

PM seen B

PERSONAL

PRIME MINISTER

EFFICIENCY AND WASTE IN LOCAL GOVERNMENT

1. We attach a note on the possibilities for effective and feasible action in the field of efficiency and waste in local government. Our recommendations are numbered in the margin of the text and summarised in paragraph 39.
2. We believe that there are three key issues, the power of the central government's purse; the power of public opinion; and the will of local government itself.
3. The first of these is the subject of other papers before you. Decisions on the central funding of local government (the block grant, the future of the rating system) and on the pattern of accountability are of critical importance to the behaviour of both central and local government. The attached note is concerned primarily with the "value for money" aspect of local government expenditure. It complements the Government's central strategy on the amount of money to be made available and on control over expenditure. It is about making the best use of the resources available. We have addressed the Government's central financial strategy only sparingly, but we should emphasise that we see it and the "campaign" we recommend in the attached note as companion pieces.
4. The power of public opinion we regard as of massive importance. At the moment many of the public are frustrated at their impotence in the face of inefficiency and waste by their local councils. We think that it would be dangerous to allow them to remain thus frustrated. Opinion needs to be better informed so that local electors can themselves hold their representatives more readily to account. But it should not all happen at the local level; Central



Government has a necessary role as custodian of the public interest in the general cost effectiveness as well as the quality of services. We envisage Ministers, putting it in rather old-fashioned terms, as champions of the anonymous taxpayer.

5. The main point, as we see it, is how to provide the two paymasters of local government, the local ratepayer and Central Government itself, with consistent information about the way in which local authorities spend and the cost-effectiveness with which they do so. The aim should be to build on what already exists, including the work of the District Audit Service and the Chartered Institute of Public Finance and Accountancy, but also to use the central knowledge and resources of Ministers and their Departments so as to leave local authorities with less excuse for inefficiency.

6. We are fully aware of the dangers of an approach which would turn the will of local government against Ministers. Elected members have the responsibility for local services. Some of them and some managements are very good indeed. We therefore suggest an approach which recognises that both Whitehall and Town Hall are greatly reformable; that both need a revolutionary change in their attitudes to the husbandry and use of resources; and that both have the talent and the determination to outface and solve their problems, including restrictive practices if these are properly exposed.

7. We would not expect universal support from the local authority world for our proposals. But we think that mobilising the good authorities to show what can be done; spreading the word; and a better informed public opinion would make life increasingly more difficult for the malingerers.

K.B.

Kenneth Berrill

4 January 1980

  
Derek Rayner