

FROM: CHIEF SECRETARY

DATE: 23 September 1983



CC/NO

Prime Minister (2)

PRIME MINISTER

I have already
recorded your view
as being along these
lines.

MCS 23/9

ABOLITION OF THE GLC AND MCCS: FINANCIAL CONTROLS

Patrick Jenkin's minute of 20 September reporting the conclusions of MISC 95 recorded my concern at the proposal that we should rely on precept control of the joint boards for a transitional period.

2. Colleagues generally agree on the need for some control after we establish these boards to ensure that staff savings are made and that bureaucracy does not burgeon. But service colleagues are reluctant to be involved in the budgetary decisions. I understand their reluctance, but I believe that it is essential to ensure that we use our transitional controls to create efficient structures.

3. That is why I am concerned about relying on precept control. While that would give us a degree of control over expenditure by these boards, we ^{would} have no say on the split between staff and non-staff costs. Ideally I would have liked to have seen manpower controls as well, to ensure that the staff savings which we expect materialise. I realise that that could be difficult. But without control over budgets we run the risk that joint boards will make economies elsewhere and bureaucracy and overmanning will survive untouched.

4. I do not accept Patrick's view that the risk of legal challenge would be significantly greater. Indeed precepts which were set without scrutiny of the budget would strike me as potentially very vulnerable to legal challenge. In the end the workload on Departments would not be very different. But we would have lost the opportunity to tackle manpower waste. Ratepayers would not thank us for that.

5. I am also concerned about the sanctions Patrick is proposing against boroughs which increase manpower. The threat of a commentary published by the Secretary of State will not deter boroughs which will use reorganisation as a pretext for inflating their bureaucracies. I would prefer to see tougher sanctions, perhaps using the services of the Audit Commission, to require efficiency audits in authorities with excessive manpower increases, backed up with manpower controls if necessary. The White Paper will argue that reorganisation is needed to reduce unnecessary bureaucracy and waste. Our policy will be judged on our success in doing just that. I do not believe that the present proposals guarantee success.

6. I am copying this to recipients of Patrick's minute.

PR.

PETER REES

COUM ONE Acts

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23 SEP 1983