

PRIME MINISTER

ROLE OF LOCAL AUTHORITIES

You are to discuss with Mr Ridley his minute of 25 May - Flag A. Although he has called it the role of local authorities, it is principally about the structure. He does not seek to make any changes to the system of local government finance and, now that community care is close to being settled, he sees the main issues of functions as being settled too. His view was reflected in the Conservative Party Manifesto for local government elections - Flag B. Also present will be Mr Gummer, Sir Terry Heiser, Mr Wilson (Cabinet Office) and Mr Mills (Policy Unit).

Richard Wilson's note - Flag C - suggests a way of structuring the discussion. The main purpose of the meeting is to decide:

- i. whether you agree that only minimal changes to structure are called for;
- ii. whether any of these changes should be made in this Parliament or held over for the Manifesto for the next.

Whatever you decide will be in competition with Labour's plan for abolition of the counties and their replacement by regional assemblies. Their proposals are summarised in John Mills' note - Flag D.

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27 June 1989

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27 June 1989

STRUCTURE OF LOCAL GOVERNMENT

The fundamental issue is whether the Government should or should not be contemplating further major structural reform of local government in the lifetime of the next Parliament.

Our initial view is that there is no obvious case for major reform, and that Nicholas Ridley's 'steady as she goes' approach has much to commend it.

This view is strengthened by the Labour Party's proposals on this subject (see attachments). These envisage radical change based on regional assemblies and abolition of counties. If the Government is opposed to this kind of regionalism (which is mainly a sop to the North-East and North-West to compensate for Scottish and Welsh devolution) it makes no sense at all to call the existing county structure into question.

In any case, the impending announcement on Griffiths will be a signal that the Government has faith in the county structure of local government.

As for more minor change, Nicholas Ridley's ideas on a return to county boroughs and greater parish pump activity are well worth developing in more detail. They could have considerable political attractions in their own right, as well as being an antidote to Labour's top-heavy approach. Action at the parish level on the "local environment" eg control of litter and dogs is particularly worth further consideration.

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Labour's plans are full of conceptual and practical difficulties which do not seem to have been thought through at all. If Nicholas Ridley's approach is agreed, it is worth considering whether the Government should not seek to take the high ground in public debate on this well ahead of an election and before any head of steam in favour of ill-defined "regionalism" is allowed to build up.

This suggests a possible White Paper reflecting on all that has been done over the last decade to get the local authority house in order, with a defence of essentially the present structure but also looking towards the kind of changes like county boroughs which, as Nicholas Ridley characterises them, go with the grain.

There is otherwise a danger that regionalism will be promoted as a popular concept, which gets government 'closer to the people' (although in reality it would be further away), and thus forcing the Government and those broadly in favour of the status quo, on to the defensive.

John Mills

JOHN MILLS

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LABOUR POLICY REVIEW:

SUMMARY OF PROPOSALS ON LOCAL GOVERNMENT REFORM

Basic philosophy: Decentralisation and devolution of power downwards. Extension of democracy through regionalism.

Scotland : Assembly with legislative and financial powers including power to vary income tax.

Wales : Elected body to cover Welsh Office functions and those of quangos etc. Abolition of county and district councils. Replaced by 17-25 'most-purpose' authorities.

England : About 10 elected regional assemblies. Boundaries of regions and form of elections for further consideration.

Transfer to regions of 'Whitehall functions' (eg work of Departments' regional offices) and functions exercised by quangos etc. Responsibility for strategic health planning (RHAs abolished), water and sewage, and strategic transport planning).

Abolition of county councils and of counties as administrative units. Transfer of county functions - notably education and social services - to districts. At least some salaried, full-time district councillors.

Replacement of community charge by a property tax related to income of those living in the household.

but for most bills its powers of delay will be restricted to only allow the opportunity for revision before final consideration by the House of Commons. To improve its efficiency as a revising chamber we propose that the second chamber develop a Standing Committees (including Special Standing Committees) system for the detailed scrutiny of bills and Special Select Committees for general examination of government policy.

