



Prime Minister
 // cc Blyp
 This looks sensible.
 Agree?
 N.L.W.

PRIME MINISTER

17.4

LOCAL GOVERNMENT LEGISLATION

Yes no

We have been considering with Nicholas Ridley how best to manage our programme Local Government Bill. As you know, its preparation has been disrupted as a consequence of the (longer and more complicated than expected) Local Government Finance Bill which was needed to validate the way the rate support grant system has been operated.

2. The Bill as currently envisaged cannot be ready for introduction until mid- to late-March at the earliest. We are satisfied that even devoting yet further drafting and other resources to the task will not significantly improve matters. John Wakeham agrees that if the Bill is introduced in March there is no realistic prospect of Royal Assent before the summer recess. This will be apparent when it is published, and we shall inevitably face questions on the one hand that we must surely be planning to have a spillover and accusations on the other that we are wasting Parliament's time on a Bill we know we cannot get through.

3. We should obviously prefer not to have exchanges on these points during the coming months. Perhaps more seriously there are two provisions in the Bill which are exceedingly important from a financial point of view, (though they will both be retrospective to the dates when they were announced and we expect the knowledge of our intention to legislate on them to hold the position until the legislative provisions are in place). These cover advanced and deferred purchase schemes (essential to effective control of capital expenditure); and revenue grants to housing associations (the "Sheffield" scheme, potentially involving considerable local authority expenditure on housing).



4. We and Nick Ridley consider that to maximise the prospects for these provisions the Bill would have to be pruned of those which are holding up its introduction or would seriously impede its Parliamentary passage. That would mean, in our view, dropping the provisions on competition and contract compliance which are still some way off completion; and those on political advertising which on any analysis are likely to add to the Parliamentary difficulties.

5. If this course were adopted, Nick thinks the Bill could be brought forward in time for Second Reading before the end of this month. It should then be quite feasible to get the Bill through the Commons and to have its Second Reading in the Lords before Whitsun, with Royal Assent by the summer.

6. We recognise that this proposal is pretty unpalatable. There are public commitments to all three proposals (in the Queen's speech in the case of competition in local authority contracts). Their omission from the Bill will be understandably disappointing to some of our supporters. But we concluded with Nick that it was far better to face up to these now than to drift on, with all the consequences that that entailed, in the hope that something might turn up.

7. We hope there may be an opportunity to discuss this with you and with the Chancellor of the Duchy and the Chief Whip at our meeting on Monday. In that connection you may find it helpful to have the attached summary of the Bill's provisions, which we should perhaps examine with a view to deciding what the Bill should include if it is to be pruned.



8. We are sending a copy of this minute to the Chancellor of the Duchy and the Chief Whip and, for information, to Nick Ridley.

W.J.B.

W.J.B.

Privy Council Office
6 February 1987

PROVISIONS OF THE LOCAL GOVERNMENT BILL

- (1) Advanced and Deferred Purchase Provisions
- (2) Revenue Grants to Housing Associations, the "Sheffield" provisions
- (3) Closure of the further education pool
- (4) Contracts between ILEA and MCS
- (5) Land Registers
- (6) Commission for Local Authority Accounts
- (7) Local Ombudsman
- (8) Local Authority Publicity
- (9) Non-Commercial Contract Conditions
- (10) Competition



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My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

16 February 1987

Prime Minister
Content with
his statement?

Dear David,

DHL
16/2

Suggest one
deletion (see survey)
No need to make
this point - it
is subsumed
in the
other letter.

LOCAL GOVERNMENT BILL

Following the discussion at Cabinet last week the Local Government Bill will be considered at L Committee tomorrow and, subject to that, introduced in the House of Commons on Wednesday.

As agreed, my Secretary of State will make a statement on Wednesday, which will be repeated in the House of Lords. I attach a copy of the draft for the statement on which I should be grateful for urgent comments.

I am copying this to Joan MacNaughton (Lord President), Steven Wood (Lord Privy Seal), Murdo MacLean (Chief Whip), Rhodri Walters (Chief Whip, Lords), Andrew Lansley (Chancellor of the Duchy), Jill Rutter (Chief Secretary), Rob Smith (Education), Robert Gordon (Scotland) and Jon Shortridge (Wales).

Yours
Brian Leonard.

B H LEONARD
Private Secretary

LOCAL GOVERNMENT BILL - DRAFT STATEMENT

With permission, Mr Speaker, I would like to make a statement about the Local Government Bill. As the House will be aware, the Government has announced that the Bill would include: powers to end advanced and deferred purchase arrangements; new powers for local authorities to grant aid housing associations; improvements to the land register system; measures to secure greater competition for council services; measures to stop political abuses of the contractual process; and amendments to the publicity provisions in last session's Local Government Act.

