

CONFIDENTIAL

19 July 1982

Policy Unit

(2)

PA.  
→ of 30/9/82

PRIME MINISTER

Prime Minister

MS

To see how I will bring

Misc forward to you again when you

THE LOCAL GOVERNMENT IMPASSE

1. The Home Secretary has already let you know of the difficulties which MISC 79 has encountered in coming up with workable proposals.

Alternatives to domestic rates have been ruled out for the time being. MISC 79 is now working on a package of reforms of the rates which could be presented as an acceptable substitute. Some of these proposals are attractive, but even here there are prospective vote losses as well as vote gains. One person's rate discount is likely to be another person's rate supplement.

Misc 79's  
conclusions,  
Misc 14/7

Keith Joseph's proposal for an education grant was deemed to be too difficult to mesh into the present system, although a similar arrangement works well in the case of the police and gives Willie substantial influence over provincial police forces - as he himself points out. The effect of keeping education within the block grant is to ensure that the size of local government finance will, for the time being, remain as unchanged as the system of local government finance.

In short, we have reached an impasse. There is a danger that the Government may be spurred into ill-advised action by a desire to break out of that impasse and "do something". The most tempting route is once again to attempt reform of the structure and powers of local authorities.

2. MISC 79 is now being asked to consider a proposal from the Secretary of State for the Environment to abolish the GLC and the Metropolitan Counties.

This proposal looks superficially attractive. The GLC and the Metropolitan Counties are not much loved. The Acts which established them are widely held to have been misconceived.

Moreover, the GLC under its present control is a continuous nuisance. Ken Livingstone is a sophisticated political operator who knows how to use the London Labour Party as a power base, much in the way that Herbert Morrison at the opposite end of the spectrum used the London Labour Party in the 1930s to build up a personal

# CONFIDENTIAL

authority vis-à-vis a divided, chaotic and poorly-led national party.

3. I am anxious, however, that we should not saddle ourselves for the duration of the next Parliament with a commitment whose virtues and defects are not fully explored, as in the case of the promise to abolish the rates. Mr Heseltine accepts that legislation on abolition could not be introduced earlier than 1984/5. In other words, this would be a Manifesto commitment, as our commitment on the rates was.
4. It ought, therefore, to be placed on record now that there appears to be a considerable divergence between the Environment Secretary's general enthusiasm for abolition, and the Official Group's assessment of the advantages and disadvantages in the case of individual services.
5. Only in the fields of housing, assistance to industry, provincial airports and building control do officials detect much positive benefit in the proposed new arrangements. None of these is a major function of the top tier.
6. In several other services, the balance of advantage is either approximately equal or unclear. These include the arrangements for flood protection, coroners and magistrates courts, weights and measures, food and drugs, support for the arts, tourism, parks, smallholdings.

However, the undoubted economy and simplicity of single-tier urban government may permit us to class these services as to be counted on the side of abolition. But again, they are relatively minor functions.

7. The difficulty comes when we consider the major functions of the GLC and the Metropolitan Counties.

Transport: MISC 79 has pronounced in favour of the status quo, particularly with regard to the strategic traffic management function. In virtually every case, the official advice is against change.

Land Use: It is generally agreed that any strategic conception of land use should belong to an upper tier with a large area. Indeed,

# CONFIDENTIAL

the GLC Conservative leaders on the GLC would like their area to stretch considerably wider, beyond the M25 orbital route.

Education: Keith Joseph has come down in favour of a single authority for Central London, although one controlled by borough councillors, rather than dominated by GLC councillors as in the present structure of ILEA.

Police: The Home Secretary and many other interested parties strongly oppose change.

Fire: A departmental committee has reported in favour of reasonably large fire authorities.

With other lesser functions - Waste Disposal, Civil Defence, the Probation Service, Animal Health, Historic Buildings - the balance of advantage is felt to be with the status quo.

In the case of historic buildings, the conservation organisations would be furious and they are now experts in making trouble. Indeed, the conservation record of many borough councils is scarcely impressive.

8. Some of these arguments may give undue weight to bureaucratic, stick-in-the-mud considerations. At the same time, the fact that these are the arguments which are thought to preponderate does suggest that:
  - (a) the case for reform is non-proven;
  - (b) reform would stir up fierce opposition from a variety of interests.
  
9. For London there is one other consideration. Can it be right to dispense with some kind of directly-elected council for Greater London which speaks for all citizens who regard themselves as Londoners, and which has some real powers over the quality of life in a great city?

Can we imagine any continental city tamely accepting legislative extinction?

# CONFIDENTIAL

"London pride" is not, I think, a quality which could be expressed in a merely ceremonial body, but requires a genuinely representative and substantial parliament and government. The fact that the GLC does not at present fulfil that role satisfactorily is a conclusive reason not for abolishing the GLC, but for examining how London government can be improved.

The same argument does not apply to the Metropolitan Counties, which are administrative conveniences and must be assessed from a purely practical viewpoint. But whatever we do about the Metropolitan Counties, Birmingham, Newcastle and Liverpool would continue to have legislative existence at some level. Only London's legislative existence is threatened.

10. The best general sanction on bad councils and on unreasonable behaviour is surely fear of electoral retaliation. This is likely to be especially strong in cases where support is quite evenly balanced between Conservative and Labour, as it is in Greater London. Fixed four-year terms, combined with the power to mobilise the council's reserves to keep the rates down in the pre-election year (a practice not confined to the Labour Party) encourage sloth and dogma.

MISC 79 is considering the possibility of more frequent elections, in particular the old option of electing one third of the council each year. In some versions, this option includes a fourth "fallow" year in which the elections for the GLC and the Metropolitan Counties would be held.

But the more thoroughly effective - and the simplest - pressure would be to extend election-by-thirds to all councils. This would, in particular, help to remove the confusion in many voters' minds as to whether this is the year in which they are meant to be voting.

Regular elections ought to mean high turn-outs and low expenditure.

Previous efforts at structural reform by Conservative Governments have had unhappy results. It is hard to see much better prospects for another effort. To concentrate instead on improving electoral control would be simple and popular. And if MISC 79 can produce

CONFIDENTIAL

workable proposals along these lines, I believe we should give them a fair wind.

I am sending a copy of this paper to the Home Secretary and the other members of MISC 79.

FM

FERDINAND MOUNT