The new second chamber will be an essential element in the protection and promotion of fundamental rights. For it will, in effect, entrench our fundamental rights legislation. In the British system of government there is only one way of preventing a government with a substantial majority and supine back-benchers from transforming Parliament into an elective dictatorship. That is the creation of at least one House of Parliament which, because of its composition and construction, will not automatically accept Cabinet directives.

We propose that the second chamber should be the instrument which prevents the swift repeal of legislation on fundamental rights by any authoritarian government which might, in the future, be elected. We propose therefore that the new second chamber should have new delaying powers over measures affecting fundamental rights. It will possess the power to delay repeal of legislation affecting fundamental rights for the whole life of a Parliament — thus providing an opportunity for the electorate to determine whether or not the government which proposes such measures should remain in office. The extra delaying power will apply to all items of legislation specifically designated as concerning fundamental rights and all legislation establishing the national and regional assemblies. The second chamber will also possess the absolute right of veto on any proposal to extend the life of Parliament beyond the constitutional maximum of five years.

The Judicial Committee of the present House of Lords will continue to function as the supreme court made up of senior judges appointed — not as now by a Cabinet Minister with clear political allegiance — but by an independent committee responsible to the Minister for Legal Administration.

Protecting our freedoms

British citizens are today denied fundamental rights which are taken for granted in other democracies. The right of every individual to equal treatment under fair laws; the right to privacy; and the right to know — these will be established through new laws, and protected by the new constitutional powers of our second chamber.

Reforming the House of Commons

The creation of a new second chamber with powers to revise but not initiate legislation will emphasise the democratic authority of the House of Commons.

We referred in our first Report to the need to ensure that all actions of Government are subject to political and parliamentary control, including those actions now governed by the arbitrary use of the Royal Prerogative to legitimise actions which would otherwise be contrary to law. We reaffirm our intention to review the Royal Prerogative and to identify particular areas of government activity which should be regulated by statute or excluded from its protection.

The House of Commons must also become a more democratic and accessible institution. Our new Freedom of Information Act will have a significant impact on the ability of Members of Parliament to question and scrutinise all aspects of Government policy. Televising the House of Commons, to which our party has long been committed, will bring the House of Commons nearer to every citizen. If the House of Commons is to cope with initiating all legislation and dealing with increased European business after 1992, urgent steps will have to be taken to streamline procedures and provide the assistance that MP's will need.

We will recommend an all-party review of the documents, language and general procedure of the House which could reduce much of their present obscurity. In order to expedite the scrutiny of Public Bills, new Legislative Committees would be able to call witnesses and take expert advice. There will have to be strictly observed rules about the timetabling of legislation and we will seriously consider attaching a specific timetable to each piece of primary legislation.

Parliamentary scrutiny itself must also be extended in four important ways.

The House of Commons must have the proper opportunity to amend the increasing amount of delegated legislation which comes before it.

The vital work of the Departmental Select Committees must also be strengthened, by requiring them to investigate the public expenditure programmes of departments and by providing them with the necessary permanent research staff. We will also consider providing Select Committees with the opportunity to introduce legislation based upon their specific reports.

Parliamentary powers over public expenditure must be increased by extending the powers of the Public Accounts Committee so that all public expenditure, including the spending of state funds by private organisations, is audited.

A Special Committee of the House should be created specifically to scrutinise the growing amount of European legislation.

The House of Commons must have the power to exercise democratic control over key public appointments which are, at the moment, solely the prerogative of the Prime Minister and individual members of the Cabinet (e.g. the Chair of the BBC and the IBA.)

All these measures will increase the powers of the House of Commons. But more is needed. Compared with the resources and facilities available to Commonwealth and European Parliaments our House of Commons is grossly under-resourced. At a time when there is serious concern about the possible corruption of lobbying activities one answer would be to increase the research facilities and expertise available to the House of Commons as a whole so that independent advice and assistance can be obtained.