Due to the time taken ~~[and the diversion of effort required]~~ to prepare the Local Government Finance Bill, work on parts of the local Government Bill is running very late. If we were to wait until the last three measures mentioned were completed the Bill could not be introduced for another month or so.

The Government consider that to wait until then to introduce the Bill would make it virtually impossible to secure Royal Assent during this session.

We have therefore decided, extremely reluctantly, to proceed with the first 3 items, together with minor amendments needed to the legislation governing further education pooling arrangements. The Bill is being introduced this afternoon.

I much regret postponing our proposals for securing greater competition in the provision of local authorities services, for stopping abuses of the contractual processes which many Socialist councils practice, and for improving the legislation preventing political propaganda on the rates.

I want to assure the many people who want these proposals enacted that we will certainly press on with them at the first opportunity, either before, or after, the election.

SECRET

file 16 pts



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 February 1987

Dear Brian,

LOCAL GOVERNMENT BILL

The Prime Minister has seen your letter to me of 16 February, to which was attached a draft statement to announce that certain provisions would be dropped from the Local Government Bill.

The Prime Minister was generally content with the draft statement. However, she felt it would be preferable to drop the phrase "and the diversion of effort required" from the explanation in the first sentence of the second paragraph of the reasons why the Bill is to be shortened. She felt this phrase would be an own goal and that the point is anyway subsumed in the reference to the time taken to prepare the Local Government Finance Bill.

I am copying this letter to Joan MacNaughton (Lord President's Office), Steven Wood (Lord Privy Seal's Office), Murdo MacLean (Chief Whip's Office), Rhodri Walters (Chief Whip's Office, Lords) Andrew Lansley (Chancellor of the Duchy's Office), Jill Rutter (Chief Secretary's Office), Rob Smith (Department of Education), Robert Gordon (Scottish Office) and Jon Shortridge (Welsh Office).

Yours,
David

D R NORGROVE

B. H. Leonard, Esq.
Department of the Environment

SECRET

Mr. Dave Nellist (Coventry, South-East): On a point of order, Mr. Speaker

Mr. Speaker: I shall take it afterwards.

Local Government Bill

3.54 pm

The Secretary of State for the Environment (Mr. Nicholas Ridley): With permission, Mr. Speaker, I would like to make a statement about the Local Government Bill.

As the House will be aware, the Government had announced that the Bill would include powers to control advanced and deferred purchase arrangements; new powers for local authorities to grant aid housing associations; improvements to the land register system; measures to secure greater competition for council services; measures to stop political abuses of the contractual process; and amendments to the publicity provisions in last Session's Local Government Act.

Due to the time taken to prepare the Local Government Finance Bill, work on parts of the Local Government Bill is running very late. If we were to wait until the last three measures mentioned were completed the Bill could not be introduced for another month or even more. The Government consider that to wait until then to introduce the Bill would make it virtually impossible to secure Royal Assent during this Session.

We have therefore decided, extremely reluctantly, to proceed only with the first three items — deferred purchase controls, local authority grants to housing associations and land register improvements together with minor amendments needed to the legislation governing advanced further education pooling arrangements. The Bill incorporating these items is being introduced this afternoon.

I much regret postponing our proposals for securing greater competition in the provision of local authorities services, for stopping abuses of the contractual processes which many Socialist councils practise, and for improving the legislation preventing political propaganda on the rates. I want to assure the many people who want these proposals enacted that we shall certainly press on with them at the first opportunity, either before, or after, the general election.

Dr. John Cunningham (Copeland): Is this not the third local government Bill in six weeks to be introduced by the right hon. Gentleman? We welcome the fact that he has just announced the abandonment of three major Tory political promises. He has abandoned enforced privatisation of local authority services. He has abandoned legislation to end contract compliance in local government contracts and he has abandoned promises to prevent the use of advertising in the media by local authorities which wish to explain their policies and services to their communities.

Is it not true that a much larger Bill exists in draft form in the Secretary of State's Department? Does he recall authorising the speech by his hapless Parliamentary Under-Secretary of State, the hon. Member for Southampton, Itchen (Mr. Chope) on 4 February which the Department described as "a keynote speech", in which the Under-Secretary of State promised that these very measures which have now been abandoned were soon to be introduced in legislation in the House? What has changed in the two weeks since the Secretary of State's unfortunate ministerial colleague had his speech approved by the right hon. Gentleman?

