



cc NO. ①
Prime Minister
 Agree to avotting, on a contingency basis of a Commission Bill?
 Agree Commissioners be left discretion on whether to levy on next emergency rate?
 - Subject to views of colleagues?

PRIME MINISTER

OBSTRUCTION OF LOCAL GOVERNMENT POLICIES: APPOINTMENT OF COMMISSIONERS

AT 30/4

The purpose of this letter is to seek your agreement, and that of colleagues who are members of E(LF), to the preparation by my Department on a contingency basis of legislation enabling the Government, in appropriate circumstances, to dismiss the councillors of a local authority and to appoint a Commission in their place.

A17 ✓ This issue was considered by MISC 95 in their discussion on 24 October of a report by an Interdepartmental Group of Officials (MISC 95(83)13) which dealt with a wide range of possible forms of obstruction of our local government policies. It was appropriate for MISC 95 to consider the need for Commission legislation in the context of possible obstruction of the abolition of the Greater London Council and the Metropolitan County Councils. But such legislation would form a permanent part of the law relating to local government and would be relevant primarily in contexts other than abolition, especially rate limitation, and I am therefore writing in my departmental capacity to seek E(LF) endorsement of the MISC 95 conclusions.

The Interdepartmental Group concluded that legislation should be drafted but held in reserve for introduction if an emergency arose; and that the legislation should cover all types of authority and should be so drawn as to give the Secretary of State wide discretion on the circumstances of intervention subject to Parliamentary approval on each occasion. Their detailed proposals are set out in Annex A. Colleagues in MISC 95 broadly agreed



with the conclusions of the Interdepartmental Group. In particular they were clear that any legislation should be reactive. They felt that the reactive approach would be easier to defend and would help to meet misgivings about the constitutional implications of a widely drawn power and the use to which it might be put by future Governments. For Scotland, George Younger said that he saw no need for Commission legislation. No authorities there are to be abolished, and he felt that the selective rate limitation powers which he already has, together with the general rate limitation power which he will be taking this Session, would give him sufficient controls. In any case it is now too late to include further powers in his legislation.

At the meeting, I agreed to consider further two points. First, it was suggested that we might enact separate Commission powers for abolition and non-abolition authorities. On reflection, I believe that a single Commission Bill is the right answer. If takeover is provoked in the first instance by a rate limitation authority it would make no sense to exclude the 7 abolition authorities from the necessary Bill. On the other hand, if takeover was first provoked by an abolition authority, I see great merit in including powers to deal with other authorities in that Bill rather than waiting to include them in a second highly controversial Bill if trouble arose in a non-abolition authority. The contentious element in the proposal is the dismissal of councillors by the Secretary of State, and that is best presented as a general power.

Second, colleagues were concerned about the proposal to allow a Commission to levy a single emergency rate to meet the immediate financial problems of an authority on takeover, because of possible comparisons with the supplementary rate which we have



abolished. While they accepted that it was necessary for Commissioners to have this power available, to deal with a financial crisis, they felt that the Commission should be free to decide in the light of all relevant circumstances whether to levy such a rate or to rely on temporary borrowing. (A council could do the latter, with my consent, under existing legislation). I accept that it would be sensible to leave the Commission discretion on whether to levy an emergency rate; whether such a rate is necessary will depend on the extent of financial disorder and the closeness of takeover to the fixing of the following year's rate. But the discretionary power should be available to the Commission.

In the light of MISC 95's conclusions and my further considerations, I would be grateful for your agreement and that of colleagues in E(LF) to the drafting of a Commission Bill to be held in reserve for use in an emergency. This would follow the model proposed by the Interdepartmental Group, amended to take account of the Committee's views on the emergency rate. I understand that Nicholas Edwards would wish Wales to be associated with such legislation.

I am copying this minute to colleagues on E(LF) and on MISC 95, and to Sir Robert Armstrong. Since the matter has been fully discussed in MISC 95, I hope it might be possible for agreement to be reached without the need for a further meeting.

PJ

P J

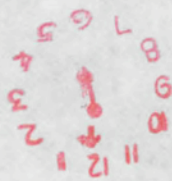
30 November 1983

COMMISSION LEGISLATION

The Interdepartmental Group on Obstruction concluded that the following were the legislative requirements for appointment, operation and termination of a Commission:-

- a. A power for the Secretary of State to dismiss councillors and replace them by a Commission, giving wide discretion on the circumstances of intervention but subject to affirmative resolution by both Houses of Parliament in each case.
- b. A power for the Secretary of State to appoint all members of a Commission for a term extendable on an annual basis by affirmative/negative resolution order.
- c. A power for the Secretary of State to prescribe remuneration , terms and conditions for members of a Commission and to make remuneration a proper charge on the council.
- d. Provision that the Commission in legal effect replaces the dismissed councillors.
- e. A power for the Commission-led council to levy a single emergency rate which is not subject to prior consultation with industrial ratepayers.
- f. A power for the Secretary of State to initiate restoration of an elected council through an order subject to affirmative resolution.

Local Govt. Relations Pt 18



30 NOV 1983



10 DOWNING STREET

From the Private Secretary

cc HO
DES
LPS
LPO
SO
WO
DHSS CO
DTI
D/EMP
CH SEC, HMT
D/TRANS
1 December 1983
HL

Obstruction of Local Government Policies: Appointment of Commissioners

The Prime Minister has seen your Secretary of State's minute of 30 November. Subject to the views of colleagues, she agrees that drafting of a single Commission Bill should be undertaken on a contingency basis. She also agrees that Commissioners should be given discretion as to whether to levy an emergency rate.

I am copying this letter to the Private Secretaries to members of E(LF) and of MISC 95 and to Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

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