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Prime Minister

CPS PAPER ON LOCAL GOVERNMENT

I have been asked by the Centre for Policy Studies to write a pamphlet outlining my views on the future role of local government. This is a political document, but of course it will appear under my name as Secretary of State for the Environment and therefore what it contains must be consistent with the general thrust of Government policies. I do think it is now time to set out how we see the future of local government as our many reforms take effect. I would be grateful to know whether you are happy for this document to be published in my name.

I am circulating it also to colleagues whose responsibilities impinge on local government: Nigel Lawson, Malcolm Rifkind, Peter Walker, Kenneth Baker, John Moore, Kenneth Clarke, Douglas Hurd and Paul Channon. I would be grateful for comments which copyees may have by Thursday 28 January if possible.

Prime Minister

You may wish to think through this. The only section that troubles me is pages 28-31, which focus too much on the scope for extra spending financed by asset disposals. Chapter 4 (page 32 onwards) contains broader political reflections on the role of elected LA members, but could I suspect be sharpened-up by being chastened.

N R

26 January 1988

I am worried about any Cabinet Minister writing such a document. We shall immediately be asked "does it represent gov. policy. Please look at procedure for Ministers."

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(i) Content that I should feed in comments on pps 28-31

(ii) Do you have any other comments?

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CHAPTER 1. INTRODUCTION

For the last 150 years local authorities [of various trends] have represented and served their local communities. Their task has been the provision of those public services which can best be provided locally under the supervision of democratically elected councillors.

But although this central purpose has remained unchanged there have been many changes in the shape, size, functions, procedures and finances of local authorities. Authorities have been created, reorganised, merged and abolished as communities have grown and altered. New functions have been added and others have been taken away as needs have changed. Standards of service provision required by a modern community have evolved continuously. Procedures within local authorities have changed to meet new methods of working.

Throughout its history local authority expenditure and manpower have tended to grow and to consume a larger proportion of total public expenditure and of the gross domestic product. Growth has been particularly marked since 1945 with the expansion of education, social services and other labour-intensive personal services.

This expansion has placed a growing burden upon the sources of finance for local authority expenditure. It has also led to a

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growing public and political concern with many of the main features and aspects of local authorities:

- What functions should local authorities have? What things are best done locally or what can be better organised nationally? What functions need to be in the public sector and what could be better done privately?
- What standard of services is needed and what can be afforded?
- What areas and communities should local authorities cover? How many people are needed to discharge the various functions? How many tiers do there need to be? Is there any overlap or conflict between different types of authority?
- How should local authorities be organised to conduct their business efficiently, effectively and with propriety?
- What should be their financial basis? How can authorities obtain finance for their functions on a fair, adequate and accountable basis?
- How can value for money best be obtained? How can the needs of the public (the consumer) best be served? How

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can undue influence of pressure groups be contained?

- How can the overall burden of local authority expenditure on the economy best be contained and related fairly to other public sector burdens?
- How can we obtain and retain members and staff of the calibre needed to run the complex local authorities of today in an effective, efficient and responsive way?

Since 1979 the present Government has had two over-riding objectives in relation to local government. First it has been essential to constrain the growth of local authority expenditure in order to stop it taking an ever increasing proportion of the total national product at the expense of other areas of the economy. Secondly it has remained as important as ever to maintain and enhance the quality of those local authority services which the public really needs. In order to reconcile these two objectives it is essential for local authorities to concentrate on what is really wanted and needed by local people, to improve accountability, to eliminate waste, duplication and unnecessary functions, and to improve value for money.

We have made some progress toward these objectives since 1979. But it is not yet enough.

Elimination of duplication and waste was the main reason for

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abolishing the Greater London Council and the Metropolitan Counties. This has been successfully carried through with no diminution of services to the public, and very few regrets from any one.

Abandoning or reducing functions that do not need to be carried out by local authorities at all frees resources to concentrate on those things which must remain local authority functions. For example the progressive diminution of the local authority housing stock through the operation of the right to buy and other disposals frees resources and brings in capital receipts for other tasks.

Competition is vital to secure value for money. Local authorities have long had excellent and stringent requirements when they let contracts for works and services to the private sector so as to ensure that there is keen competition and the best price is obtained. This government is progressively extending this principle to the services provided by authorities' own staff. Direct labour organisations have been required to draw up proper accounts, and compete on an equal footing with outside firms. Now under the current Local Government Bill, the same competitive discipline will be extended much more widely.

The total of central government support to local authorities through the rate support grant has been reduced in order to bring home to local authorities the need for expenditure constraint.

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This overall financial pressure has been reinforced by targets, grant adjustments and rate limits for individual authorities.

The results of these policies over the last eight years have been mixed. The rate of growth of local authority expenditure slowed down initially but has recently increased again. Total manpower fell for some years but has been increasing for the last two years.

We need to make further efforts to secure better local government for the future. Two of the keys to success lie in strengthening accountability and extending competition.

To strengthen accountability we need a more direct relationship between payment for local services through local taxation and the service being provided. The community charge will provide this. All adult citizens will be liable and will have a much stronger interest than at present in holding their councils to account through the ballot box.

Competition is a spur to efficiency and value for money wherever it operates. Too much of the public sector has been insulated from it. The spread of competition in education, housing, transport and other local services should do an enormous amount to improve standards and efficiency. Measures to bring this about are already in hand in the Education Bill, the Local Government Bill and the Housing Bill.

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Ultimately however the future of local government lies with the people who work for it as members and officials, and with the public who elect their Councils and receive their services. The last eight years have seen an extraordinary divergence of response from local authorities to the opportunities provided by sustained economic growth and this government's radical new approach to the country's problems. At one extreme there have been authorities - Labour controlled - which have refused to recognise reality. They have expanded their spending and manpower often [and] to no very useful purpose. While the country as a whole has woken up and looks to the future with confidence and hope, they have continued to preach a message of decline and hopelessness, a message which has sapped local enterprise and morale. They have lost touch with the beliefs and attitudes of ordinary people. They have imposed massive rate increases on their long-suffering ratepayers. And some of them have now got into real financial difficulties.

At the other end of the spectrum there are Conservative authorities which have taken up the challenge of accountability and competition. They have scrutinised every service, and introduced competition. They have disposed of unproductive assets to those who can use them better. They have sought out ways to encourage the private sector and to stimulate the local economy. They have kept closely in touch with the needs and wishes of local people, they have improved services and reduced rate burdens.