Is it not a novel technique of Government to blame the administrative incompetence for which the Secretary of

the action taken by the Government undermine the important safeguards that operate in this country for genuine refugees.

Mr. D. N. Campbell-Savours (Workington): On what basis was the British high commission in Colombo able to assure the Minister that these people would not be at risk if they returned?

Mr. Waddington: I am sure that the high commission keeps a close eye on events there. The hon. Gentleman is falling into the trap of his hon. Friend, the hon. Member for Bradford, West (Mr. Madden). The hon. Gentleman is now saying that, even if they are not refugees, we should not return them to Sri Lanka because of the general conditions there. I repeat what I said yesterday. There is no reason to suppose that people who have left Sri Lanka will be ill-treated on their return or that the Sri Lankan Government will take action against them. I am quite sure that our high commission in Colombo knows a lot more about that matter than does the hon. Gentleman.

Mr. Michael Morris (Northampton, South): Is it not a fact that hundreds of Tamils have applied for visas through the British high commission, that they have been granted visas, that there are no queues, that the Tamil community has been contacted by the high commission and asked whether there are complaints, and that there are no complaints? Therefore, is it not extraordinary that these people chose not to apply for visas, unlike their compatriots who applied in the regular way?

Mr. Waddington: I gave the House the figures yesterday. Over 1,000 Tamils in Colombo have been granted visas, either for settlement or for visas here. In the face of those figures, it is quite impossible to mount the argument that we are adopting some sort of oppressive policy towards the Tamils. The figures speak for themselves.

Mr. Jeremy Corbyn (Islington, North): Would the Minister care to remind the House that on Monday afternoon a number of his hon. Members sought stops on the removal of these people, that on Tuesday, after he had refused those stops, outside the terms of the representations agreed by this House, he was informed by the solicitors representing the people due to be removed that they were applying for a judicial review of their case, that he knew that that was going on but that he tried to circumvent the course of justice by hastening their removal from this country? Will he assure the House that in any other case of a political asylum application he will accept a stop from an hon. Member and that he will personally examine the case, as he is required to do, within the terms of the United Nations convention on the status of refugees?

Mr. Waddington: Every case was examined under the terms of the United Nations convention on the status of refugees. We made it quite clear in our statement last October that we would not accept stops in respect of visa nationals who arrived here without visas. We said that there was no change in the arrangements for asylum, but I do not believe for one moment that the House contemplated that a stop would be taken when a claim to asylum was manifestly bogus, and it was never envisaged that we should face the situation that we are facing now, with large numbers of people coming here as a result of well-organised rackets. Finally, far from our not having

observed the order of the court, we very swiftly observed it, as the hon. Gentleman knows full well, and took the people who had been loaded on to the plane off it again.

Mr. Roy Galley (Halifax): My right hon. and learned Friend can be assured that the vast majority of the people of this country in all communities, including resident refugees, will support the action that he has taken. We cannot afford an open door policy. We cannot allow our immigration laws to be flouted. We must take the firmest possible steps against fraudulent means to try to enter this country. Will my right hon. and learned Friend assure the House that he will not be deterred on a future occasion, as a result of the irresponsible attitude of the Opposition and of UKIAS, from taking swift and decisive action in similar cases?

Mr. Waddington: I am sure that my hon. Friend is entirely right. As I said yesterday, at least until the middle of last summer, both parties in this House were supposed to be in favour of firm immigration control. There is not the slightest doubt that the overwhelming majority of the people of this country expect us to operate firm immigration control. We should be abdicating our responsibilities if, faced with abuse on this scale, we were just to say, "It is all too difficult; we must listen to the beseechings of hon. Members like those who have spoken this afternoon" and did nothing about it.

Mr. Alfred Dubs (Battersea): Will the Minister confirm that in the Government's White Paper of September 1985 the Government said that there were three safeguards that were relevant at the time to asylum applicants who were refused admission at points of entry—the representations of Members of Parliament, the UKIAS referral procedure and judicial review? Taking together the Minister's statement yesterday, which denied the representations of Members of Parliament and the UKIAS procedure in this instance, and the fact that the Government are seeking to prevent a judicial review, does this not represent a fairly significant change in Government policy, compared with two years ago? In that context, could the Minister say something about the 64 Tamils who arrived and the fact that 58 of them were to be removed yesterday? What has happened to the other six?

