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10 DOWNING STREET

From the Private Secretary

10 December 1985

Dear Sir,

ABOLITION OF THE GLC AND METROPOLITAN COUNTY COUNCILS

Your Secretary of State today discussed with the Prime Minister his minute of 6 December about the possibility of legislation to control "tombstone funding" by the GLC and Metropolitan authorities. The Lord President, the Chancellor of the Duchy, the Lord Privy Seal, the Solicitor General, the Chief Secretary and the Chief Whip were also present.

Your Secretary of State explained the problem along the lines of his minute. Estimates of the amount the GLC had available for "tombstone funding" ranged from £150 million up to £400 million. The controls available to the Government were inadequate to deal with this problem and in any case the GLC seemed able to avoid them. There was some limited evidence available that the GLC were now undertaking tombstone funding but by its nature evidence was hard to obtain. There was a risk that the cupboard would be bare by the time the GLC was abolished. He therefore proposed to take powers to control all relevant GLC expenditure. There was a risk that even this legislation could prove ineffective: the GLC might already have made arrangements which would circumvent it. Your Secretary of State noted finally that Mr. Jenkin had taken legislation in 1984 to prevent the sale of County Hall. It would not be known until after abolition whether or not that had been effective.

In discussion the following points were made:

(i) if the Government were to try to take further powers it would be necessary to have firm evidence of abuses to put before both Houses;

(ii) unless the legislation were watertight, the Government would risk political controversy without in the end achieving their objectives;

(iii) the appearance of giving draconian powers to the Secretary of State might be reduced if they had to be exercised in consultation with the successor authorities, or used in consultation with the coordinating committees, though it was noted that the coordinating committees themselves had no staff and met infrequently;

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(iv) whatever the Secretary of State's powers, they would be difficult to exercise. It would be difficult - perhaps impossible - to prevent payments being made until the legislation itself had been enacted and then it would only be possible to try to recover the expenditure. Recovery would be difficult from organisations which would have public sympathy (eg, organisations like Age Concern) and others would be difficult to pursue;

(v) it would be worth considering whether it would be possible to deem the GLC's resources to belong to the successor authorities or residuary bodies as from the date of the announcement, save for the resources required to enable the GLC to operate up to its abolition.

Summing up the discussion the Prime Minister said there was as yet insufficient evidence to support the passage of legislation giving draconian powers along the lines proposed and those powers would probably themselves in any case be difficult to make effective. However your Secretary of State had identified a major problem which the Government should deal with if it could. The Prime Minister invited your Secretary of State to consider with the Solicitor General what else might be done and to report back within 24 hours.

I am copying this letter to Joan MacNaughton (Lord President's Office), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), David Morris (Lord Privy Seal's Office), Henry Steel (Solicitor General's Office), Richard Broadbent (Chief Secretary's Office) and Murdo Maclean (Chief Whip's Office).

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David

(DAVID NORGROVE)

Robin Young, Esq.,
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