. This was bound up with the issue of what would be the best use of the money. On the housing side, one could question whether significant amounts of private money might be waiting to come in. Sir Horace Cutler said that his credibility depended on the Jubilee Line Stage II being started next year. He emphasised the sound financial position now created by the Conservative GLC.

The Prime Minister asked Mr. King personally to pursue these matters with Sir Horace, following their previous discussions. Mr. King undertook to examine them in the context of the Local Government Bill.

The Prime Minister asked whether the GLC had sufficient funds to pay for the Thames barrier. Sir Horace Cutler said that this was now all taken care of. The revised schedule was being met, and the barrier should be operational in 1982. The contracts had been successfully renegotiated. A gate would be floated down to the barrier from Newcastle in March, and this would provide a good opportunity for the Prime Minister to

pay a further visit to see progress for herself.

Sir Horace Cutler mentioned in passing that the GLC had been having discussions with Sir Peter Parker on a fully integrated commuter service for London, to be supervised by a passenger transport executive or authority.

The meeting concluded at 1050.

MAD

3 December 1979