Mr. Waddington: They were granted temporary admission, and it was thought sensible to remove those who were in detention first. I should have thought that the hon. Gentleman would be pleased with that decision. I have already said all that it is necessary to say about the representations of Members of Parliament. It was made absolutely plain last autumn that we would no longer accept stops in the case of people who arrived here without visas when they were visa nationals. We said that there would be no change in the arrangements for asylum, but I do not believe that the House contemplated for a moment that a stop would be made when a claim for asylum was manifestly bogus. I do not understand what the hon. Gentleman is saying about a judicial review. If an application were made for a judicial review and the application were granted, we have always taken the view that we should not remove people until the matter has been resolved. The hon. Gentleman now seems to be arguing that in every case when an application is made, before it is even heard, we should not take action. We cannot accept that.

State is now notorious as a cover for the right hon. Gentleman's political misjudgments on these issues? Are not these rather lame and pathetic excuses for the abandonment of major items of Tory policy which the right hon. Gentleman promised to the Conservative party conference? Does the right hon. Gentleman recall saying at the conference:

"Our 'next move forward' is to make local authorities put about eight more services out to competitive tender . . . We will introduce legislation very soon."

Does he recall that these matters were promised to the House in the Queen's Speech? Does he also recall saying in the debate on the Loyal Address that it was his firm intention to legislate on these issues? What has happened to those and many other promises that he made both inside and outside the House to assuage the Right-wing of the Conservative party? Is not the real reason for this major political climb-down the fact that he and his right hon. Friends on the Treasury Bench are running scared of the electoral consequences of undermining thousands of jobs in local government by implementing policies that many of us, and even his Tory colleagues in local authorities, including councillor John Morgan, the Conservative leader of the Association of District Councils, have condemned? Has the right hon. Gentleman been forced to abandon these cherished Right-wing Tory ideas by his right hon. Friends the Patronage Secretary and the Leader of the House, who do not want the business of the House clogged up with contentious legislation?

Is this a recognition of errors of political judgment in local government policy? Is this a principled decision on the right hon. Gentleman's part or is it merely an election expedient?

Mr. Ridley: That long speech would have more sense if the hon. Member for Copeland (Dr. Cunningham) were right in his main assertion that we have abandoned these measures. I made it clear in my statement that they are merely delayed or postponed. I do not want to intrude in the public gloom of the Labour party about its chances at the general election. We shall return to these measures either before the next general election or after it and, as I have said, we shall enact them. The speech of my hon. Friend the Member for Southampton, Itchen, (Mr. Chope), the Under-Secretary of State for the Environment, and my own speech at the Conservative party conference, quite rightly presaged the fact that the measures will be on the statute book either before or after the election.

Mr. John Heddle (Mid-Staffordshire): Will my right hon. Friend accept that, following his statement, there will be widespread disappointment among many ratepayers because of the actions of local authorities that abuse their interests and their money by not putting out services to private competitive tender and waste their money in political advertising?

Has my right hon. Friend considered introducing the clauses in another place? In the meantime, will he ensure that direct labour organisations become more efficient and do not trade at a loss? Will he ensure that every encouragement and incentive is given to local authorities to sell their surplus assets and to enable the realisation of them, to benefit the ratepayers?

Mr. Ridley: I thank my hon. Friend for saying what many millions believe. I wish to assure them through him

that the clauses will be brought forward. I think that my hon. Friend will agree with me that to have brought forward a Bill at the end of March that included all the measures that I have referred to with virtually no chance of it reaching the statute book by the end of the Session would have been to disappoint ratepayers even more. There will be widespread disappointment, but those who are disappointed that these measures will not be introduced immediately can have the consolation that supporting the Government will ensure that they come forward after a general election.

Mr. Michael Meadowcroft (Leeds, West): Will the Secretary of State rectify the one omission in his statement and give us the date of the general election? Will he take it from me that the Bill's housing provisions will be supported in many parts of the House if they do not put further constraints on local authorities by requiring the consent of the Secretary of State for further cash to come into housing? We shall wish to judge the housing provisions by the possible alleviation of homelessness. Are the Government not showing a lack of competence by being prepared to promise what will be in Bills that they cannot deliver at the end of the day?

Mr. Ridley: The hon. Gentleman has asked me the date of the general election. According to the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley), an election is imminent because Britain is on the verge of economic collapse. During the week in which he said that the stock exchange rose 65 points, and since then it has risen a great deal higher. I think that later today my right hon. Friend the Chief Secretary to the Treasury will be demonstrating that perhaps the economy can limp on for another few days, weeks, months, or maybe into next year. The hon. Gentleman must ask the right hon. Member for Sparkbrook when he thinks that the economy will collapse.