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This pamphlet is about how to extend this revolution from the few to the many. The Government can set the scene. But we need allies in every authority in the country dedicated to the same objectives and ready to take up the struggle.

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CHAPTER TWO

CENTRAL V LOCAL

THE RESPONSIBILITIES OF CENTRAL GOVERNMENT

Some people appear to believe that there was once a 'Golden Age' for Local Authorities when they were able to operate largely on their own initiative to provide services free of Government controls on spending, borrowing and formulation of policies. They argue that this was justified by the local mandate which local councillors obtain from their local electorate, and that the object should be to get back to that degree of freedom.

This is a mis-reading of history. And the attempt to regain that degree of freedom by some local authorities is to pursue an unobtainable and undesirable illusion in which the public are the losers. The Government must continue to have a role in determining the essential framework in which local authorities operate, and judging their appropriate share of the national cake. But within that framework we are keen to avoid unnecessary and time-wasting bureaucratic controls which frustrate initiative and responsibility at local level.

Going back to the 19th century, Brian Keith Lucas and Peter Richards in their "History of Local Government in the 20th Century" characterised Victorian attitudes to local government thus: "The Victorian tradition was that local government was a necessary evil; (its) services were essential but the local

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bodies providing them needed to be kept in check. They should not be allowed to undertake functions other than those approved by Parliament. There should be some element of central scrutiny to see that money was not wasted and in some services to ensure that minimum standards of provision were maintained." And local authorities were kept in check - by strict ultra vires rules which were unpopular with local authorities, reinforced by periodic inspections and the audit of local accounts.

In the 19th century, local government powers could only be expanded by Parliament. There were much stricter controls on borrowing: borrowing powers were commonly obtained through private bills; controls were strictly imposed on the amounts borrowed and on the period of loans. And in the 19th century, just as now, there were problems over central government grants paid to local authorities. In 1888, central government broke away from the principle that the central taxpayer should be expected to provide a set proportion of whatever local authorities decided to spend. Instead they introduced an "assigned revenue" system of grants to local authorities which by assigning the proceeds of certain taxes broke the link between expenditure and grants of a percentage grant system. That was not very popular with local government either.

Throughout the early year of this century the number of specific grants, accompanied by detailed rules, increased and covered not only large services like education and health but smaller

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services like air raid precautions, physical recreation and training, midwifery services and so on. In the 1950's nearly all central government grants came with strings attached and Whitehall controlled many detailed decisions.

In 1958 however the pendulum began to swing the other way. In that year a number of specific grants were replaced by a new general grant and large number of detailed controls were abolished or modified. Further simplifications and abolition of controls have followed in successive local government Acts since then.

Central government must however continue to have an important role in relation to six key areas:

- determining the main functions of local authorities and the framework within which they should operate;
- the constitutional framework of local government and its practices and procedures;
- the overall burden of the local authority sector on the economy;
- the levels of taxation on all the different groups in society;

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- standards of provision for services of a national character;
- value for money in the provision of local authority services;

Local Authority Practices and Procedures: The Widdicombe Report

The framework within which local authorities operate has recently been comprehensively analysed in the Widdicombe Report on the Conduct of Local Government Business. They have expressed the essential part which healthy local government can and should play in providing the means by which people can participate in public affairs at the local level and shape the pattern of local services in response to local needs and aspirations.

The Committee found much to admire in the way local authorities operate; but they also found some serious internal weaknesses. They set themselves: "To make recommendations for the conduct of local authority business which will assist in the development of a way of operating that is stable, locally responsive, widely accepted and attuned both to political reality and to the effective delivery of services."

That objective seems exactly right. The Committee made a large number of detailed recommendations about the organisation of council business, the functions of members and officials,

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safeguards against abuses, the role of the auditors and the local ombudsmen. We have been consulting widely about these recommendations and will shortly be making a full response. Some of the improvements needed may best be made by local authorities themselves. But on others there will clearly need to be some modification and strengthening of the statutory framework.

Of particular importance are those recommendations which will help authorities to be more responsive and accountable to their local electorate, to encourage competition, and to reduce the capacity of special interests and narrowly based pressure groups to exert undue influence on decisions. If the accountability, responsiveness and efficiency of local authorities can be improved in this way there will be much less need for central controls and intervention to secure satisfactory standards and improve value for money.

Enforcement of National Standards

It is not easy to achieve the right balance between central and local government in the organisation and provision of services to the public. There are many individual services in which central government has an interest and for which it is held responsible by the electorate. A substantial proportion of the commitments made in the manifestos of any national party concern services directly provided by local authorities: housing, education, personal social services, public transport, trading standards,

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environmental health and so on. At the same time however there is a wide spread agreement that the organisation and management of many of these services are best undertaken at local level, and that decisions about levels of service or new developments are a proper matter for local political discretion.

For some services the national concern with the standards and methods of operation of the function have always been paramount. The police and fire services are obvious examples. In other services, principally those of a regulatory nature, a tight statutory framework governing the standards and procedures to be applied locally has always been necessary - planning procedures, building regulations, environmental safety standards are good examples. At the other extreme there are services such as the provision of recreation and leisure facilities which are almost entirely a local matter, and in which there is little need for central government involvement.

Education is an example of a service in which there is a very strong national interest, and a growing national political concern with standards. Many people find it unacceptable that simply because of where they live their children should have a different standard of education. They regard education as a service where there should not be local variations in quality. We believe that it is right therefore to set a national core curriculum for education so that parents have some yardstick with which to judge the education that their children are receiving.

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What is clear in all this is that the more effectively and efficiently local authorities operate in providing services in an accountable way responsive to the needs of their local communities and competing effectively with other providers where that is relevant, the less need there is likely to be for central intervention and detailed control. That is why improvements in the local operation of service and of local authorities are so important. Conversely where local responsibility breaks down there is inevitably stronger pressure for central intervention. I am determined to create the situation again in which local solutions to local problems can satisfactorily be worked out.

Local Authority Spending and Accountability

Our proposals to reform local authority finance were triggered by our concern about the burden of local spending and taxation. Local authority spending accounts for 25% of total public spending, and in spite of our various measures of constraint it has risen by 18% in real terms over the past eight years. That is only an average, and the figures conceal wide variations. It is often in those areas which can least afford the burden that overspending and overmanning have reached absurd heights and had a deteriorous effect in the local economy. In order to fulfil national economic objectives, we must exert a downward pressure on local authority spending as well as on national spending.

