



Prime Minister

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PRIME MINISTER

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Abolition of the GLC and MCCs

As he promised, the Secretary of State for the Environment has circulated a further note in preparation for your meeting this afternoon. However, I think that my minute of 30 September needs supplementing in only one or two respects.

Redundancy terms

2. Mr Jenkin suggests that the meeting should discuss terms for staff made redundant. There are two aspects:

- (i) the substance;
- (ii) the presentation in the White Paper.

Substance

3. For staff aged under 50, and particularly those in the 41-49 age group, the standard day-to-day local government redundancy terms are markedly less generous than those in other public services. Moreover, several London authorities have powers under local acts to pay more generously. If these powers were used, they could give rise to considerable costs. There is therefore a case for legislating to disapply them; but this will create a good deal of resentment among the staff, and probably jeopardise their cooperation in the abolition exercise, if only the day-to-day terms are put in their place. MISC 95, at its first meeting, took the view that it would be right to give some improvements. So far, however, the Chief Secretary, Treasury and Environment Ministers have not been able to reach agreement on how this decision of principle should be put into effect.

4. We understand that the Chief Secretary is likely to be willing to concede at this afternoon's meeting that staff in the 41-49 age group



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should be offered the redundancy terms applied in the National Health Service and the New Towns, provided that there are no other improvements on the day-to-day local government terms. Mr Jenkin would prefer also to leave open the possibility of minor improvements elsewhere; but he may be ready to accept the Chief Secretary's concession.

5. This is clearly not an appropriate subject for lengthy discussion round the table, especially as no papers have been circulated; and if it does not prove possible to resolve the issue quickly, you will probably wish to invite the Secretary of State for the Environment and the Chief Secretary to reach bilateral agreement. Failing that, the issues will have to go back to MISC 95.

Presentation

6. Paragraph 4.4 of the draft White Paper says that: -

'The Government are, however, prepared to consider some improvement over [the current general local government compensation terms] for certain age groups'.

If Ministers wish to secure staff cooperation by improving the standard redundancy terms, they will presumably wish to make the improvements quickly rather than have them dragged out. This suggests that some reference in the White Paper is appropriate. However, the Chief Secretary apparently feels that the present draft is too forthcoming; and in particular that the phrase 'certain age groups' could be taken to imply more widespread improvements than are likely to be granted. You will probably feel that this is a matter which should be left to be resolved between the Secretary of State for the Environment and the Chief Secretary.

*PLG*

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Cabinet Office.

3 October, 1983