



10 DOWNING STREET

26th November, 1984

Dear Councillor Beresford

I am now writing to you again following your letter to me of 31st October.

The Prime Minister understands your grave concern about the terms of the various transfer orders, the amount of discretion available to the GLC, and the forthcoming review. I am glad that you have talked to George Young about these concerns, and I know that Department of Environment lawyers are now investigating thoroughly, to see whether the Government has any room for action.

You yourself mention the 'wider significance' of these matters. They do, indeed, have such significance. In particular, the Government naturally wishes to avoid any risk of a successful legal challenge by the GLC or other interested parties. I am sure that you will understand this point and the consequent need for caution.

I am sure that Patrick Jenkin will be writing to you once he has received further legal advice; you may then want to talk with him further about the matter. This is, I think, the right way to proceed.

Yours sincerely
Stephen Sherbourne

STEPHEN SHERBOURNE
Political Secretary

Councillor Paul Beresford



10 DOWNING STREET

With the compliments of

STEPHEN SHERBOURNE

bcc	Mr. Turnbull	No 10
	Dr. Letwin	No 10
	Mr. Ballard	DOE



Wandsworth

From the Leader of the Council

*Leader's Room
The Town Hall, Wandsworth High Street,
London SW18 2PU*

S. Sherbourne, Esq.,
10 Downing Street,
London, S.W.1.

31st October 1984

CONFIDENTIAL

Dear Mr. Sherbourne,

I enclose the letter to Mrs. Thatcher as suggested by you during our telephone conversation last Friday.

I have been fighting this particular problem for approximately three years now and have only just managed to get the Department of the Environment officials to understand and accept the magnitude of the figures.

The magnitude of the full political effect seems to have escaped realisation.

I await your response.

Yours sincerely,

Paul Beresford
Leader of the Council.

Encl.



Wandsworth

From the Leader of the Council

*Leader's Room
The Town Hall, Wandsworth High Street,
London SW18 2PU*

Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

31st October 1984

Dear Mrs Thatcher,

*No! never
even
mentioned*

I have been in contact with Mr. Sherbourne in an attempt to arrange for my Chief Whip and I to meet you briefly.

The principal theme being to discuss the aggrieved feelings, over some years, of Conservatives in Wandsworth to the treatment received by the Department of the Environment relative to similar inner London Boroughs.

However, following an abortive meeting with Sir George Young at Marsham Street last Friday, I feel bound to seek your urgent intervention in the major issue: the latitude he proposes to give to the G.L.C. in making or withholding payments to London boroughs, for deficits on housing transferred from the G.L.C. in the period 1980 to 1982.

Sir George has already announced that he considers the G.L.C. should be allowed the freedom it seeks to discriminate between one borough and another. The extent of the G.L.C.'s abuse of this freedom, partially anticipating the formal approval of the Secretary of State, is shown on the attached table and chart. For 1983/84 the gains to Labour boroughs range up to £2.2m, while losses for Conservative boroughs range up to £1.2m - the equivalent of a 3p rate out of our 20p borough rate. The urgency of the issue is underlined by the potential figures for 1985/86: gains of up to £3.6m and losses of up to £4.7m. If the additional loss for Wandsworth could not be offset by cuts to keep within the Government target, then the cost to our ratepayers would be a 17p rate - an example of the effects of the massive distortion of the London borough rates pattern which the G.L.C. would then have achieved, destroying the Conservative borough track-record of low rates.

The gains and losses, from 1982/83 to 1984/85, arise if the statutory Transfer Orders allow the G.L.C. to assume lower rent increases and higher costs for the favoured boroughs. The 1980 Order, which provided for the voluntary transfer to willing recipients, allowed no such discretion. The 1981 Orders, for compulsory transfers and for dealing with a few voluntary transfers omitted previously, unintentionally allowed discrimination. The G.L.C. is now seeking to bring the 1980 Order in line with these later Orders, against the opposition of the majority of the 1980 transferees, and of the London Boroughs Association. Although he recognised that the G.L.C. was openly inciting boroughs to flout Government guidance on rent increases, Sir George has already indicated that he is prepared to grant the G.L.C.'s request, on the grounds that the 1980 transferees accepted the 1981 terms in relation to their few dwellings omitted from the 1980 arrangements. Faced with this announcement, we were reluctantly forced to press only for similar

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Rt. Hon. Margaret Thatcher, M.P.

31st October 1984

safeguards to be incorporated in the amended 1980 Order as were afforded to the compulsory transferees in the 1981 Order, i.e. the Order should specify appropriate initial figures for rents and/or costs, to compensate for what the G.L.C. proposes to deduct through using its new discretion in the updating arrangements.

The more dramatic gains and losses in 1985/86 would arise from continuing the G.L.C.'s existing policy, but applying it also to the prescribed 1985 review of the need for continuing the deficit payments. The boroughs who lose as a result of this review will not have the opportunity to challenge it before making their rates for 1985/86. The G.L.C. is therefore likely to make the most of this opportunity, in its final year of existence, to upset the Conservative rating record and to bypass the restrictions imposed by the "Paving Act" on their powers to subsidise selected boroughs' expenditure. The Leaders of all the Conservative boroughs, at a meeting on 26th September 1984, agreed that the only solution was for the Secretary of State to use his powers to defer the 1985 review. They wrote accordingly to Kenneth Baker, but he has apparently referred the matter to Sir George.

My meeting with Sir George last Friday was to press for action on both points: the amendment of the 1980 Order and the deferral of the 1985 review. Sir George, however, was clearly unwilling to intervene. The only reason he offered was his fear that such intervention could face legal challenge by the G.L.C. He could not give me any basis for his expectation that such a challenge would succeed, and I left him with a copy of an Opinion obtained by Wandsworth from Leading Counsel that there would be no such risk. He undertook to consider this Opinion, but I was left with no real hope of a change of view.

I suspect the difficulty is that Sir George has been relying on advice from officials dealing only with London housing matters, and unable to appreciate the significance of the issue in terms of borough rates and G.L.C. abolition. All the London Conservative Leaders would be grateful if you could direct this into the hands of those who will recognise its wider significance and be prepared to intervene.

Yours sincerely
Paul R. A.

GLC USE OF DISCRETION UNDER TRANSFERRED HOUSING ARRANGEMENTS

	1983/84 Actual £'000	1985/86 Possible £'000
<u>GAINERS</u>		
Brent	26	51
Camden	204	202
Greenwich	178	946
Hackney	2,209	3,648
Haringey	169	337
Hounslow	26	52
Islington	-	387
Lambeth	1,618	2,797
Lewisham	1,611	2,656
Newham	-	41
Southwark	-	1,242
Waltham Forest	127	252
	<hr/>	<hr/>
	6,168	12,611
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	£'000	£'000
<u>LOSERS</u>		
Bromley	568	728
Croydon	85	195
Ealing	237	987
Enfield	70	750
Hammersmith and Fulham	438	2,888
Harrow	122	202
Kensington and Chelsea	201	1,441
Kingston	24	74
Merton	304	884
Richmond	57	117
Sutton	482	692
Wandsworth	1,181	4,661
Westminster	512	2,572
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	4,281	16,191
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NOTE: Gains and losses are measured in relation to assumed rent increases in line with Government guidelines, and management and maintenance allowances comparable with compulsory transferees.

GLC USE OF DISCRETION UNDER TRANSFERRED HOUSING ARRANGEMENTS