The hon. Gentleman will see the Bill when it is published this afternoon, and we shall be able to debate the detail of the housing clauses in Committee. I can assure him that the clauses will be favourable in bringing more houses into being for rent within the private sector.

Mr. Robin Squire (Hornchurch): Is my right hon. Friend aware that he will have the sympathy of most Conservative Members for the position in which he finds himself, which is largely not his own responsibility or fault? Is it not fair to say in the meantime to authorities that have not privatised or even tendered out for any service that that option is still open to them and that it would save some money? Secondly, will he confirm, in contrast to a statement made by an Opposition Member from a sedentary position, that far from the Government's policy being deemed unpopular, it is so popular that even NALGO was told recently by MORI that it should not campaign against privatisation because the public were too supportive of it and believed it to be good?

Mr. Ridley: I am grateful to my hon. Friend. I confirm that local authorities can pre-empt the legislation by going ahead and putting their services out to competitive tender right now. If they do so, they will meet one of the other problems about which they have been coming to me a great deal. They have told me that they cannot live within their means without large rate increases, despite the high level of grant that has been paid this year. They will be able

[Mr. Ridley]

to square both problems by going out to competitive tender voluntarily. My hon. Friend is right when he says that NALGO has been advised to drop its campaign against these policies because it was becoming extremely unpopular. For my part, I rather hope that NALGO will continue its campaign.

Mr. Alan Roberts (Bootle): How can the Secretary of State justify dropping proposals for controlling local authority publicity on the ground that the necessary legislation is not sufficiently well advanced in preparation? The same proposals were introduced in a Bill in the previous Session only to be altered and defeated in another place and in this place. Cannot he reintroduce that legislation?

Is not the real reason for taking the course that the right hon. Gentleman has outlined his awareness that interference with freedom of speech in the way that was proposed after the BBC and *New Statesman* fiasco would be unpopular? Is he not clearing the decks to sacrifice Tory councillors for an election on 7 May? A differential turnout in a general election campaign that day would sacrifice Tory local government. It would seem that the Government have written off local government, including Tory councillors.

Mr. Ridley: The previous Bill dealing with political propaganda on the rates was weakened in scope by another place, and the Government undertook to set that right in further amendments. As I have said, those are the amendments that are not yet ready, but we shall proceed to publish the code of practice. It will be available for all local authorities to read and for ratepayers to consider from the point of view of putting pressure on their local authorities to abide by it.

Mr. Ian Gow (Eastbourne): Is my right hon. Friend aware that his statement is as unwelcome to those on the Benches behind him as it is to himself? Bearing in mind his passion for free enterprise, will he look favourably upon the future efforts of those who sit behind him, who may seek to repair the omissions of the parliamentary draftsmen by bringing forward their own clauses that would give effect to his own first intentions?

Mr. Ridley: My admiration of my hon. Friend goes very far. If he can surpass even the skill of the parliamentary draftsmen on this occasion, I am sure that that will be extremely welcome.

Mr. Reg Freeson (Brent, East): Will the Secretary of State please tell us whether he intends to take powers to control and stop local authorities guaranteeing that private finance will go to housing association schemes? It is a simple question; could we have an answer?

Mr. Ridley: We intend to take powers in the Bill to enable local authorities to make contributions to housing associations for projects based on private sector money where they wish to provide houses but cannot afford to do so without grant or at rents that tenants could afford. The right hon. Gentleman will see the details of this legislation in the Bill. He will find it a most valuable way of increasing private rented accommodation without increasing the public sector.

Mr. Patrick McLoughlin (Derbyshire, West): Does my right hon. Friend agree that unions should not oppose this

measure, but should welcome it? The measure he has said that he will bring forward to the House in time, if not straight away—and that disappoints many Conservative Members—will lead to lower rates for the ratepayer and a better service throughout our communities. Will he condemn, along with many of my colleagues on the Government Benches, Derbyshire county council's scheme to fight these proposals—which will improve local services—when they come before the House?

Mr. Ridley: I agree with my hon. Friend about the disappointment and about the savings which can be made from competitive tendering. Between 17 and 22 per cent. has been saved in the cost of refuse collection in the areas where councils have taken that action. We have had to stiffen up on the operation of direct labour organisations, which are losing money. We are considering what action to take following a special report on Hackney. My hon. Friend announced today that further requests have been made for special reports from Lambeth and Burnley, and that in future we shall consider action after two consecutive financial failures instead of three. We must insist on higher standards of efficiency from local government, as the hon. Member for Blackburn (Mr. Straw) insisted in an article in a newspaper the other day.