Facilities at the House of Commons need urgent improvement. There are still no creche or childcare facilities for Members or staff, and sitting hours make the combination of home life and political duties extremely difficult.

State funding for political parties

Democracy also requires efficient, effective and well funded political parties at both national and local level. We will introduce a system of state financial aid for political parties as recommended by the Houghton Committee. The funding will take the form of annual grants from the Exchequer to national parties, based on the level of electoral support, and limited reimbursement of expenses incurred at local level. We will also impose limits on national spending by political parties comparable to limits at constituency level.

Extending representation

The House of Commons is not representative of the society it is supposed to serve. It continues to be largely middle class, white and male-dominated. Whilst women continue to carry the major burden of unsupported child care and care for adult dependants, and remain segregated in low paid jobs they will neither have the time nor the financial independence to participate in public life.

State aid to the parties will help in the recruitment and training of women and ethnic minority candidates but further action is needed. The Labour Party is taking a number of initiatives to ensure greater participation and representation of women and black people at all levels of the party. We are particularly interested in examining the action taken by our sister party in West Germany, the SPD, which has adopted a quota system. In addition, the present criteria for determining the boundaries of the Parliamentary constituencies lead to some obvious anomalies. We will therefore review these criteria to ensure that Parliamentary Boundary Commissioners reach a more equitable outcome.

Devolution of power and decentralisation of government

The case for modernisation and reform of the democratic process in this country — for both local and national government — is twofold. First, we will not be able to implement the programme of democratic, economic and human rights which this and other Policy Review reports have recommended unless our political institutions are competent to do so.

Second, in modernising local and central government, we are particularly conscious of the need to decentralise and devolve power downwards and outwards to people and to regions which have traditionally suffered from the attitude that Whitehall knows best. That attitude has been intensified to an unprecedented degree since 1979 with the abolition of major councils, the removal of local

powers and functions, and the transfer of power from elected to unelected bodies.

Our party has, in conviction and practice, always believed in the diffusion of power. Our proposals for the devolution of power to Scotland, Wales and the regions of England reflect that belief and will help to build up the local foundations of a strong, efficient and fair democracy. Where possible decisions should be taken by the people whom those decisions affect. Our proposals for extending democracy are the beginnings of a process which must be developed and extended for the rest of this century and beyond.

The nations and regions of Britain

Scotland has its own political tradition, legal and educational system, its own cultural and national identity. Scotland must have, at the earliest possible opportunity, its own democratically elected Assembly with legislative and tax-raising powers. A Welsh Assembly and a network of regional assemblies in England will help to create new, more effective, more local government.

Scotland

In Scotland, very special considerations apply. A separate Scottish legislative system within Westminster already reflects a very distinct political tradition buttressed by Scotland's own legal system and sense of cultural and national identity. The Scottish Office, with its thousands of Civil Servants and devolved administration, is already in place. What is missing is any satisfactory measure of democratic control. We intend to provide it.

Labour is committed to establishing, at the earliest possible moment, a directly elected Scottish Assembly or Parliament, with substantial legislative powers. The starting point will be the present remit of the Secretary of State for Scotland, who does the job of eight or nine United Kingdom Departments. The Assembly will have a range of responsibilities which will enable it to reflect Scottish opinion and meet Scotland's needs. We shall end a system which has produced the injustice of the Poll Tax, the damaging attacks on Scottish education and has sought to undermine the essential principles of the Health Service. Most decisions affecting Scotland will be taken in Scotland.

We are determined that the new Scottish settlement will be firmly established in our system. Many will remember the lengthy debates about the problems of definition and the judicial review powers of the Privy Council during the passage of the Scotland Act in 1978. The fear was conflict and dispute between Parliaments in London and Edinburgh. In fact each will have a defined and distinct role with the one complementing the other. There must this time be no possibility of constitutional pressure on the election of a hostile Government. We are determined to entrench the powers of the Assembly, and it may be this is best done through the powers we will give to our proposed new second chamber which will replace the House of Lords.

