

PRIME MINISTER

Lord Whitelaw is coming to see you on Monday for a general chat. He has a number of concerns. I understand he has been surprised by the rough passage the BT Bill is having in the Lords and he may feel that the underlying policy was insufficiently worked out.

Following the same train of thought, he is concerned about the way the policy on abolition of the GLC and MCCs is developing. A note on Streamlining the Cities is attached.

He is also concerned that a number of items are being put into the 1984-85 legislative programme for which the policy is still at an embryonic stage. The most obvious such case is privatisation of BGC. He may fear a repeat of the BT experience.

AT

10 February 1984

MR. TURNBULL

STREAMLINING THE CITIES

White Paper, October 1983: GLC and 6 metropolitan counties to be abolished. Planning, highways, waste disposal, housing, arts support, sport and historic buildings to be transferred to the boroughs. Joint boards to be set up for police (metro-counties; not London); fire; education in Inner London; and public transport.

Consultation: the consultation period expired at the end of January. DoE have received about 1,500 replies, mostly hostile as expected: only the non-contents write in. DES have had a similar response on ILEA, though some of the respondents were misinformed and thought ILEA was to be abolished. Office of Arts & Libraries have had several hundred responses to Lord Gowrie's consultation paper on the future of the arts. Almost all the responses indicated fear that arts funding might dry up.

Timetable: Early March - Abolition Paving Bill to L Committee.
Mon 26 March - Paving Bill: Introduction.
Wed 25 April - Paving Bill: Committee on Floor of House.
Thu 3 May - Paving Bill: Third Reading.
Thu 3 May - Local elections.
Mon 14 May - Paving Bill: Lords Second Reading.
Fri 15 Jun - Paving Bill: Lords Third Reading: Royal Assent
Nov '84-Jul '85 - Abolition Bill.

Matters for decision: Misc 95 on 15 February will be considering papers on obstruction to abolition; by-elections and quora in the transitional period; and staffing issues. Little serious evidence of obstruction has emerged to date, but Patrick Jenkin thinks it would now be right to issue a warning statement of the consequences authorities face if they take unlawful action. The by-elections paper is purely technical: it recommends suspension, during the transitional period, of the law requiring by-elections to be held. The staffing issues paper recommends inclusion of provision for establishment of the Staff Commission in the Paving Bill, and the announcement of proposals for detriment and plus payments on the lines of those made in the 1974 reorganisation. Other matters for decision include details of arts funding arrangements, arrangements for property transfer and a long but not yet finalised list of minor matters.

Opposition to abolition: The main non-political opposition to abolition is from the arts and heritage lobby, which has many members influential in the Establishment, including the Lords (eg Goodman). [A paper on lobbies against abolition, which concentrates on the arts and heritage lobby, is attached.] Other lobbies include the education lobby (mostly in London) and the concessionary fares lobby. Politically, the strongest opposition is on the grounds a) that little money will be saved and b) that the joint boards, not being directly elected in whole or in part, are undemocratic.

Uncertainty: Because the consultation period has only recently ended, it has not been possible for Ministers to take early decisions on the arts lobby and other matters. The resulting uncertainty is one of the major spurs to the opposition that has emerged. Furthermore, the costs and savings of abolition have not been made clear.

CHRISTOPHER MONCKTON

10 FEBRUARY 1984.

Not
needed

file into GLC / MCC archive

MR. WALDEGRAVE

LOBBIES AGAINST ABOLITION
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Local government vested interests and Opposition parties aside, the chief "non-political" lobbies against abolition of the metropolitan counties and the GLC are the arts and heritage lobby; the schools lobby; and the fares lobby.

Arts and heritage are the most vociferous lobbies, but probably appeal to the smallest number of voters. The schools lobby has made little impact nationally, but its potential supporters are more numerous than those of any other anti-abolition lobby. The fares lobby is active chiefly in London thanks to the GLC's past record of activity in the field.

All the lobbies have the following characteristics in common:

a) they will complain less, and perhaps not at all, once they are assured that their particular gravy-train will continue to run. On the whole, they do not mind who drives the train, as long as they think their source of funds is secure and reliable.

b) they are worried more by uncertainty than by any serious belief that their funds will be decreased or stopped. Early Ministerial decisions, difficult though some of those decisions are, will do much to abate the force of the non-political lobbies against abolition.

c) they are all active mainly in London; elsewhere there is less evidence of their activities.