Mr. Nigel Spearing (Newham, South): Will the right hon. Gentleman answer the question asked by my hon. Friend the Member for Bootle (Mr. Roberts)? Are these clauses in draft or are they not? If they are, and the right hon. Gentleman thinks that they are so popular, why cannot they be published to enable the electors to make up their mind in the election of which he speaks?

Mr. Ridley: As I said in my original statement, the parts of the Bill that we are not proceeding with are not yet drafted and that is why we are not proceeding with them and that is why they are not in the Bill. They will not be drafted until a month from now. The only reason why we are not including them in the Bill is that they are not drafted. If they were, they would be in the Bill this afternoon.

Mr. Jerry Hayes (Harlow): Does my right hon. Friend agree that if any heads should be put on spikes they belong to the parliamentary draftsmen? Conservative Members are becoming increasingly alarmed at their degree of incompetence, which knows no bounds. When we finally have the legislation, will my right hon. Friend give an undertaking that there will be a clause putting parliamentary draftsmen out to competitive tender?

Mr. Ridley: My hon. Friend is unfair; I take full ministerial responsibility. I said in the statement, and I repeat, that we did not know at the time of the Gracious Speech that we would have the problem of total expenditure which, as the House will acknowledge, proved to be an exceptionally complex and complicated matter. The truth is—I am not disguising it or blaming anybody—that preparation of the Bill took so much of the time of the skilled draftsmen that the clauses that we are talking about slipped, and that is the reason for our problem. It is not fair to blame the draftsmen.

Mr. Peter Pike (Burnley): Will the Secretary of State admit that the measures that he is deferring are not in the best interests of local government? His Department is more interested in attacking local government. It is the politics of local government with which the Government

are concerned, rather than its efficiency. The efficiency of local government is in serving the people that it represents, and it is far better at that than the Government. Is it not time that the Secretary of State changed direction in his Department, or took the honourable course of action and resigned?

Mr. Ridley: I cannot accept that local government performs efficiently in all cases. There are some extremely efficient councils, but some councils' performances are so grievously inefficient that the House is right to intervene and make them better on behalf of the ratepayers. I should have thought that the hon. Gentleman would share that view, like his hon. Friend the Member for Blackburn. His attitude that it does not matter how inefficient local councils are is extraordinary. The evidence of that inefficiency is in many reports published by the Audit Commission.

Dr. Keith Hampson (Leeds, North-West): Does my right hon. Friend recognise that if he proceeded with clauses to stop propaganda on the rates, he would assuage the feelings, not just of the Right-wing of the Conservative party, but many of us who have to live with that propaganda in places such as Leeds? Ratepayers have been wanting this for a long time. We find it hard to understand why, if there is the will, there is not the way to provide civil servants to draft clauses which my right hon. Friend can bring forward — the necessary clauses, the mere amendments — and which satisfy the requirements that most of us placed on him when we considered the Bill last year.

Mr. Ridley: Those clauses will be brought forward. I say to the many millions of people who would like to see this abuse ended that the return of another Tory Government will secure the matter once and for all.

Mr. Allen McKay (Barnsley, West and Penistone): Will the Secretary of State now answer the question that was put to him? Does he or does he not intend to take powers to stop local authorities moving private finance into housing associations? Has he not proved, once again, that the only fault with local government is central Government and the Department of the Environment?

Mr. Ridley: If the hon. Gentleman studies the Bill, he will discover that no authority is stopped from doing anything that it has done hitherto. In future, consent will be given, subject to certain conditions, for schemes where local authorities seek to assist housing associations or other bodies to provide further private rented housing. What will not be allowed is straight borrowing by local authorities to circumvent the capital controls.

Mr. Spencer Batiste (Elmet): Is my right hon. Friend aware that, although there is considerable disappointment among Conservative Members that the legislation to control the abuses of Left-wing local authorities is not to be introduced immediately, there is, nevertheless, recognition that these councils have in the past left no stone unturned in trying to find loopholes in the legislation? Therefore, it is particularly important that the legislation should be developed carefully and in as watertight a fashion as possible. Can my right hon. Friend confirm that the drafting will continue on these clauses, that they will form a centre point in our manifesto at the next election and that they will be introduced in our first legislative Session in the new Parliament?