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In our Green Paper on "Paying for Local Government" we analysed two alternative ways forward - increasing central control or improving local accountability. We pointed out that increased central control of local government spending might at first sight appear an easy answer to the problem, as its results could be substantial and guaranteed. We rejected the various versions of increased central control however because all would have required government departments to get drawn into the detailed financial affairs of local authorities, would have increased central and local manpower, would have led to further dilution of local accountability and responsibility, and would have accentuated conflicts between the central and local authorities.

We were quite clear that the alternative of improving local accountability must be the better way forward. It guarantees the continued existence of a healthy democratic system of local government. It should reduce the tension between central government and local authorities. It should help to ensure that services are provided more efficiently. And it will strengthen the link between the local authority and those who live in its area.

Local accountability depends crucially on the relationship between paying for local services and voting in local elections. Of the 35 million local electors in England, only 18 million are liable to pay rates, and about a third of those receive full or partial rebates.

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The Victorians limited voting rights to rate payers. We intend to widen the liability for local taxation to nearly all voters through our community charge proposals. This is a logical step towards greater local authority freedom. It should allow us to stand much further back from local government because the electors will stand much closer.

Our reforms of the grant system will also assist accountability. At present the distribution of the Rate Support Grant is so complicated and varies so much between authorities and from year to year that authorities budgetary planning and accountability is seriously damaged. Rate levels may correspondingly have to fluctuate from year to year to reflect changes in grant levels that may have little to do with changes in expenditure. So rate-payers do not know whether to hold their authority or the government to account for the changes in the rate levels. Under our new proposals Exchequer grant will be distributed as a single amount related to a simplified needs assessment for each authority, and will not be affected by the authorities own decisions on expenditure. There will therefore be a direct relationship between each authorities spending level and the community charge it has to levy. And the electorate will be able to make direct comparisons between different authorities as to standards of service they provide and the level of charge they levy.

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Value for money remains a major preoccupation both for central and local government. Successive studies by the Audit Commission has identified what tremendous potential there is for improvement in local government across the whole range of local authority services. Many of these reports confirm our view of the immense importance of the stimulus of competition. Competition has sharpened up the operation of many local authorities direct labour organisations, or led to the transfer of work to more efficient private sector competitors. Now we are extending the benefits of this kind of competition to a much wider range of local authority services.

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CHAPTER THREE

LOCAL AUTHORITIES IN THE FUTURE

Local authorities are big business. English authorities spend between them some £40 billion per annum. They employ nearly two million full-time equivalent workers, 12 per cent of the total workforce.

During the past eight years the growth of expenditure each year has been reduced from the rate of increase in the 1970s, but it has recently started to rise again. Overall manpower fell from a high point of 1.975 million full-time equivalents in 1979 to 1.887 million in 1982 but it started to climb again in 1985 and is now back to 1.924 million.

Within these overall changes there are interesting differences between services.

Education manpower has fallen by 58,000 mainly due to falling school roles, transport by 17,000 (following bus privatisation) refuse collection and disposal by 12,000 (following contracting out) and construction by 19,000 (competition on the direct labour organisations and some reduction in activity). By contrast social services have increased by 30,000 (following demographic changes and policy trends towards more care in the community), housing services by 12,000 and law and order services by 20,000.

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These figures suggest that although there has been some clear improvement in efficiency and value for money in some services (particularly those where competition has been introduced) the resulting savings have not yet been sufficient to secure everywhere the government's objective of constraining the growth of expenditure while enhancing the quality of services. This is confirmed by the successive reports from the Audit Commission identifying many areas where value for money improvements on a significant scale should still be possible.

Looking to the future then, what further changes in the pattern of local government activity can we expect as the Government's policies on greater accountability and competition take wider effect, and as other changes come into play? Clearly the answers will be different for different services and functions. For some services such as housing, parts of the social services, parts of transport services, we can foresee a much more diverse pattern of provision in the future by a variety of different agencies working alongside local authorities. The local authority role will not longer be that of universal provider. But it will continue to have a key role in ensuring that there is adequate provision to meet the needs, encouraging the various providers to develop and maintain the necessary services, and where necessary providing grant support or assistance of various kinds to get projects started and to ensure that they are provided and are affordable for the clients concerned.

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For other services, principally those of a regulatory kind, there may be less scope for a diversity of providers or direct competition with the private sector. The impulse to competition and improved value for money will therefore have to come from within the authorities in these cases, and from the stimulus provided by comparisons with other authorities and by the investigations of the Auditors.

Education

Similarly there will be differences between services as to whether the influence of local accountability or national concern with standards is the dominant influence in bringing about change. In education for example there is at present a strongly articulated national political demand for the introduction of national standards of assessment and attainment. The current Education Bill provides the means for bringing these standards into effect. At the same time there is a growing local demand for more local influence over individual schools and other educational establishments. The strengthening of the power of school governors, and the new proposals for allowing individual schools to opt out of local authority control reflect this demand. As the national standards establish themselves, and as opting out leads to a wider variety of providers of education there will effectively be more competition and more stimulating comparisons between different areas and between schools. All of this will put education authorities on their mettle to keep their

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standards up to scratch, and to achieve efficiency in the delivery of education.

Social Services

In social services there are constant demands for increased provision of services for a variety of client groups. The numbers of old people are steadily rising. The trend towards care in the community instead of institutions needs the development of new support services. But this too is an area where authorities ought not and need not regard themselves as the universal providers. There are a whole range of private and voluntary agencies able and willing to play their part as well to support those who need help. The local authority role should be to encourage diversity and alternatives, with some elements of competition between the different providers. The social services are performing an essential caring role. But it is sentimentality to argue that therefore they should be exempt from the same disciplines of competition and value for money as other parts of the public sector.

Transport

Transport and local bus service provide an interesting example of how competition can improve standards and value for money, following the legislation I brought in in 1985 to open up bus services to competition.

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Throughout the debates on that subject, the Government was accused of attacking local democracy. Councils who had managed their affairs for years by signing the annual cheque to the local bus company, others who had thought they had planned a complex "coordinated" and "integrated" network, were highly resistant to the idea that the market - ie consumers - could actually make better choices than the Council computer model. What were the results? Between 1975 and 1985, fares had risen by up to 24% in real terms. Between 1970 and 1985 subsidies leaving aside free bus passes or tokens had increased from little or nothing to over £500 million. On deregulation day in October 1986, some local authorities reported immediate savings in subsidy of 40% while broadly maintaining service levels. Between October 1986 and November 1987, bus mileage actually increased by 12% after years of decline. 250 areas now have minibus services and the market share held by private sector operators has increased from 8% to 12%. 83% of services - a much higher figure than anyone predicted - run commercially and without subsidy. Already 47 NBC subsidiaries have been sold, with more to come, although we were assured that privatisation and competition could not proceed together.

