



Prime Minister

Agree these

proposals?

Mes 21/9

PRIME MINISTER

ABOLITION OF THE GREATER LONDON COUNCIL (GLC)
AND METROPOLITAN COUNTY COUNCILS (MCCs):
Decisions for the White Paper

The Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95) met under my chairmanship on 15 September. This minute reports our conclusions. Together with those which I reported before the Summer Recess, they will, if you and other colleagues agree, be the basis for drafting the White Paper on abolition. I aim at publishing this before the Party Conference. I shall naturally circulate the text at the appropriate time to the Cabinet; I shall be consulting the members of MISC 95 on the detailed drafting later this week.

I shall be minuting you separately about legislation to counter obstruction to our policies, whether in the context of abolition or or rate limitation. Decisions on this do not affect the drafting of the abolition White Paper.

May 1985 Elections

Elections to the GLC and MCCs are due in May 1985. The Group are agreed that they cannot be allowed to go ahead: other objections apart, abolition would be a major issue in the elections, so that there would be a major public debate going on after the House of Commons had voted for Second Reading of the abolition Bill.



There are two options for replacing the elections.

(i) Deferral.

It would be in accordance with precedents of past reorganisations to defer the elections for a year; existing councillors would continue in office. The deferred elections would then be overtaken by abolition of the GLC and MCCs on 1 April 1986.

(ii) Substitution

Councillors appointed by the London boroughs and the metropolitan districts would take over the role of the GLC and MCC councillors almost immediately after the date on which elections would otherwise have taken place.

Under the deferred option, it is possible that existing councillors might not be prepared to continue to serve after May 1985 without a new mandate. Concerted refusals could leave an area without an effective council. If this were thought likely to happen a Bill based on deferral would have to provide for appointees to replace those who refused to serve. In these circumstances the two options would merge.

Either option would require legislation. There is already provision for this in the 1983/84 programme.

The views of the Group on the options were divided.

Some members argued that there were constitutional and political objections to substitution: in particular, that we should be accused of creating a new procedure in order to engineer a change in political control in the GLC area and possibly (depending on the results of elections between now and May 1985 and on the basis of selection of the substitute councillors) some of the MCC areas.



A small majority of the Group, however, considered that both our own supporters and the wider public would find it incomprehensible that we should, in effect, extend the terms of office of the GLC and the MCCs. Moreover, to do so would provide those bodies with scope of obstruction at a time when this would be most damaging to our policies. They therefore favoured substitution.

It was common ground within the Group that if the decision were in favour of substitution nominations to a substituted body should be required to reflect party balance on the nominating authority.

In political terms this is probably one of the most sensitive decisions we have to take. My own recommendation is in favour of substitution. I propose we should announce this in the White Paper, together with our intention to secure party balance on substitute authorities. The size of the authorities should be settled after consultation with the boroughs and districts.

Agree?
No

Financial and Manpower Controls

In their previous discussions, a majority of the Group took the view that direct control of the budgets and staff numbers of the joint boards would be needed for a transitional period of two to three years, after which the selective scheme of rate limitation would apply. However, it has become increasingly clear that this would involve Ministers in detailed operational control of the boards. It is also relevant that, in contrast to past reorganisations, there is now an expectation of a reduction in bureaucracy and spending levels; and the joint boards will know that they will soon be potentially subject to rate limitation.



In these circumstances control through the precept seems the most satisfactory approach. It would work in broadly the same way as the rates limitation scheme. Ministers would set the maximum precept level of each board. This would exert a considerable direct influence on staff levels without detailed negotiation: expenditure on staff will be the largest component of expenditure by the majority of joint boards.

There would also be a monitoring scheme, whereby for three years joint boards, the London boroughs and the metropolitan districts would be required to publish detailed information on manpower in transferred services. I would publish a commentary on the results, drawing attention particularly to services where unduly large numbers of staff were being employed.

The Chief Secretary, Treasury argued that this approach would not be enough. In particular, it would not allow Ministers to control the split between expenditure on joint board staff and expenditure on services. In his view, direct control of budgets and staffing levels was needed. Otherwise there was a risk that the Government's proposals would be discredited.

Although they sympathised with the Chief Secretary's aims, a clear majority of the Group did not consider his proposals practical. They would require substantial increases in the staffing of the departments concerned; even so, departments would be likely to be swamped by the resulting workload. They would, moreover, open up the possibility of extensive challenge in the courts by way of applications for judicial review of Ministerial decisions.



Agree?

My own recommendation is that the majority view should be accepted, and that we should rely on control through the precept.

Other Staffing Issues

The Group reached agreement on the following staff issues.

Agree?

(a) The great majority of staff currently engaged on services to be run by joint boards will be transferred in groups by statute. It will not be practicable to transfer staff in groups to the boroughs or districts because of the large numbers of services and authorities involved. The authorities concerned will have to recruit directly.

Agree?

(b) A Staff Commission should be established to supervise transfers and recruitment and ensure equitable treatment of staff.

Agree?

(c) Shadow joint boards should be established well before Royal Assent to the abolition legislation; they, and the boroughs and districts, should be pressed to start considering their staff requirements as soon as possible. Even so, they may not have finalised their staffing requirements by 1 April 1986. This could lead to staff being made redundant on that date, collecting compensation, and subsequently obtaining posts with receiving authorities. Officials are examining ways of tackling this problem.

