



DEPARTMENT OF THE ENVIRONMENT

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MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

Prime Minister ⁽²⁾

11/4/82 . May 1982 Mrs 11/5

Dear Nick

TK

LOCAL GOVERNMENT FINANCE (NO 2) BILL - ROLE OF THE C & AG

/ I attach a copy of the draft amendment on the role of the C & AG which you agreed last week. We are tabling it today and it may be reached in the Lords Committee on Thursday.

The amendment goes as far as we judged it necessary to go to meet the principle embodied in the original Barnett/du Cann amendment, whilst at the same time safeguarding the Government's position on the lines which I set out in the Commons Report stage debate, and to which you referred in your letter to me on 19 April.

My officials have consulted the local authority associations on the present draft. They are opposed to any C & AG involvement, but find it more acceptable than the original Barnett/du Cann amendment.

/ I am copying this letter and the enclosure to members of E Committee, to John Biffen and Michael Jopling, and to Sir Robert Armstrong.

TK

TOM KING

The Hon Nicholas Ridley MP

AFTER CLAUSE 20

Insert the following new Clause -

(1) In addition to the studies referred to in section 20(1) above, the Commission shall undertake or promote studies designed to enable it to prepare reports as to the impact -

Reports
of impact of
statutory
provisions
etc.

(a) of the operation of any particular statutory provision or provisions; or

(b) of any directions or guidance given by a Minister of the Crown (whether pursuant to any such provision or otherwise),

on economy, efficiency and effectiveness in the provision of local authority services and of other services provided by bodies whose accounts are required to be audited in accordance with this Part of this Act, or on the financial management of such bodies.

(2) The Commission shall publish or otherwise make available any report prepared by it under this section, and shall send a copy of any such report to the Comptroller and Auditor General.

(3) Where the Comptroller and Auditor General has received a copy of any such report he may require the Commission to furnish him with any information obtained by it in connection with the preparation of the report, and for that purpose the Commission shall permit any person authorised by him to inspect and make copies of any documents containing any such information; but no information shall be required by the Comptroller and Auditor General under this subsection in respect of any particular

(4) Before undertaking or promoting any study under this section the Commission shall consult -

- (a) any Minister of the Crown who appears to it to be concerned; and
- (b) such associations of local authorities or other bodies whose accounts are required to be audited in accordance with this Part of this Act as appear to it to be concerned and such

associations of employees as appear to it to be appropriate.")



Prime Minister (2)

MUS 20/4

Treasury Chambers, Parliament Street, SW1P 3AG.

Rt Hon Tom King MP
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

19 April 1982

Dear Tom

LOCAL GOVERNMENT FINANCE (NO 2) BILL - ROLE OF THE C&AG

I was very pleased that you were able to persuade Joel Barnett to withdraw his amendment, and that you did so without making a precise commitment about the extent of the access of the C&AG to the Audit Commission's papers.

I expect that you are now considering how to handle the discussions with interested parties. In the debate you promised that the Government amendment in the Lords would embody "the principle and approach" of the Barnett amendment. You were not asked to elaborate on this, and I assume that you will be saying that the principle that the Government have accepted is the right of the C&AG to examine the Audit Commission's studies showing the effect of Government policies on value for money. You said earlier in your debate that the Government had sympathy with this. This will leave open the extent of the C&AG's access to Audit Commission papers. The greater the access of the C&AG to papers not available to Ministers, the weaker becomes our case for trying to limit the C&AG's activities generally within the range of Ministerial responsibility! I wonder whether you agree that your opening position with Joel Barnett might be that the C&AG should not have access to any paper within the Audit Commission which gives details about individual local authorities; and your final sticking point that he should not see any paper which originates in a local authority.

Coming to our general position on the role of the C&AG, the point you made in the debate about the access of Ministers to Audit Commission papers seen by the C&AG is a good one. What will your approach be on this? Will you seek to amend the Bill if necessary in order to give yourself the same access as the C&AG? That would obviously be helpful from our point of view.

I am sure that it would be right to insist on consecutive, rather than concurrent, examinations by the C&AG. This focuses on a practical weakness in the Barnett amendment; if the Audit Commission produces good reports the C&AG's subsequent reports are likely to be overshadowed and in the event lose the significance which the PAC would like them to have.

As you emphasised in the debate, the views of the local authorities should be a major determinant of the extent of the C&AG's access. I am sure you would agree that it is vital that the associations focus on the implications of the Barnett amendment and express their views strongly and quickly so that they can influence your discussions with Joel Barnett and other Members. The local authorities ought to have a major grievance. They accepted the Audit Commission proposals, grudgingly, as an alternative to the even more undesirable proposals of the PAC. They should feel highly aggrieved at the prospect of getting both! I know they had little time to express their views in the debate on 5 April, (I noticed that no-one spoke on their behalf), but they now have the time and opportunity to make their views known. No doubt you and your officials will be doing whatever is necessary to stir them up!

I am copying this letter to members of E Committee, and to John Biffen and Michael Jopling.

*Yours
Nicholas*

NICHOLAS RIDLEY

NO APR 1982
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