

PROFESSOR GRIFFITHS

cc: Mr. Turnbull  
Miss Sinclair  
Mr. Mills

LOCAL GOVERNMENT: SOME LONGER-TERM ISSUES

The Prime Minister discussed with you today some longer-term issues on the structure and functions of local government.

The Prime Minister said she was concerned that, in the longer-term, the community charge would provide an insufficiently buoyant source of local revenue to meet the costs of the present range of local authority services. It might therefore be a useful exercise to consider whether the present range of functions should be sustained; whether some functions might be carried out in other ways; and if so, what consequences that had for the remaining functions and future structure of local government.

The Prime Minister noted that there were wider arguments for reviewing the structure of certain key local services, which had an important national dimension also, such as the police, fire and education services.

Police and Fire

The Prime Minister said that there were at present 48 separate police forces in England. They varied in size: and some were not capable of investing in the sophisticated machinery necessary to win the battle against crime. There had also been calls for an FBI-type organisation in England: this could be investigated further. The present size of Special Branch was probably too limited.

The financing of the police forces by local authority mechanisms and special grants was too open-ended and did not promote efficiency. A recent Audit Commission report had identified scope for making improvements.

Many of the above criticisms also applied to the fire service.

Concluding this part of the discussion, the Prime Minister said that Carolyn Sinclair should be invited to prepare a paper on options for re-structuring the police and fire services. Such options should retain the policy role with central government. But alternative arrangements for managing local police forces, divorced from local government, should be examined. A similar paper on the fire service should also be prepared by Miss Sinclair. It would be important that both pieces of work were undertaken within Policy Unit, without consulting other Government Departments at this stage. No indication of the existence of this work should be made public.

Education

You referred to your earlier minute to the Prime Minister about the scope for radical reform of local education authorities (LEAs). There were two possible ways forward on higher education: one model might be to transfer some or all of the technical colleges to central government, following the example of the polytechnics. Another would be to allow technical colleges to opt out of local authority control: this depended upon a voucher system so that students could choose between local authority and opted-out colleges.

On schools you suggested that the right way forward might be to break up local education authority schools into a series of trusts. The key was to take ownership of schools away from local authorities and put them back into the hands of parents, via trusts. Ultimately parents would have a choice between grant-maintained schools, the new trusts and private schools. It was important to realise that some local education authorities were putting great pressure on schools and their headmasters not to become grant-maintained and opt out of LEA control. Some particularly bad examples had come to your attention - and the Prime Minister asked that these be followed up.

The Prime Minister commented that she saw considerable attraction in the proposal for taking schools out of local education authority control and putting them in the hands of trusts. These

trusts might be CTC trusts, local parent trusts or other groupings. A residual role in LEAs might be necessary however for special schools which handle difficult children or those with handicaps of some kind. It would be important to retain national standards and therefore an inspection role from the centre. But that might not be left in the hands of the present HMI: a review of the HMI would need to be taken forward at some stage. It might be useful to investigate what lessons could be learned from other countries' experience, in Germany, Holland and France.

You commented that if and when these proposals were presented, in the longer-term, it would be necessary to emphasise that they were designed to secure improved quality of education rather than to break up the present LEAs.

Summing up the discussion, the Prime Minister invited you to consider these ideas further. In due course a small group might be brought together to consider some of the practical steps required. The Prime Minister again emphasised it was vital that no hint that this work was underway should be made public.

Subsequently you and I discussed how the work would be taken forward. It was agreed that in the first instance you would prepare a paper on education; Carolyn Sinclair would prepare papers on the police and fire services. It was also necessary to consider what functions would be left to local government and how they might best be structured in the future. John Mills would take this on and prepare a paper to the same timetable.

On this basis, the Prime Minister would be able to look at these papers over the summer holiday and decide how to take matters forward.

BHP

BARRY H. POTTER

22 JUNE 1990

LOCAL GOVT: Relation