The Assembly will have a significant and wide ranging economic role. The responsibilities will include the Electricity Industry, the Scottish Development Agency, the Highlands and Islands Development Board, industrial training and the operation of regional development policies, including the attraction of inward investment. The power will be there to influence investment decisions and to build up Scotland's economic base which has been so badly damaged by recent neglect. These responsibilities and the extended legislative powers are a considerable advance on what seemed appropriate ten years ago.

The Assembly will have a substantial budget reflecting its wide responsibilities and pressing needs. The Scottish Office alone will be allocated £9000 million this year. Spending power on that scale will in itself make the Assembly a considerable economic force. It will have the additional power to vary the level of expenditure by varying income tax rates in Scotland. We are examining the practicalities of different systems, including the gathering of direct taxation on a Scottish basis, with the 1978 system being reversed and Westminster's share being remitted after collection. The priority is to make sure the financial powers are effective and allow real room for discretion. If Scotland's elected representatives want higher public investment they must raise the cash and answer for what they do at the ballot box. It is an essential discipline for any democratic arm of government.

Changes in national government inevitably affect local government. The Assembly responsibilities are carved out from Westminster, and its very existence and wide remit makes a strong case for a move to one-tier all-purpose local authorities. The basis of this is a belief in strong local democracy and the need to re-establish the right of local communities to run their own affairs. There will have to be consultation about the basis on which services can best be delivered and the size and responsibility of authorities.

Our plans for the Assembly are considered and detailed. Our approach, however, is not inflexible. Labour will consult and listen to public opinion in Scotland. The aim is to build a broad coalition of support in the community and that is why the party in Scotland is taking a leading role in the Constitutional Convention. This has brought together a broad section of Scottish opinion in the drive for necessary constitutional change. No one should underestimate the difficulties, but it would have been irresponsible and narrowly partisan to reject the opportunity for constructive discussion and, hopefully, effective cooperation in a common cause. The Convention is at an early stage but its progress and conclusions will influence the way in which the broad thrust of policy develops.

The Assembly is part of a wider campaign to disperse power and break down the centralised authority which has been so blatantly abused in recent years. It is a specific Scottish solution to a particular Scottish problem, but complements the move to regional Assemblies in England and the plan for Wales. The common theme is a determination to build in the kind of checks and balances which will prevent a return to the bitter experience of the Thatcher years. An imaginative, effective response to Scotland's needs will strengthen the United Kingdom.

Wales

The Labour Party in Wales is undertaking comprehensive consultations about the form and financing of the devolution of democratic power to the country. The favoured option which has emerged from the first phase of consultation is the abolition of county and district councils and the establishment of between 17 and 25 most-purpose authorities, together with an elected body for Wales responsible for Welsh Office functions and the work of nominated bodies.

The interim report of that review has been published for consideration by this year's Wales Conference and the process will be concluded next year. At that time the party in Wales will consider its final proposals for inclusion in Labour policy.

Regional Government in England

For over a decade the party has been considering the case for regional authorities in England. Britain now stands alone in Western Europe as the only large country which does not have any system of regional government.

We believe the arguments for new elected regional assemblies have become increasingly powerful over a decade which has seen the power of central government intensify and the disparities and inequalities between the regions grow wider. Our success in managing regional economies, which vary considerably from one part of the country to the other, and in providing regional services, which should all aim for the highest quality standard, will depend on a new strategic power to bring management, intelligence and resources together at a regional level.

The new regional authorities we propose will be a means of decentralising power from central government, but they will also be a means of extending power at regional level.

The vast bulk of local government services — services such as education and social services — which account for the largest proportion of spending will transfer to the district authorities. We intend that, wherever possible decisions will be taken by the people whom those decisions affect. The spending programmes of the districts will be controlled by the districts themselves.