In this process, the role of local government in transport provision has been transformed. It hasn't diminished, indeed the job is more challenging, but it has changed. Before the 1985 Act, there was no competition. Local authorities had to substitute their "guesstimates" of the market place for the

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reality in negotiation with a monopoly operator. They presided over an opaque system of cross subsidy from popular to unpopular routes which distorted market forces by pricing people off the popular routes. Now the market - bus operators interpreting passengers wishes - operates without intervention except in the enforcement of safety standards and requirements of professional competence. The local authority's role is confined to two political decision making functions, both involving straight value for money considerations: first to provide subsidy directly for tendered services on routes which would not be viable without subsidy but which the council considers necessary for social reasons; and second to fund fare concessions for particular groups of people whom they feel have a strong social need. In other words, instead of being providers, they are facilitators and enablers. They step in to help where the market does not supply, and use public money to provide services where they feel for social reasons it is necessary.

Surely this is a perfect example what local democracy should be all about? To most people it is largely irrelevant who provides the service, so long as it is there, it corresponds with their needs, it is good and efficient and they pay as little as possible for it. It is the market place which is the most efficient mechanism for providing goods and services where there is a demand for them. But where there is not enough demand to make a service viable then it is a proper matter for political discretion as to whether other factors justify the use of

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taxpayers and ratepayers money to provide a service. The function of both national and local government is to reconcile such conflicting interests, but not surely to seek to provide services which would be provided efficiently without their help. What after all is the reason for trying to supplant the market? It is to interfere with individuals choices which the market works to satisfy. In transport, the complicated web of cross subsidy which supported the old regulated system meant that potentially profitable routes were overpriced and potential custom driver away so people were denied the choice which they should have had.

Exactly the same principles can be brought to bear when we examine the role of local government in providing other services. Exactly the same principles underlie our policies on housing education and competitive tendering. In education, parents are being given the right to get out of local authority control where they are not satisfied with the service provided by the local education authority. In housing, council tenants who already have the right to buy will be given a new right to choose a new landlord if they feel dissatisfied with the performance of local authority or landlord and think they can get a better deal elsewhere.

Housing

By the time the right to buy has run its course we estimate that somewhere around 1.5 million council homes will have been sold to

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their tenants. That would still leave around 5 million homes in local authority ownership. Many of the remaining tenants will not want to buy or may not be able to afford owner occupation. All the more reason for ensuring that their housing is supplied efficiently. To do that we need to break up the local authorities' near monopoly of rented housing. In our new Housing Bill we are giving council tenants an opportunity to choose an alternative landlord; encouraging a revival of investment by private landlords; encouraging more private finance for housing associations and making plans to set up Housing Action Trusts to improve conditions, diversify tenures, and bring in private sector money and expertise in some of the worst housing areas.

This more pluralist approach should be not only more efficient; it will be much better adapted to today's housing problems which vary so much between one region and another; between inner city, suburb, small town and rural areas; and between different types of tenant.

But there will still be a key role for local authorities. Freed of the role of manager and provider of general housing, with all the day to day problems that that entails, they can concentrate on ensuring that those who are genuinely in need and unable to get adequate housing on the open market, are properly catered for. To do this they will need to retain a range of clearly defined powers and responsibilities. Many local authorities are themselves coming forward with proposals for disposing of their

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remaining housing stock. We are encouraging this trend. The less they have to own or manage directly, the more free they will be to concentrate on their role of facilitator and enabler: ensuring an adequate supply of sites for housing, for example through planning decisions; for channelling grants and subsidies towards the people and areas in greatest housing need - for example improvement grants and subsidies to support affordable private sector rents; for carrying out the regulatory roles of monitoring and inspection, for example of fitness and safety regulations; for ensuring that there are adequate arrangements - perhaps through contracts with the providers - for housing the homeless, and vulnerable groups such as those released from institutions for care in the community.

This is not a minor role: it does not imply a diminution in the importance of local authorities: it means simply that authorities will concentrate on those tasks that only the public sector can do. Freed from other concerns they will be able to carry out that role more objectively, and more efficiently providing better value for money, and ultimately better housing for those in greatest need.

Inner Cities

? Property?
The only way that property can be brought back to some of our older industrial areas and Inner Cities is by getting the private sector to invest in regenerating them, and by encouraging those

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who would be enterprising and bring employment back to the city by their activity. Local authorities can enable this to happen, by their attitudes and their actions, particularly on planning, land assembly and rate levels. What they can't do is to do the development themselves. They (or rather their electors) can't afford to finance it on a sufficient scale, nor will they be able to interpret the demand as sensitively as the market. Again they are more likely to succeed as enablers than as providers.

Competitive Tendering

For the services which will be subject to competitive tendering, that process, providing the council sets and monitors performance standards properly, will guarantee the customer value for money. Again, there is no reason whatsoever why the management of these services has to be 'political'. In all these cases the emphasis shifts from the Council as monopoly provider and manager to the council as enabler and monitor and casts the spotlight on its role as the maintainer of high standards. No council which can put its hand on its heart and say that it provides and runs the most efficient, and customer-responsive services possible has anything to fear. If they are right, they can expect their workforce to win the contracts and they can expect their tenants and the parents of children in their schools to recognise that fact and not wish to opt out of local authority control. But the effect of these pieces of legislation on those who are not quite so confident - and there are many of these - is

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already apparent. The local authority union NALGO are urging their shop stewards to introduce more efficient working practises so that they can win the contracts when the new legislation comes into effect. A whiff of competition can have a greater affect than years of time consuming and often fruitless negotiations between employers and employees!

What underlies these policies is the concept that it is for local authorities to organise, secure and monitor the provision of services, without necessarily providing them themselves.

Local Authorities Capital Programmes

The same principle should surely apply to local authorities capital programmes. Local authorities are spending £6.2bn in aggregate (England) on capital projects this year. This is mainly financed by borrowing or capital receipts which would otherwise be used to repay debt or used by others to invest. So local authorities capital programmes have an immediate effect on public sector indebtedness which in turn is an important element in economic management. Because it is desirable to reduce public sector debt to a minimum (even the Labour Party seems to be coming to this view - at least as applied to the US economy!), logically we should ensure that as much capital expenditure is private sector rather than public sector financed.