(d) The costs of redundancies should fall on the lower-tier authorities, who will eventually reap the benefit of savings in staff costs.

(e) A legal duty will be placed on the expiring authorities and their officers to provide information to the boroughs and districts and to myself.



Financial Issues

The precepts of the GLC and the MCCs have an equalising effect, in that the cost of the services that they supply falls uniformly on ratepayers in the whole area. In London, in particular, this shares the benefit of the high resources of the central boroughs with other areas and, in effect, requires authorities who are otherwise out of the block grant system to contribute to the cost of services to the benefit of ratepayers elsewhere.

The equalising effect will continue in relation to the services run by joint boards; and in the metropolitan county areas the block grant system will be able to minimise disruption. But unless further action is taken in London rates will go up in most boroughs; there will also be an effect on block grant payments to authorities outside London.

It is therefore necessary to extend the London Rates Equalisation Scheme, under which the City of London and Westminster already make direct payments to other inner boroughs. This will make explicit the extent to which the high-resource boroughs contribute to the provision of services elsewhere. This is perhaps no bad thing.

A second cause of possible changes in the existing pattern of rates is the uneven distribution of expenditure by the GLC and MCCs across their areas. We shall need to take steps to offset any effects of this kind either through the block grant system or by specific cost-sharing arrangements. There is no reason to believe that the technical problems will be insuperable.



Some of the responsibilities of abolition authorities (debt management, pensions, legal liabilities, and perhaps some property) cannot be readily apportioned among successor authorities. In the metropolitan county areas, one of the districts should be sought to take on the task. But in London there is no obvious lead borough; and the scale of some of the responsibilities is much larger than the corresponding present responsibilities of the boroughs, who would therefore be unlikely to have the staff and the expertise to take them on or, in relation to debt, to command confidence in the market. The Group therefore concluded that a small expert body should be created to take on the relevant responsibilities. It would be appointed by me but include local representatives. Any pressure from local government for full control could be met by conceding that the members would be entirely drawn from nominees put forward by the boroughs collectively.



Allocation of functions not already decided

The Group agreed on the presentation in the White Paper on the allocation of responsibility for the following functions.

(a) Trading standards in the metropolitan counties

Responsibility will be transferred to the districts, though voluntary arrangements for cooperation between districts will be encouraged. The Secretary of State for Trade and Industry doubts whether voluntary arrangements will suffice and has proposed that the White Paper should mention the possibility of a reserve power to require cooperation. The Group agreed, however, that it would not be tactically advisable to do so. This agreement was without prejudice to the merits of the argument: the substantive decision on the need for a reserve power will be taken in the light of the response to the White Paper.

(b) Animal health in the metropolitan counties

The Minister of Agriculture, Fisheries and Food considers that the powers on animal health should be exercised by shire counties adjacent to the metropolitan areas. However, the Group agreed that the powers of the metropolitan counties should be transferred in the first instance to the metropolitan districts. The White Paper should say that agency arrangements between the districts and the shire counties might be an appropriate way of discharging the relevant functions, but would not mention the possibility of transferring responsibility to the shire counties. Again, this agreement was without prejudice to the merits of the argument; and substantive decisions will be taken in the light of the response to the White Paper.



(c) Coroners

Subject to confirmation that the Lord Chancellor was content, the Group agreed that a lead district or borough should be nominated within each coroner's jurisdiction. The Government would have to be satisfied that appropriate cooperative arrangements had been made; and statutory provision might be necessary to regulate the appointment of coroners.

Section 137

Section 137 of the Local Government Act 1972 empowers local authorities to spend up to the product of a 2p rate for purposes not otherwise authorised. It has been used to provide finance for, among other things, support for voluntary groups, assistance to industry, including projects supported under the Urban Programme and participation by local authorities in the Community Programme and the Youth Training Scheme. (It has also been used for less desirable purposes). Since both main tiers of local government can use the power all areas now have a discretionary spending capacity equal to a 4p rate. Abolition will halve this in the areas affected. Groups supported by funds from this source are already expressing concern about future funding.

I shall be bringing forward proposals in due course about Section 137 more generally. Meanwhile, MISC 95 agrees that the White Paper should recognise the problem outlined above; indicate that further decisions will be taken in the light of further information about spending; and give some reassurance that the Government will enable boroughs and districts to take suitable joint action and that suitable worthy activities will be safeguarded. It will, however, avoid any implication that the Government itself might accept direct financial responsibility.



Consitution of joint boards

Finally, the Group -

(a) confirmed their previous view that nominations to joint boards should reflect the party balance of the nominating councils; and

(b) agreed that members of joint boards should not be nominated for fixed terms, but that councils would be allowed to review nominations at any time.

In view of the timetable for preparing the White Paper, I should be most grateful if you and the other recipients of this minute could let me have any comments by Friday 23 September.

I am sending copies of this minute to the other members of the Cabinet, the Attorney General, the Minister for Arts and the Minister for Local Government, and to Sir Robert Armstrong.

P.J.

P J

20 September 1983