The new regional authorities will be a means of decentralising power from central government by the transfer of functions downward from Whitehall. But they will also absorb, under democratic control, the functions exercised by non-elected boards and quangos.

The regional authorities will be established with certain core responsibilities which can be added to and extended as appropriate. These will include functions such as providing intelligence about regional labour market needs, now exercised by Whitehall, or not exercised at all, which will stimulate the regeneration of local economies.

The regional assemblies will assume responsibility for the joint planning role of the Regional Health Authorities, which will be

abolished. They will also take over water and sewage responsibility, and strategic planning from the dissolved counties. Regional responsibilities of central government departments will go to the regions, as will some aspects of higher education.

Our proposals will ensure that each region has a direct input into the national public expenditure planning process. Our aim is to iron out, over time, major regional imbalances.

Fairness and justice will be at the heart of Labour's alternative to the inequality and injustice of the poll tax. Our proposals, set out in last year's NEC statement "Local Services, Local Choices, Local Taxes" are currently being developed in detail. These will link a new property tax with the income of those living in the household. We will ensure that our alternative is clearly based on the ability to pay. We would also restore business rates as a local tax.

Local authorities and the regional tier would both be funded through our new system of local government taxation. We do not believe it would be sensible to split the tax by giving the regional tier the more buoyant element based on income as this would undermine our proposals for the key roles to be played by both regional and local government.

Having looked at possible regional boundaries we believe it is possible to construct about 10 regions in England — with an average population of just under 5 million people — which make geographic and economic sense and reflect regional identities where these exist. Decisions on these boundaries will not be reached until we have had extensive consultation. The creation of regional government in Italy, France and Spain suggests that regional consciousness develops as its value is perceived and as it secures local interest. Our policy of "regionalising" central government and devolving power to regional assemblies would, we believe, itself confirm and accelerate the development of a regional identity.

The form of election to the regional assemblies is a matter for further consideration.

Local government reform

Local government provides the opportunity to express the aspirations and values of the community it serves and to develop practical policies based on local knowledge and needs. The government has chosen to ignore the fact that we all depend on our local councils for the majority of essential services.

Since the war, the Conservative Party has been responsible for every reorganisation of local government. Each "reform" has been flawed. We believe, for the reasons set out in our 1987 consultative document that the present structure is inherently unstable, inefficient and cannot last.

In 1987 we stated that our preferred approach would be to create most-purpose local authorities, based wherever appropriate on existing districts, with responsibility for education, social services and most other county council functions. The counties as administrative units, would then be dissolved and only functions which could not sensibly be exercised by districts, such as strategic transport planning, would transfer to a new regional tier.

The responses to our consultation paper and the separate submissions we received as part of the policy review support that model. Significantly, our proposals have won support from other quarters outside the party. The Conservative-controlled Association of District Councils has also called for most-purpose authorities.

But the case for reviving local government goes beyond structural reorganisation. The attacks on local government have struck at the heart of local democracy. Electoral registers are contracting everywhere as some of the poorest people in the community desperately seek to avoid the poll tax. Academic research for the Widdicombe inquiry reveals an institution in decline — poor turnout at elections, little interest or understanding of what the local council does, elected representatives who do not always reflect the wider community.

Our objective is to breathe new life into local government by giving it wider powers and greater relevance to people's lives. This is developed in our report, *Consumers and the Community*.

In line with the proposals in our 1987 document we will ensure that there is provision for at least some salaried full time councillors.

The future for Northern Ireland

The long term solution to the conflict in Northern Ireland lies in the establishment of a united Ireland. We firmly reject the use of violence from whatever quarter it comes. A united Ireland can only be achieved through consensual, peaceful and democratic means. Our aim is to achieve a durable political solution, based on compromise and reconciliation between the traditions and communities in Ireland. We will therefore work to reach agreement

with all concerned in Northern Ireland and with the elected government of the Republic of Ireland.