Mr. Ridley: I confirm all that my hon. Friend rightly asks me to confirm. That will be done. The Bill contains some carefully drafted means of stopping authorities from borrowing money to maintain a profligate style of life — often at the expense of other authorities and to the detriment of their ratepayers. These measures will do much to contain the extreme Labour councils that are becoming such a menace in our society.

Mr. Dennis Skinner (Bolsover): Is it not becoming clear, as a result of the exchanges in the past few minutes, that what this measure is about is stopping the work of local authorities, which somehow or other, have managed to build a few houses in the public sector during the past few years — despite the Government's attacks, the cuts in rate support grant and all the other efforts that they have made to stop local authorities building bungalows for pensioners and disabled people? This action will prevent local authorities from doing the job that they have been doing on a minimal basis because of Government interference. They will be able to do less than before. Instead of being able to build to about the figure of 20 per cent. in the public sector — as opposed to 100 per cent. in 1979 — it will be down even further.

Mr. Ridley: On the contrary, what matters is the total number of houses. The measures in the Bill will enable local authorities to contribute to more houses being built by using private capital for the community.

Mr. Edward Leigh (Gainsborough and Horncastle): Does my right hon. Friend agree that many Conservative-controlled authorities — notably Lincolnshire — have made considerable savings by contracting out? Does not this unfortunate slippage make it even more important for voters and ratepayers in Labour-controlled areas to work for a Conservative victory to ensure that the creative accountancy carried out by Labour authorities is not copied by a Labour Government intent on national bankruptcy?

Mr. Ridley: My hon. Friend is entirely right. I hate to put it this way, but the enactment of these measures would remove a major incentive for people to vote for another Conservative Government. We shall enact them as soon as Parliament resumes.

Mr. Jack Straw (Blackburn): A few moments ago, the Secretary of State sought to justify his incompetence and misjudgments in leaving these three major Conservative promises out of the Bill. Does he recall saying that he did not know at the time of the Gracious Speech of the problems of total expenditure? Does the right hon. Gentleman not recall that the Gracious Speech was on 12 November? He admitted to the House on 16 December and 12 January that he knew by the end of September of the problems of total expenditure and of the need for a local government finance Bill and that he had received the Attorney-General's advice on the matter by the end of October — a good fortnight before the Gracious Speech. In those circumstances, has not the Secretary of State just misled the House? Should he not withdraw what he said?

Mr. Ridley: The hon. Gentleman is trying to make a great deal out of that. May I just take him through what happened? My right hon. and learned Friend the Attorney-General gave us his advice at the end of October

[Mr. Ridley]

that we would need to legislate. That is right. The process of drafting the Local Government Finance Bill took until the middle of December.

Mr. Straw: The right hon. Gentleman knew that.

Mr. Ridley: If the hon. Gentleman would let me reply, he would have better manners. It took six weeks to master the intricacies of what had to be done on the Local Government Finance Bill. The hon. Member for Blackburn and his hon. Friends will know how complicated the legislation was and how difficult they found it to understand the legislation. If I may pass Labour Members a compliment, I do not think that they understand it now. This shows how difficult the matter was.

At the time of the Gracious Speech, the sheer effort and complications involved in introducing the Bill, which, after all, was for the benefit of local authorities in the sense that they could not have received rate support grant without it, caused a delay—I admitted that in my statement—in the preparation of part of the Local Government Bill, with the consequent results which I have put before the House.

Several Hon. Members *rose*—

Mr. Speaker: Order. I shall call the three hon. Members who have been rising regularly. I ask them to be brief.

Mr. Michael Fallon (Darlington): Will my right hon. Friend complete this exhilarating, forward-looking and visionary statement by saying exactly how much might have been saved for ratepayers and taxpayers in a full year by the ending of a monopoly in these eight areas of local government? Can my right hon. Friend say when this legislation will be introduced?

Mr. Ridley: It is difficult to put a figure on the amount saved. The Audit Commission is to publish a paper soon which will give an estimate of the savings. In one service alone—refuse collection—there could be between 20 per cent. and 30 per cent. savings. Any local authority that wishes to make savings of that order can do so now, but many do not wish to do so. I cannot forecast when we shall be able to come forward with the other measures, but it will be as soon as there is a clear opportunity for them to proceed on to the statute book.

Mr. John Mark Taylor (Solihull): Does my right hon. Friend agree that the most important improvement required for the local government land register is that registration should be compulsory? Does he agree that the register will not work properly until it is?

Mr. Ridley: My hon. Friend will see in a schedule to the Bill the powers which are taken. I think that he will find that these will greatly assist my officials to ensure that land that is not used by local and public authorities is quickly brought on to the market.

