



Prime Minister

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This is the proposal envisaged at your meeting last week. Agree

INQUIRY INTO THE WORKING OF LOCAL GOVERNMENT Mr Jerkin's proposals
subject to colleagues? Or

1. At your meeting on local government policies on 27 September, we agreed on the need for an inquiry into some aspects of the working of local government - and particularly the abuses which are arising from the breakdown of long-established conventions.
2. The last ten years have seen major changes in the nature of local politics, especially in urban areas. In more and more local authorities the democratic process is being undermined by limitation of the rights of minorities, by the erosion of the independence and political neutrality of officers, by 'cross-employment' whereby local government officers employed by one authority serve as councillors in another, and by use of rates to finance party political propaganda. These practices are at variance with the traditional constitutional framework of local government.
3. Not all the developments in local government are undesirable - a strong administration can bring benefits. But the tension between theory and practice in local government is undesirable; and some of the abuses that arise from the lack of safeguards are very worrying. However, there is no comprehensive set of ready-made answers; and even more important, we cannot develop remedies which will commend public support without the public airing of the issues that an inquiry can provide.
4. We must carry out the inquiry in a way which will command public confidence. It is important that the inquiry should, if at all possible, enjoy bi-partisan support; and that its examination of increasing politicisation should not be represented as simply an attack on the views of our political opponents.
5. To head the inquiry, we need a constitutional lawyer of some stature, supported by a small committee. The local government members



should include representatives of both major parties.

6. We must consider carefully the terms of reference. We should steer the inquiry towards looking primarily at the implications of politicisation for decision-making, including the role of officers in that process. We should emphasise that our concern is with the health of local government. I suggest that the terms of reference might be as follows:

"To inquire into procedures and practices in local government in Great Britain with particular reference to

- (a) the conduct of council business;
- (b) the rights and responsibilities of elected members;
- (c) the respective roles of elected members and officers; and
- (d) the limits and conditions governing discretionary spending under Sections 137 and 142 of the Local Government Act 1972 and analogous provisions

and to make any necessary recommendations for safeguarding the democratic process."

7. I have assumed that the Secretaries of State for Scotland and Wales will wish to be formally associated with the inquiry.

8. I would propose making a Parliamentary statement about the inquiry. I would consult the Local Authority Associations and the Opposition parties on the composition of the committee and the 'modus operandi' of the inquiry - but not formally on the terms of reference.

9. You will understand that I must say something on this subject at the Party Conference, in view of the widespread concern expressed by our supporters last year, and no doubt due to surface again at Brighton - especially following the publication of the report which Charles Goodson-Wickes has prepared, and which is to be published on



Saturday 6 October. I would therefore propose to include in my speech
/ a passage on the lines of the attached draft.

10. I seek agreement to the proposals for handling set out above, and in particular to the terms of reference and the form of words to be used in my Conference speech.

11. I am copying this to Cabinet colleagues, to John Wakeham, and to Sir Robert Armstrong.

PJ

P J

2 October 1984



ANNEX 1

REFERENCE TO ABUSES AND GOODSON-WICKES REPORT

The Government have therefore decided that these significant changes taking place in local government cannot be ignored. This is not just a matter of "abuses" - though these certainly exist. Rather is it a question of whether, as we near the end of the 20th century, local government can continue to operate within a constitutional framework which derives from the 19th century.

constitutional?

We have heard calls for swift government action on this matter. I understand the reasons for that. But the issues are complex - too complex for snap decisions. We need a dispassionate study, not only of the "abuses" but also of their underlying causes.

When Parliament reassembles, I shall put to the House proposals for an inquiry into these issues. We will consult with the major political parties and with local government. This conference should be in no doubt; we are fully resolved to protect the health of local democracy in the years ahead.

'constitutional' makes

it found later a very

fundamental inquiry indeed

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10 DOWNING STREET

From the Private Secretary

3 October 1984

This is to record that the Prime Minister has seen your Minister's minute of 2 October about the report by the GLC Auditor on the Council's publicity campaign. She was grateful for this report.

TIMOTHY FLESHER

Mike Bailey, Esq.,
Department of the Environment.

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