

CONFIDENTIAL



Prime Minister ⁽²⁾

SECRETARY OF STATE FOR THE ENVIRONMENT

MUS 5/7

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RATE LIMITATION LEGISLATION

Thank you for sending me a copy of your minute of 29 June to the Prime Minister. I welcome the urgency with which you are carrying forward the implementation of this policy.

I readily agree that further work should proceed on the basis described in your minute, subject to one important reservation which I have about the financing of joint boards in Metropolitan Counties. I quite see why, from the point of view of financial control, you have decided that the joint boards must be dealt with directly rather than through their constituent District Councils. But I have to say that dealing with them in that way would, in my view, bring the Government into very considerable difficulty.

Whatever form of control was used, applying it to a single service joint board, for example the police, would inevitably draw the Government into deciding what was the reasonable level of expenditure on that service in that area. That is very different from setting a level of expenditure for an authority which has responsibility for several services, and can be shown to have a means of meeting an overall target without cutting back on services to which the Government attaches priority. Further, in the case of the police and fire services, such a degree of central control would be out of line with the local responsibilities which exist for policy.

For the police, direct funding of joint boards would represent a wholly new financial arrangement outside London, contrasting starkly with the arrangements which exist for combined police authorities, where funding is to the constituent local authorities. Those combined authorities, consisting as they do of elected members from the constituent authorities, and local magistrates, are, in my view, a proper parallel for joint boards. The Metropolitan Police arrangements offer no parallel, since in that force there is no police authority containing elected members, and the budget and precept are approved by me. To apply that model to joint boards would easily be seen as a first step towards a national police force. And it is not difficult to imagine what our political opponents might make out of an appearance that we were taking control over the police in inner city areas.

I hope and believe that the alternative I am suggesting of indirect funding to constituent District Councils would not detract from the effectiveness of the rate limitation scheme. I have asked my officials to explore further with yours how such an alternative might be made to work effectively so that we can take a view on this in full knowledge of all the available options.

I am copying this minute to the recipients of yours.

L.B

5 July 1983

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Coral Gables
Resting Reservation
Pr 2

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