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cc J. Verker

Ref. A08498

MR. WHITMORE

Yes - but!

From Minister

Should like to see a summary of the papers before arrangements?

Agree to these papers

Local Government Finance and Organisation

fw

22 v 82

*1 Loc Gov Relations
At 9
2 Rating System*

As a result of conclusions reached by the Ministerial Committee on Economic Strategy (E(82) 1st Meeting) and the Cabinet (CC(82) 4th Conclusions, Minute 5) earlier this year various studies were put in hand on a range of issues concerning local government organisation and finance, i. e. :

- (i) The alternatives to domestic rates (the outcome of consultations on the Green Paper and the scope for removing anomalies and making improvements in the present system). (Secretary of State for the Environment)
- ✓ (ii) The financing of education. (Secretary of State for Education and Science)
- (iii) The financing and organisation of transport in the conurbations. (Secretary of State for Transport, following a report by MISC 70)
- ✓ (iv) The future of the GLC and the metropolitan counties. (Secretary of State for the Environment)
- (v) The relationships between central and local government (providing a framework for (i) to (iv) above). (CPRS)

Papers on (ii) and (iv) are already available and the remainder should be ready within the next few weeks.

2. The Prime Minister will wish to consider how best to arrange for these various studies to be considered by Ministers. The amount of material will be large and there are complex and interlocking issues. There needs to be some clearing of the ground and sifting out of the main points for decision before these matters come before the Cabinet. At other times the Prime Minister would probably have wanted to do this herself, but Sir Robert Armstrong thinks that, given all the other pressures, she should leave this to one of her senior

CONFIDENTIAL



colleagues. He therefore suggests that we should set up a Ministerial Group on Local Government Organisation and Finance in the MISC series, under the Home Secretary's chairmanship. Although the aim would be to keep the Group as small as possible, it would need to include all the Ministers with major local government interests as well as one or two Ministers who could make a broad political contribution. On this basis the Group's composition might be:

- Chairman Home Secretary
- Members Secretary of State for Education and Science
- Secretary of State for the Environment
- Secretary of State for Scotland
- Secretary of State for Wales
- Lord President of the Council
- Secretary of State for Transport
- Secretary of State for Social Services
- Chief Secretary, Treasury
- Chancellor of the Duchy of Lancaster
- Mr. Sparrow

Certain other Ministers who have a less central interest (for example the Secretaries of State for Employment, Industry and Trade, the Minister of Agriculture and the Attorney General) might receive copies of the Group's papers.

3. The Group would probably need to have at least two or three meetings. It is desirable that the issues should come to the Cabinet by early July - not least because the Government will need to settle the content of legislation in the next Session about transport subsidies.

4. Sir Robert Armstrong would be grateful to know whether the Prime Minister approves these proposed arrangements. If so, his first step will be to talk to the Home Secretary. He is unlikely to welcome this task, but he will probably recognise the need to have a prior discussion in a Ministerial Group, and accept that it would be difficult for the Prime Minister either to take it on herself or to delegate the chairmanship of such a group to anyone but him.

D. J. Wright
D. J. WRIGHT

21st May, 1982

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10 DOWNING STREET

a Tom Verker

File AH

local Govt

From the Principal Private Secretary

MR WRIGHT
CABINET OFFICE

LOCAL GOVERNMENT FINANCE AND ORGANISATION

I have shown the Prime Minister your minute A08498 of 21 May 1982 about the handling of the various studies on local government organisation and finance.

She is content with Sir Robert Armstrong's proposal that a Ministerial Group should be set up under the Home Secretary's chairmanship and with the membership set out in paragraph two of your minute. She agrees that Sir Robert Armstrong should now speak to the Home Secretary. The Prime Minister has, however, said that she would like to see a summary of the various papers that will be coming to the Ministerial Group before they are discussed in that body, and I should be grateful if you could arrange for this to be produced.

AW.

24 May 1982

AW

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