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Local authorities finance new council homes, sports centres, leisure centres, shopping centres, industrial estates as well as many other things. But do such things need to be provided at public expense at all, let alone by public investment? Why not let the private sector provide many of these things; maybe they'd provide them better? Spending public capital resources on buildings which could as easily be built and run by the private sector ties up huge quantities of public resources when there are many competing programmes where public sector capital expenditure is essential. It is perfectly possible for local authorities to provide pump priming finance or subsidies specific to the people they are trying to help - for example subsidised rents for poor tenants or subsidies to enable the least well off to attend sports or leisure centres, or use public transport - without it following that they have to own or build or run the facilities themselves. Should it be a function of local government to own retail centres, or factory units? Many councils - and not just Labour controlled councils - think that it is a reasonable activity. It may be right to use public money to bring such facilities into existence, but continued ownership does not seem a sensible use of the taxpayers and the charge payers resources.

Of course local authorities own much that it is necessary for them to run, but too much that is unnecessary. Many local authorities do not even have a list in one place of all council houses, sports centres, leisure centres, shopping centres, workshops, and bits of land which they own. And even those

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authorities which do have lists often have no idea of the value of their properties and what they would fetch on the open market.

This Government does not go in for ownership. Our holding of land and buildings is minimal for essential purposes - mainly for housing Departments and for Defence. Our privatisation programme (excluding council houses and new town sales) has brought in £16 billion - 16 major businesses have been privatised reducing the state owned sector by more than one third since 1979 and we are looking to £5 billion of receipts a year for the period 1987/88 to 1989/90.

In addition, we have given council tenants the right to buy their Council Houses - that has brought in £5½ billion to date. Sales of other local authority assets have raised £3 billion. The sale of new town assets has brought in £1½ billion. All this has allowed us to reduce the burden of the State and taxation on the private individuals. State ownership increases taxes and borrowing; the state disposing of assets reduces taxes and borrowing. No one really advocates increasing taxation in order to buy more family silver! Reducing both provides a stimulus to economic growth.

7 { A great benefit of our policy of selling Council houses is that it generates additional resources to sustain capital spending with much less recourse to public sector borrowing.

I fear
this will

Cause adverse

Comment because of the
limits on spending such
receipts

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A puzzling paragraph "uneconomic but essential"??

If local authorities had always had a policy of selling assets in order to reduce debt - then they would have been freer now to invest in those things which are properly a charge on public capital - pump priming, the subsidisation of uneconomic but essential activities - the provision of certain types of infrastructure designed to secure policy objectives, but not necessarily involving ownership. But the drive to dispose of assets only really began in 1979 and the message has been slow to get through: that is that ownership is in general unnecessary to the functions of Government, and burdensome on taxpayers and ratepayers. The priority is for both central and local government to reduce this net indebtedness and selling assets is one way to achieve that.

Conclusion. There will clearly continue to be a substantial role for local authorities in the 90s and beyond. Those who speak as though we are seeing the end of local government are quite wrong. The functions and services that have been provided by local authorities will be as necessary as ever. But authorities will need to operate in a more pluralist way than in the past alongside a wide variety of public, private and voluntary agencies. It will be their task to stimulate and assist these other agencies to play their part instead of or as well as making provision themselves. Comparison and competition between authorities will be increasingly potent pressures towards value for money in all services. And greater accountability will mean that the public are increasingly able to insist on the high standards.

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CHAPTER 4: THE ROLE OF LOCAL AUTHORITY MEMBERS

Inside every fat and bloated local authority there is a slim one struggling to get out. It is the role of politicians both nationally and locally to assist in this struggle.

Government's role at the centre is that of the consultant prescribing remedies. For a few of the most overweight and thoughtless authorities our remedies have had to be somewhat severe and painful. We have had to put direct limits on excessive growth through rate limits and grant penalties.

But for the great majority of ordinary authorities a regular pattern of prudent control of expenditure and search for value for money is a much better discipline than external controls and regulations. A few authorities have already made major progress in this direction. But I am concerned at the tendency to middle aged spread in a large number of middle of the road authorities of all shades of political opinion. Inefficiency is not, I regret to say confined to councils run by the Terrible Trots. That is why I want to re-invigorate them with the fresh air of competition and greater accountability.

A central political task for local councillors in the years ahead is to apply these ideas and principles to their authorities. Some unfortunately seem to think that the application of ideas to the practice of administration in this way has a limited role in

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local government. The use of competition and privatisation as a means to secure better and more cost effective services are seen by many people in local government as having little relevance to them. The idea which we have consistently and successfully pursued at a national level is that where the private sector is better at providing goods and services than the Government it should do so has not penetrated far enough in local government circles. Similarly, local authorities often prefer to provide and own assets like leisure centres, shopping centres and industrial estates at public expense when in many cases it is possible for such things to be provided by the private sector and run profitably, if necessary with pump priming finance or specific user subsidies from the local authority. This ties up public capital unnecessarily. There is a perception that the more massive the ownership, and the more widespread the provision, the more imposing does the council become and the more central in the eyes of the public. The temptation to municipal aggrandisement is strong.

A radical politician trying to direct the actions of a conservative administration or indeed change the perception of his political colleagues (supported perhaps by the more go ahead local authority officers) never has an easy task. There are always many reasons why changing the habits of decades is resisted. It requires determination and conviction - political conviction - to stand up to resistance to change and to push it through. The resistance faced from vested interests by the

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Conservative administration of Wandsworth Council to their policy of privatisation and competitive tendering required immense political courage to overcome. Anyone wanting to learn the lessons should read Paul Beresford's excellent CPS pamphlet "The Good Council Guide" (Policy Study no 84 April 1987). As a practical lesson in "best practice", nothing I could say would improve on his account. In Wandsworth the politicians backed up by able and loyal local government officers won, and the result has consistently shown up on good poll results for the Conservative administration (confirmed again in a recent by-election in November 1987); in an increase in "front line" services at the lowest rates in London; and a considerably slimmed down but better motivated workforce whose initial scepticism was replaced by pride in working for a model administration.

Between 1978, when the Conservatives won control of the council and 1985 staff numbers were reduced by a third. Every fringe activity was rigorously examined and the number of departments and directorates was reduced. Competition and privatisation were extensively used. The council was successfully aiming at lower expenditure and a lower rates bill. But they were determined that the quality of core front line services should be maintained and enhanced.