We accept that, at present, the majority of the electorate of Northern Ireland wish to remain within the UK. We support the commitment contained in the Anglo-Irish Agreement that "any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland." However, this should not be allowed to constitute a veto on political progress. We believe that there are many necessary policies which do not involve an unwanted transfer of sovereignty. It will be on this basis that we will seek to build consent for a united Ireland.

A dual strategy is required. On the one hand, Northern Ireland itself must be reformed. On the other, greater cooperation with the Republic of Ireland is required.

These two elements would be mutually reinforcing. Good relations between the two parts of Ireland and an end to violence within Northern Ireland are inextricably interlinked.

Within Northern Ireland, the material and political causes of sectarianism must be eradicated. A Labour government would set to work to put an end to the deprivation, injustice and fear which so disfigures Northern Ireland.

Northern Ireland is the most deprived region of the UK. It suffers from higher unemployment and lower wages than any other part of the UK. Whilst the economic policies which we would apply to the UK as a whole would help to alleviate the problems of Northern Ireland, special treatment must be given. Particular effort must be devoted to securing European Community support for job creation, vocational training and infrastructural investment.

Nevertheless, it is not sufficient to establish a prosperous economy: a fair one is also required. Equality of opportunity in employment is desperately required. Legislation will be strengthened in order to help eradicate religious and sexual discrimination.

Despite progress, housing provision is still inadequate. Comprehensive education is required to reduce gross educational inequalities. Adequate state support for integrated education should be made available and every encouragement given to its development.

The unequal funding of state and maintained schools must also be redressed, whilst support for the cultural traditions of both communities must reflect our commitment to equality and respect for the two communities in Northern Ireland.

We will also extend laws on women's rights to Northern Ireland.

The erosion of civil liberties has been particularly damaging. We recognise that paramilitary violence has inspired many of these violations, but the indefinite suspension of human rights cannot facilitate the cause of peace.

To this end the Prevention of Terrorism Act will be repealed, whilst the Emergency Provisions Act will be amended and eventually repealed. Diplock Court cases will be heard by three judges. We will also work towards the restoration of jury trial for all offences. Strip searching will be ended, as will the use of plastic bullets. Inquest procedures and the legal definition of the use of permissible force will be reviewed. A Labour government will use all legal means necessary to defeat the terrorists and bring them to justice and ensure that, in carrying out their responsibilities, the security forces act clearly within the law.

We believe that it is necessary to restore responsibility to the elected representatives of Northern Ireland. We will work with the political parties in Northern Ireland to establish a devolved power-sharing administration in Belfast. We also applaud the efforts of the trade unions and other organisations in Northern Ireland, who are working to undermine sectarianism and develop a truly non-sectarian community.

Co-operation in Ireland

The second element of the strategy is to create closer co-operation between the two parts of Ireland.

Existing institutions, such as the Anglo-Irish Agreement, will be used to extend cooperation into a wide range of policy areas. These would include security, the economy, tourism, agriculture, energy, transport, education and social security. Joint planning in these policy areas is both necessary and desirable.

Such harmonisation is necessary because of the challenge to both parts of Ireland posed by the approach of 1992. Joint approaches by the two Governments to Brussels will be much more successful in obtaining funding from the European Community, particularly in relation to the border areas. The Single Market will make the border less relevant and the benefits of cooperation between the two parts of the island more apparent. Coupled with the policies designed to improve conditions within Northern Ireland, we believe that it will be possible, step by step, to build the consent needed to achieve unity in Ireland.



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From the Private Secretary

13 June 1989

BM
Further to my telephone call, I am writing to confirm that there will be a meeting here at No.10 on the structure of local government at 1545 on Wednesday 28 June. The meeting should last 45 minutes.

I am copying this letter to Trevor Beattie (Minister for Local Government's office, DOE) and Mike Bailey (Sir Terence Heiser's office, DOE).

Amanda Ponsonby

Miss Michelle Cameron,
Department of the Environment.

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