THE ARTS AND HERITAGE LOBBY

The arts and heritage lobby is a broad grouping including those who administer the major performing arts companies, such as opera houses, orchestras, theatres, museums, and galleries. The Arts Council, the Crafts Council and the Museums and Galleries Commission have been active.

At board level there are many Establishment figures such as Claus Moser and Lord Goodman, who regard the arts as part of their public persona.

There are major second-tier companies funded both by the Arts Council and local authorities: for instance, the National Symphony Orchestra, the Halle, the Civic Theatres in Liverpool, Manchester, Leeds, etc.; and the major provincial galleries and museums, which are a complication because they tend to be multiply funded.

Finally, there are small street-theatre, mime and dance groups, left-wing, ethnic and community theatre companies.

Most groups would be content if they knew that their funding was secure; but many of them still have the 1 per cent. mid-term cuts fresh in their minds and, in any event, the arts lobby tends to be left-wing and therefore automatically hostile to the Government.

This year's provision for the Arts Council, museums, libraries, British Library, Royal Geographic Society, etc., is £248.8 million, an increase of 7.5 per cent. on last year.

CONSULTATION ON THE FUTURE OF THE ARTS

The consultation period for responses to the paper issued by Lord Gowrie's office on the future of the arts after abolition closes on January 31. The paper (attached) summarises the Government's general approach in the following points:

- * Existing public expenditure plans for the arts will continue, with adjustments in RSG and GRE to take account of transfers of responsibilities for arts;

- * Private patronage and sponsorship should be vigorously sought;

- * Most arts now funded by GLC and MCCs will look to districts and boroughs, individually or collectively, for primary support;

- * Some major institutions are too big for the districts and boroughs to handle: the City of London would take over the Museum of London, but the five other museums and galleries would become satellites of national museums (para. 7).

- * The National Theatre, English National Opera, London Festival Ballet, Royal Exchange Theatre, Opera North, etc., will get extra Arts Council cash to make up the loss of GLC/MCC grants (para. 8).

- * The South Bank complex will be put under a board of management answerable to the Arts Council (para. 9).

RESPONSES TO THE CONSULTATION

Some hundreds of replies to Lord Gowrie's consultation paper have been received. Nearly all are hostile. About four-fifths of the replies are from institutions; the remaining one-fifth are from individuals.

The central point made in the responses is that the arts will suffer if they have to rely on the boroughs and districts for funding. Most of those who replied asked whether abolition was really necessary: most of those who went further than that proposed that Joint Boards for arts and heritage should be set up in the GLC area and in each of the MCC areas. This is the option favoured by officials as "the most elegant solution".

Other complaints were that the Arts Council was not the best medium for deciding on local arts matters; but that, on the other hand, the boroughs were too small to provide secure funding, particularly since rate-capping would put pressure on them to cut spending on such peripheral functions as the arts.

Many bodies said they wanted their existing cash levels guaranteed; some said they also wanted a guarantee that they would continue to get the real increases in funding promised by the GLC and the MCCs.

Private patronage and sponsorship was rejected, particularly by bodies in the North-East and North-West, as unlikely to provide secure revenue. The recession had hit hard the local firms who might have been interested in sponsorship of local arts; and international firms were not interested in local sponsorship.

The idea of attaching five museums/galleries as satellites to national museums was widely criticised. The national institutions themselves were only willing to take on the satellites on their own terms; while the local institutions feared the loss of local autonomy. In the provinces, some of the larger museums felt that the boroughs would not be financially strong enough to guarantee their future existence.

The problem of the wholly-funded museums, however, is not so much political as administrative: what is the most appropriate mechanism for ensuring that each institution continues to be reliably funded.

The proposal to adjust RSG and GRE to take account of transfers of responsibilities for arts was attacked on the grounds that it would be impossible to make sure that the right boroughs ended up with the right money to maintain the institutions in their territory. There is some force in this objection. Since the RSG is a formula designed to apply with equal weight everywhere, it is not well-adjusted to handling specific grants.

Another frequent complaint was that there should be many more institutions and groups on the list of organisations supported nationally through the Arts Council; but there are difficulties in deciding where to draw the line between bodies large enough for national funding and bodies small enough for local funding.

There were some suggestions ^{for} ~~that~~ a "wheel-oiling fund" to help with the transitional problems.