There is no reason to suppose that savings comparable to those realised in Wandsworth could not be achieved by other councils.

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In 1978 Wandsworth had similar rate levels to other inner London boroughs, but its local rate is now one of the lowest in London, and its standards of service stand in comparison with any.

In political life, Councillors are subject to pressures from a variety of different sources: from outside local interest groups demanding this or protesting against that: from the Councils own workforce and its Unions - very potent lobbies: from local members of the political party they represent and from their own political colleagues: from the media and of course the general public. Councillors are elected to serve the general public but what the general public 'wants' is difficult to judge from a pile of ballot papers, particularly when in local elections only a minority of electors bother to vote and they tend to vote on national rather than local issues. It can be difficult for a politician on the basis of the representations he gets from the public to assess what is in the public interest. A councillor's ward casework consists largely of people with particular problems like council tenants who want to transfer, or Mrs Smith angry about her neighbour's proposed extension. At a 'group' level, there are lobby groups arguing for more resources. In these circumstances it is too easy to respond to problems according to the pressures of who shouts loudest at the time. The council workforce is itself one of the most clamorous interest groups. Fear of conflict and disruption and being unloved is I suspect one of the major reasons why so few councils have put services out to tender.

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Most councils continue to subscribe to the principle of central wage negotiating machinery, which continues to award wage increases above inflation without commensurate productivity strings. Though the difficulties of opting out of such national machinery are very great, very few want to do so. For many local government services, our competitive tendering legislation will exert a pressure on local authorities and unions to take more account of local market pressures on wage rates and working practices and will create its own pressures to break up the national wage negotiation machinery at least of the services affected. Indeed one hopes that many council workers will form companies to compete for contracted out work, and in due course take their companies into the private sector.

What the general public wants of local government is that it should provide good services as efficiently as possible. It is above all the duty of councillors to ensure they achieve it by the application of these principles:

- that while the public sector should set and enforce standards and determine the level of provision, competition is the best way of securing value for money
- that we should always question whether it is right for the public sector to do a job when private individuals or companies could and would compete to do the job themselves

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- that we are seeking wherever possible to encourage personal responsibility rather than to promote the state as universal problem solver and safety net

- that the delegation of as much as possible to the private sector enables the local authority to direct resources better to where they are most needed and provide for them more effectively. It also helps to promote local firms and jobs and entrepreneurs.

We need members and officials who are not wedded to the power base of a large department; who do not believe that success is measured by the number of staff they employ and the amount of money they spend; who are not the prisoners of any pressure groups; who are not over influenced by the unions or other producer groups. Their task is first and foremost to serve the public, the consumer. If the public can best be served in some area by private sector provision, then the task for the authority is to work out how this can be achieved and to assist and encourage the private sector. If a variety of providers is desirable then the council needs to work out how to encourage diversity and fruitful competition. If regulation is needed then the task is to find how to do this fairly, efficiently and swiftly without stifling initiative and enterprise. We need people who are prepared to test the advice they get against these principles.

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THE RIGHT TOWN HALLS - THE CONSERVATIVE RESPONSE TO CHANGE

When I was first asked to do a pamphlet for the CPS, the idea was that I should provide an analysis of the history and present aims of the Conservative Party in local government to balance Professor Regan's analysis of the Labour Party in local government.* But one thing became clear fairly quickly. An analysis of Labour in local government cannot be paralleled by a paper on Conservatives in local government. Thankfully indeed, one cannot point to ideological "trends" and "groupings" in the ranks of Conservative councillors in the same way as one can in the Labour Party. Throughout, lies the doctrine of "Municipal Socialism" which has done so much harm to local interests.

Conservatives have always been more pragmatic and locally based in their approach. In the 19th century one could find Tory council groups in cities not so far apart believing quite contradictory things. At the turn of the century for example when the debates about municipal spending were essentially between "improvers" and "economisers" - those who wished to finance new facilities and those who wished to retrench, the Conservatives were "economisers" in Manchester, but "improvers" in Liverpool. Indeed the improving proclivities of Liverpool Conservatives led them to endorse municipal provision of tramways, electricity and even a zoo in the early years of the

* (footnote to be supplied by CPS)

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20th century! In my experience there are still enormous variations in the way different Conservative councillors perceive their role. So it is difficult to define coherent political "trends".

Conservatives go into local government often for reasons which have little to do with theoretical politics. They might for example have been affected by a council decision and been drawn into politics by the thought that they could do the job better. They might have come in through their involvement in the Party at a local level, an involvement which often has a strong social element. There has been a strong tradition of "Independent" councillors. Many of these have now become Conservative but still tend to eschew links with the central party organisation and are generally suspicious of party politics as applied to local government.

This is healthy in many ways, but there are dangers in too little politics just as there are dangers in too much. What I have described in this pamphlet is a more sharply defined idea of what it is that local politicians are there to do. It is a Conservative idea but it is also a practical view of the best way to provide good local services which should apply to all local authorities, whatever their political persuasion. It should particularly appeal to Conservative councillors.

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The problem is that in the widespread dislike among Conservative councillors of "politicisation", what is political and desirable sometimes gets confused with what is political and undesirable. We all agree in deploring the 'gesture politics' and dubious political tactics associated with the Labour Left: the extravagance on blatantly political aims: the use of local government as a platform to conduct political warfare against central government rather than the means to provide efficient local services: the autocratic domination of the political caucus overriding political judgement. But too often the dislike of the "political" extends to a rejection of policies put forward by a Conservative Government which would greatly assist councillors in providing better service to the public: policies like competitive tendering or privatisation. Going on from that, while Conservatives applaud the tremendous achievements of this Government in getting inflation down and setting the economy right, they do not always see how the controls which we have on local government spending, borrowing and use of capital receipts are an essential and integral part of the strategy that made these achievements possible; nor quite see how they can achieve similar success through employing similar policies.

John Gyfford in his book "Local Politics in Britain" defined three levels of the councillors perception of his role. "At one level the councillor might insist that the policy making is the politicians prerogative and might devote much time along with his political colleagues to devising policies in line with their

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shared political objectives. Or the councillor may be happy to leave policy initiatives largely to officers concentrating his attention on examining the proposals they bring forward to ensure that they are politically acceptable. Or yet again they may accept quite uncritically whatever policies are put forward by the officers deriving satisfaction not from the content of policy so much as from "being in the know", "pushing things through", and "getting things done".