Mr. Tony Favell (Stockport): It will not have escaped my right hon. Friend's notice that the Labour party wants the country to believe that he is conducting a vendetta against the whole of local government. Will he confirm that he is after the crackpot councils, not the responsible ones, such as Stockport, which spend about half as much per head of population as neighbouring Manchester?

Mr. Ridley: I confirm that many local authorities are extremely well run. It is when the Labour party gets control of local authorities that the trouble starts. That is another reason why Labour will never win control and form the Government.

BALLOT FOR NOTICES OF MOTIONS FOR FRIDAY 6 MARCH

Members successful in the ballot were:

Mr. Tom Cox.
Mr. John Carlisle.
Mr. Derek Spencer.

BILL PRESENTED

LOCAL GOVERNMENT

Mr. Secretary Ridley, supported by the Prime Minister, Mr. Secretary Edwards, Mr. Secretary Baker, Mr. John MacGregor and Dr. Rhodes Boyson, presented a Bill to amend Parts VIII and X of the Local Government, Planning and Land Act 1980; to authorise and regulate the provision of financial assistance by local authorities for certain housing purposes; to make further provision about the adjustment of block grant in connection with education; and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 79.]



~~SECRET~~
DN
N/A
A

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

12 February 1987

Dear Nicholas

LOCAL GOVERNMENT BILL

Thank you for your letter of 11 February, which we have discussed. I agree with your proposals for the Bill to include items 1-3 and 5 (land registers) from the note attached to your letter of 4 February. I also explained to you why I do not think it would be feasible to include some provision on the Code of Practice on local authority publicity, and you accepted this.

I am sending a copy of this letter to the Prime Minister, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster and the Chief Whip, Commons.

Nicholas Ridley

The Rt Hon Nicholas Ridley MP

DOE COPY 1 OF 5

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

13

My ref:

Your ref:

11 February 1987



The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

Dear Willie

~~SECRET~~

LOCAL GOVERNMENT BILL

Since our discussion last week, and your subsequent discussion with the Prime Minister, I have considered further which provisions should be retained in the shortened Local Government Bill. My conclusion is that it will be easier to explain the decision to drop the competition and contracts provisions if the Bill is confined to those items which are essential or politically attractive to our supporters.

On that basis I think the Bill should include items 1-3 from the note attached to my letter of 4 February (copy attached), which are essential, and item 5 (land registers) which is politically attractive. But we should not include items 4, 6 or 7. Item 4 is a Department of Employment provision to put right an omission in the Local Government Act 1985, and we might consider introducing that during the Bill's passage if it is within scope. Item 6 is a Scottish provision which in my view is desirable but not essential. Item 7 fulfils promises made to Parliament, some of which date back to 1979 - again the provisions are desirable, but we can hardly say that it is essential to enact them this session.

I think it is also worth considering including part of item 8 - the provision to reinforce the status of the Code of Practice on publicity following our defeat on this last session. This would again be popular with our back benchers, although I appreciate that including it would add to the difficulties of securing Royal Assent by the summer, and could cause particular problems in the Lords.

I am sending copies of this letter to the Prime Minister, John Biffen, Norman Tebbit and John Wakeham.

I would be very happy to discuss
if you wish. This will be a
difficult situation to handle.

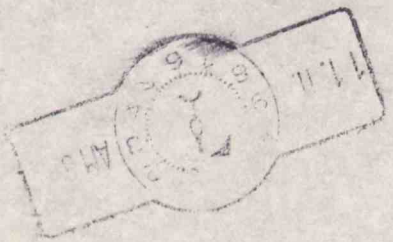
Nicholas Ridley

NICHOLAS RIDLEY

LOCAL GOVERNMENT BILL - CONTENTS

- (1) Advanced and Deferred Purchase Provisions
- (2) Revenue Grants to Housing Associations, the "Sheffield" provisions
- (3) Closure of the further education pool
- (4) Contracts between ILEA and MSC
- (5) Land Registers
- (6) Commission for Local Authority Accounts
- (7) Local Ombudsman
- (8) Local Authority Publicity
- (9) Non-Commercial Contract Conditions
- (10) Competition

LOCAL GOVT: Relations: P631





10 DOWNING STREET

~~DN~~

This is the letter -
eventually found.

JRW.

DN

Agreed in Cabinet
Items 1-3 + 5. Oral
Statement probably sent
Kewndy. Total Secrecy
before then.

NCLW