THE ARTS AND HERITAGE: OPTIONS

Since the Government is not intending to save any money on planned levels of arts and heritage spending (para. 3 of attached consultation paper), the problem is

- a) to ensure that all now singly-funded beneficiaries continue to have a secure source of funding;
- b) to ensure that the former GLC or MCC element in the funding of multiply-funded beneficiaries is transferred to another secure source;
- c) to decide whether the list of nationally-funded institutions should be added to, and, if not, which institutions would be seriously threatened by a shortage of funds from boroughs.

Among the options are:

Joint commissions for arts and heritage: Since the scale of arts and heritage funding, especially outside London, is small in comparison with spending by the planned joint boards for fire, police etc., there is no practical reason why the joint commissions for the arts, if they were agreed to, should not be very small and very inexpensive to administer. Joint commissions would provide a reasonable halfway house between national and local funding and could be cheaper (as well as politically more acceptable) than any other possibility, provided that Ministers took the opportunity at the outset to specify limits to their maximum size and administrative budgets.

Direct grant funding of all arts expenditure in the areas of the GLC and MCCs, by payments to the boroughs for onward transmission to specified arts projects within their boundaries, or by direct payments to the projects themselves. This would avoid the accusation that yet another quango was being set up, but we should then be accused of having over-centralised arts funding.

Adjusting the RSG of boroughs in the old GLC/MCC territories to take account of their new responsibilities for the arts. This would be the least satisfying option from the point of view of the arts lobby, whose smaller members fear that the boroughs will quietly cut off their funds, and whose intermediate members fear that they are too big to be funded by the boroughs. The GRE and RSG formulae are in any event relatively inflexible and are unlikely to be sensitive enough to the individual variations in arts funding that would be required.

Joint commitment of the boroughs On concessionary fares, the London Boroughs' Association has committed itself to maintaining the position. A similar joint commitment on the arts, without the political unattractiveness of setting up yet another formal Joint Board, would be the ideal solution. This option would cost the Government nothing - as now, the local element in funding of the arts would continue to be rate-borne. Institutions too small for central funding through the Arts Council but too large for funding by an individual borough would be free to appeal to neighbouring boroughs for support: and, as the consultation paper says (para. 4), the boroughs ought to co-operate with each other voluntarily.

RECOMMENDATIONS

I recommend that we try for a joint commitment of the boroughs in each of the MCC areas and in the GLC area. If handled correctly, this could throw the onus on to the boroughs to show that they care about the arts in their areas. This policy could usefully be combined with a modest extension of the list of larger institutions and historic houses funded centrally. This extended list might usefully include the five museums whose suggested satellite status has provoked such opposition.

As a fall-back position, if the boroughs will not agree with us or interse, we should be prepared to establish joint commissions for arts and heritage. These should be required to operate on extremely tight administrative budgets, with limits both upon cash for admin and upon staff and membership numbers. To stress the dissimilarity between the commissions and the Joint Boards, they should be made sub-committees of the Arts Council, which would have no direct power over them but which could act as a friendly adviser and consultant on matters of policy. Such a mechanism would also allow settlement of transitional questions related to the balance between national and local funding.

Decisions should be announced as soon as possible, to end the present uncertainty, which is being exploited by our political opponents. So far, the arts and heritage lobby is the only non-political lobby which has made any respectable headway in public presentation, Our opponents are therefore using it as a focus for their attacks on abolition. We should remove it as soon as possible from the centre of the public stage.

OTHER LOBBIES

Schools: Ministers at DES confirm that, apart from some stirrings from the NAS/UNT, Westminster and Wandsworth Education Authorities, Tories on ILEA (and, of course, many of our own MPs and Conservative Associations with educational interests) little public opposition to abolition has yet emerged from the schools lobby, though it is possible that some opposition will arise.

Fares: The London Boroughs' Association has agreed to maintain concessionary fares, which the GLC had raised as a spectre to scare pensioners into opposing abolition. In practice, the boroughs have more to lose electorally by threatening to abandon concessionary fares than by maintaining them.

THE LONGER TERM

In the longer term, funding of the arts and heritage should be gradually transferred back from the State into the hands of the people. This transfer cannot take place overnight, but it should take place over a period of years. The ideal method would be to reduce taxation (either direct or indirect) *pari passu* with reduction of arts and heritage funding, in measured annual steps. Any pressure-groups complaining at this reduction of State arts funding could then be fairly told to go to the people (to whom the money had been returned) and ask them for it. This principle of reducing taxation *pari passu* with reductions in grant or subsidy can, of course, be used in other realms of public spending.