In my view, the first definition is a definition of the proper role of a politician - any politician - and we wish to encourage that in local government. So to that extent, I would like to see my colleagues in local government become more politicised. This Government is a radical Government with a radical message. It is not prepared to rubberstamp time honoured policies and practices which have been responsible for our decline. As it is radical, it hopes to see Conservatives at all levels of administration and government adopting a similar questioning and innovative approach.

To be effective as a politician as opposed to a manager or administrator, you cannot work in a political vacuum. The essence of politics is the communication and development of ideas between people. Conservatives have a strong localist tradition, but the danger of too much localism is that the Party's voice and through the Party the political interpretation of the Government's voice is not heard. The persuasive arguments in

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favour of competitive tendering for example may never be given an airing and can be stifled by well briefed vested interests on the other side. At a time when the legislative framework within which local government operates is changing so fundamentally, it is essential that the Party at all levels discusses the implications and how it can best take advantage of the changes. Remember, communication is not all one way either. Many of the most successful Government policies which affect local government began from initiatives taken from local government which have been promoted in national legislation by central government: council house sales and competitive tendering to mention two.

When the new system of Local Government Finance comes into effect, it will be of paramount importance that Conservatives are well prepared to meet the challenge of the far reaching transformation in the relationship between councillors and voters and the atmosphere of local politics that it will bring.

How do I think the atmosphere will change? In two major ways.

First, if a crude distinction is made between voters who want to see local authorities increase the scope of their services and spending and those who want to keep both to a necessary minimum, the balance would shift markedly to the latter end of the spectrum because everyone would pay something towards the cost of services and we will no longer have the phenomenon of the voter who pays nothing towards services but benefits from them.

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Second, I believe that a clearer system of this sort which enables simple comparisons to be made between the different performances of local authorities will lead to greater interest by voters in what their local authority actually does and how it performs. There will be a move away from national issues as a determinant of peoples votes in elections to local issues. It mean the actions of local politicians will - like the actions of national politicians - come under close public scrutiny.

These developments will be reinforced by the reforms we are making in the provision of local authority services which I have described, which will make local authorities more responsive to the wishes of the clients of those services.

The result will be to turn the spotlight strongly on local authority activities. We may see more interest in the manifestos of local political parties and greater scope for diverse political groupings with Independents and charge payers representatives coming back as alternatives to the main political parties. Conservative councillors with their belief in prudent and responsible management of local authorities are well placed to take advantage of these changes. But there will be no room for complacency or drift. Conservatives represent a lower spending alternative to Labour, but they may not always represent the most efficient and frugal possible administration in the eyes of local voters. They will have to be careful to ensure they do. Spending decisions will be much more controversial and closely

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scrutinised than they are now. The costs of services provided by different councils will be compared and questioned. People will expect more information and involvement in local council issues.

In changing the ways in which things have been done for decades, we are predicably enough accused of attacking local government. I emphatically reject that charge. Certainly local government's powers in certain respects will be limited, but they will be limited in practice not by the Government but by local people. The style of local government will have to become much more "interactive". There are few of any party in national or indeed local government who admit to being happy with the way in which many monopoly council services are provided now. The lack of choice in housing and education, accompanied by what appears to ordinary people to be a remote and insensitive approach form a consistent feature of political rhetoric, whatever the party. By giving rights to those who complain about these things, we bring about more democratic participation in local affairs. This should be welcome to Conservatives whose belief in local government is founded on a belief in pluralism and participative democracy.

When people vote in local elections they tend to vote on national issues. This is regrettable - but it is so. They tend to vote according to their perceptions of the aims of a party as expressed and implemented by national politicians. If the local council they vote for, though it may call itself "Conservative"

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or "Labour" does not seem to conform to the national model, people may feel that they are not actually getting what they vote for. Adopting a party label is something which should ideally aid democratic choice. The fact that the Conservative controlled authorities who try hardest to support the aims of the Conservative government are the ones who do better than average in local elections is no accident. And I believe that a closer attention to the actual performance of the local politician and an assessment of how he matches up to the image the voter has of the party he represents will be a major feature of the new Community Charge era.

Finally the role I have described for a local politician is not merely one which should promote better local government, it is also one which should make the role of local councillor - particularly a Conservative councillor - more rewarding and fulfilling than it is now. His role will shift from the role of manager to the role of enabler and decider of local priorities, always conscious of what his decisions will cost his charge-payers. As the monopoly position of local authorities in many areas is challenged, so councillors will less and less be in a position where they can be manipulated by the power of monopoly unions. It will be both in their interests and in the interests of the workforce to put high standards and good service to the public above everything else. In that sense the politician's role will be much more political.

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Many local Conservative politicians are or have been managers of one sort or another in their own careers. They do not on the whole go into local politics because they want more of the same. They do so because they are aware of something beyond management which is quintessentially "political" - enabling the local community to have those services which the free market would not provide, which must be provided communally.

We hear constantly of good people leaving local government because of the time being demanded to discuss matters both of a national nature - like South Africa and Nuclear Policy - and detailed matters of a managerial nature. If the role for councillors described in this pamphlet were substituted for the current role, the job of being a local councillor would, I believe, be more attractive to the leaders of local communities, not less so. It would take less of busy people's time.

It would make for healthier local government too. The growing tendency by certain left wing councils to intervene in day to day management has resulted in a growing volume of complaints by local government officers of political interference in administration. They do this because left wingers see management itself as a tool to be manipulated in favour of particular client groups whose support they hope to buy. This is very time consuming, and even a corrupt use of political power. It gets away from the idea of politics as serving the public interest to pore barrell politics - political patronage. The more that is

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managed outside the council, subject to market pressures or the pressure of competition, the less this sort of abuse can take place.

There needs to be open debate both in the Country and within political parties about the role of local politicians in local government, in the light of various reforms which are now taking place. I hope this pamphlet will start the ball rolling in the Conservative Party, and perhaps beyond.



bc BG

10 DOWNING STREET
LONDON SW1A 2AA

27 January 1988

From the Private Secretary

Dear Roger,

CPS PAPER ON LOCAL GOVERNMENT

The Prime Minister has seen the draft paper attached to your Secretary of State's minute of 26 January. She considers that it is a good paper and is content for it to be published, but thinks it important it should be made quite clear that it is a personal paper by your Secretary of State and not a Government paper.

The Prime Minister has noted that other colleagues may have detailed comments on the draft. She has asked your Secretary of State to have another look at the material on local authorities capital programmes on pages 28-31 which she feels gives too much emphasis to the scope for, and desirability of, local authorities financing additional spending from the proceeds of asset disposals.

