

SUBJECT ~~MASTER~~

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A37

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

29 June 1989

Dear Roger,

ROLE AND STRUCTURE OF LOCAL GOVERNMENT

The Prime Minister held a meeting yesterday to discuss your Secretary of State's minute of 25 May. Also present were the Minister for Local Government, Sir Terry Heiser, Mr Wilson (Cabinet Office) and Mr Mills (Policy Unit). I would be grateful if this record could be seen only by Ministers and officials directly concerned with handling the subject of this letter.

Your Secretary of State said he did not want to propose major changes to the functions of local government. There had been major changes in recent years, and some changes were still in the pipeline, e.g. the restructuring of housing revenue accounts and the revised arrangements for community care. He was, however, keen to see a further extension of competition and contracting out. Nor did he want to propose any major changes to local government finance. The priority was to complete successfully the transition to the community charge.

There were, however, some changes to the structure of local government which were attractive. For the most part, the counties were viable in relation to the functions allocated to them and they commanded the loyalty of their populations. There were, however, some exceptions to this. The 1974 reforms had created a number of entities which had failed to attract local loyalties e.g. the counties of Avon, Humberside and Cleveland. The restoration of a number of county boroughs would be popular. He did not want to recreate all 78 but felt that a system allowing districts with a population of over 100,000 to seek county borough status would be popular. Rather than imposing such a solution it would be even better if county boroughs of this size were given the option of reclaiming their former status. This might open the way for about 20 county boroughs, all of which would still leave viable counties.

In discussion the following points were made:-

- i. It would be necessary to ensure that there was not a fragmentation of costs.
- ii. The fact that many districts already acted as agents for the counties in the delivery of services would limit the amount of disruption.
- iii. Much of the pressure for the abolition of counties came from the former county boroughs. This pressure would be largely nullified if the larger ones were able to revert to their former status.

Summing up this part of the discussion, the Prime Minister said she agreed with your Secretary of State's conclusions. The emphasis for the rest of the Parliament should be on completing the present series of major reforms. There were great attractions in aligning local authority boundaries so that they reflected people's perception of where they lived. This would provide an attractive alternative to Labour's plans for regions which would take local government further away from people.

The discussion then turned to parishes. The Minister for Local Government said that there were enormous disparities in the size of parishes from a population of a few hundreds to several thousands. Some quite large towns resented being dependent upon districts, the headquarters of which might, in rural areas, be many miles away. He would like to develop arrangements which allowed the larger parishes to take over responsibility for the delivery of some local services. This might be done by providing that these parishes could opt to take over the services or that the district could delegate them to them. The Prime Minister agreed that this would be a desirable development.

It was agreed that the proposals both for county boroughs and for parishes were best kept for the Manifesto rather than being acted upon in the present Parliament. No announcement should be made until nearer the election. Meanwhile your Secretary of State and the Minister for Local Government were asked to work up these proposals further.

There was no discussion of changes to constitutional arrangements.

The discussion then turned to the position in some of the inner city authorities. The Minister for Local Government said that many of them had passed through a phase of ideology and their difficulties reflected a sheer lack of competence. Senior posts were frequently unfilled, or were filled by people in an acting capacity only. Such authorities did not have the managerial capability to deliver effective services. He was particularly concerned at the conditions in some inner city housing estates. In some of them a majority of tenants were in arrears, though it was possible that they were still claiming housing benefit. (The Prime Minister asked that this

should be investigated further with the Secretary of State for Social Security.) A large proportion of the dwellings were occupied by squatters and the services provided by the local authority were minimal. The Government's proposals for Housing Action Trusts were designed to tackle these problems but while tenants were getting away with paying no rent they had no incentive to seek better landlords.

The Prime Minister expressed concern at this. Although the failure to collect rents could bring some authorities to the point of financial collapse, she was reluctant to impose commissioners. It was essential that people saw the consequences of the actions of the local authorities for which they had voted. Nevertheless, it was very worrying that many public services, e.g. Post Office and Social Services, were unable to operate freely in these estates. Ways needed to be found to restore community life in these areas.

I am copying this letter to Trevor Beattie (Minister for Local Government's office) and Richard Wilson (Cabinet Office).

*Your sincerely
Andrew Turnbull*

Andrew Turnbull

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