I am copying this letter to Alex Allan (H.M. Treasury), David Crawley (Scottish Office), Jon Shortridge (Welsh Office), Tom Jeffery (Department of Education and Science), Geoffrey Podger (Department of Health and Social Security), Peter Smith (Chancellor of the Duchy of Lancaster), Philip Mawer (Home Office) and Roy Griffins (Department of Transport).

*Yours,
Paul*

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment.

ECM



It is a good
paper - but
NOT a good

10 DOWNING STREET

paper. That
might
make sense.

Prime Minister

~~Handwritten scribbles~~

MR. RITLEY'S PROPOSED CPS
PAPER

1. Paragraph 132 of Produce
for Ministers (attached)

supports Mr. Ridley's right to
submit an article.

2. I gather he is keen to do it,
and would want to talk to you
if you still wanted to resist the
idea.

3. I think there are 2 options:

a) See Mr. Ridley and urge him
to drop the whole thing.

b) I could write with detailed
comments on pps 28-31 plus
any reactions you have on Ch. 4.

Which option would you prefer? RLE 6
2/11

however be made sparingly. In cases of doubt, and in all cases where a Minister is contemplating the contribution of an article going beyond the strict confines of his or her Departmental responsibility, the Prime Minister should be consulted, preferably before work has begun and in any case before any commitment to publish is entered into. In all cases where an article contains material which falls within the Departmental responsibility of another Minister, that Minister must be consulted. Ministers should not accept payment for such writings.

129. It is not in general desirable for Ministers to engage in controversy in the correspondence columns of either the home or the overseas press. Ministers may however see advantage in correcting serious errors or mis-statements of fact which lead to false conclusions. Such letters should be brief and confined to the exposition of facts. The Prime Minister's authority should be obtained beforehand, through the Chief Press Secretary at No. 10.

Complaints

130. Ministers who wish to make a complaint against a journalist or a particular section of the media either to the Press Council or to the Broadcasting Complaints Commission must have the authority of the Prime Minister. The nature of the complaint and the case for referring it to the appropriate body should be set out in a letter to the Chief Press Secretary at No. 10, copied to the Secretary of the Cabinet.

Books

131. Ministers may not, while in office, write and publish a book on their Ministerial experience.

Party publications

132. The rule in paragraph 127 does not debar Ministers from contributing to the publications of the political organisations with which they are associated. However, in all cases where an article contains material which falls within the Departmental responsibility of another Minister, that Minister must be consulted. Payment should not be accepted for such articles.

Interviews

133. In deciding whether to grant an interview to individual journalists, Ministers will bear in mind the need to avoid allegations of favouritism. Their interests will be best protected if they are accompanied by a member of the Information Branch of their Department at such interviews.

134. Ministers are sometimes asked to give interviews to historians or to other persons engaged in academic research or in market opinion surveys, or to fill in questionnaires at the request of such people or organisations. Ministers should bear in mind the possibility that their views may be reported in a manner incompatible with their responsibilities and duties as members of the Government. Careful consideration should therefore be given to such invitations before they are accepted; in cases of doubt, the Prime Minister should be consulted.

Royal Commissions

135. The Prime Minister should be consulted if any Minister is invited to address a Royal Commission or Committee of Inquiry.

Supply of Parliamentary publications

136. A Minister in charge of an item of business in the House of Commons must ensure that reasonable numbers of copies of any documents published during the last

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cc BG

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

NBCM

BRCG
28/1

Roger Bright Esq
Department of the Environment
2 Marsham Street
London SW1P 3EB

28 January 1988

Dear Roger

CPS PAPER ON LOCAL GOVERNMENT

WITH PG?

Your Secretary of State copied to mine his minute of 26 January circulating the draft pamphlet outlining his views on the future role of Local Government.

My Secretary of State would like to suggest some minor amendments to the references on pages 13 and 20 to education so as to avoid any possible misinterpretation of what Mr Ridley is saying. For convenience I attach at Annex to this letter extracts from these pages, together with the extracts as slightly amended, as indicated by sidelinings.

You have probably already picked up the typographical error on page 18: in the fourth paragraph on that page "school roles" should read "school rolls". We have not checked the statistics on this page.

I am sending copies of this letter to the Private Secretaries to the Prime Minister and the other members of the Cabinet to whom your Secretary of State copied his minute, and Trevor Woolley (Cabinet Office).

Yours,

Tom Jeffery

T B Jeffery
Private Secretary

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Existing TextPage 13

Education is an example of a service in which there is a very strong national interest, and a growing national political concern with standards. Many people find it unacceptable that simply because of where they live their children should have a different standard of education. They regard education as a service where there should not be local variations in quality. We believe that it is right therefore to set a national core curriculum for education so that parents have some yardstick with which to judge the education that their children are receiving.

Page 20

In education for example there is at present a strongly articulated national political demand for the introduction of national standards of assessment and attainment. The current Education Bill provides the means for bringing these standards into effect. At the same time there is a growing local demand for more local influence over individual schools and other educational establishments. The strengthening of the power of school governors, and the new proposals for allowing individual schools to opt out of Local Authority control reflect this demand. As the national standards establish themselves, and as opting out leads to a wider variety of providers of education there will effectively be more competition and more stimulating comparisons between different areas and between schools. All of this will put Education Authorities on their mettle to keep their standards up to scratch, and to achieve efficiency in the delivery of education.

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Suggested Revised Text

Page 13

Education is an example of a service in which there is a very strong national interest, and a growing national political concern with standards. Many people find it unacceptable that simply because of where they live their children should have a different standard of education. They regard education as a service which should have high standards throughout the country. We believe that it is right to set a national core curriculum for education so that parents have some yardstick with which to judge the education that their children are receiving.

Page 20

In education for example there is at present a strongly articulated national political demand for the introduction of national standards of assessment and attainment. The current Education Bill provides the means for bringing these standards into effect. At the same time there is a growing local demand for individual schools and other educational establishments to have real control over their own destinies. The strengthening of the power of school governors, and the proposals for allowing individual schools to opt out of Local Authority control reflect this demand. As the national standards establish themselves, and as opting out leads to a wider variety of providers of education there will effectively be more competition and more stimulating comparisons between different areas and between schools. All of this will put Education Authorities on their mettle to keep their standards up to scratch, and to achieve efficiency in the delivery of education.

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