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PRIME MINISTER

2 August 1990

RESTRUCTURING LOCAL GOVERNMENT AND ABOLITION OF COUNTY COUNCILS

I was asked to prepare a paper on this on the assumptions that

- unitary local government was essential in order to achieve community charge accountability;
- new arrangements would anyway be considered to remove police, fire and education from local authority control.

Abolition of county councils would be a major step. It would be harder than abolishing the GLC because many county services impact on people's daily lives and are politically sensitive. By 1984, in comparison, the GLC had lost transport and housing and had no services left.

But while the process would be complex, there is no insurmountable difficulty. Indeed the upheaval would create opportunities to reorder and revitalise a range of public services which have become over-bureaucratic and are probably not run too efficiently.

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RESTRUCTURING LOCAL GOVERNMENT AND ABOLITION OF COUNTY COUNCILS

Introduction

This paper starts from two premises:

- (a) the inherent desirability of moving to a fully unitary system of local government;
- (b) the need to restructure local government consequent upon changed arrangements for education, police and fire services. This principally affects counties, but to the extent the LEA role is eroded or reduced, it also affects metropolitan districts and London boroughs.

Both premises lead to the conclusion that county councils should be abolished.

The question is, therefore, how best to do that and how to redistribute and reorganise the various county functions.

Terminology

It is important to be clear about this at the outset. One is talking of abolishing county councils, not counties. The distinction is important. County councils were only invented 100 years ago, superimposed on a structure where counties, as both geographical and administrative entities, had existed in recognisably the same form since the 12th century if not earlier.

With councils abolished, counties would continue to exist. Lords-lieutenant would still be appointed. They would still be used for addresses, and sports teams. People would still relate to them as their part of the country.

Quite possibly some existing county council functions would be organised afresh - trusts, boards, private contractors or whatever-

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still on a county-wide basis. If unitary local government is the key, one can well envisage some district councils, especially in the smaller counties, combining to form one county-wide district. Or districts could combine for certain functions only.

This is without prejudice to the possibility of abolishing altogether the 'new' counties like Avon and Humberside which have not taken root. It also opens up the prospect of reverting, in addresses, and perhaps even district council titles, to traditional county names such as Cumberland, Westmorland, Huntingdonshire, Rutland and the Yorkshire Ridings. People cherish these and it would be popular to revert to them.

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Historical Background

This is also worth noting at the outset, since it helps one understand not only that county councils are a relatively recent addition to the scene but also that before they were invented in 1888 local government was a mosaic of different organisations - boards, trusts etc - of the kind which could well be used again to oversee and enable the delivery of services. Generally these combined control and monitoring from the centre, with day to day delivery of services organised locally.

In the 18th century, such local government as existed in the shires was mainly conducted by special purpose authorities created under local Acts eg for water supply and highways. From the 1830s, attempts were made, with some success, to put local administration in sensitive policy areas on a more organised footing, and the main device for doing this was Parliamentary Boards set up under general Acts, eg

- Board of Poor Law Commissioners
- General Board of Health
- School Boards (these were local and elected)
- Local Government Board
- Metropolitan Board of Works

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Although there was predictable inefficiency and some corruption, the model was essentially sound and lasted a long time: an authority at the centre with statutory duties on policy and service standards, coupled with maximum freedom on implementation by local agencies.

The pressure to add elected county councils to this mosaic, which grew in the 1870s and 1880s, was partly a response to some undoubted inefficiencies, but was also a product of its time. It was seen, especially in the Tory Party, as a necessary and practical answer to "over-centralisation, a concept to which Lord Salisbury, Prime Minister at the time, was particularly opposed.

But county councils were not given every function lock, stock and barrel:

- 1902: School Boards, the precursor of LEAs, were only handed over in 1902.
- 1929: Poor Law Guardian duties, from which part of the modern social service function derives, were not handed over until 1929.
- 1971: Only in 1971 were social services departments formed with the taking on of the former Medical Officer of Health role in services for the mentally ill and handicapped.

Equally important is to note that over the years functions have been lost as much as gained. Examples:

- 1936: trunk roads: to Ministry of Transport
- 1948: hospitals: to the NHS
- 1950: rating valuation: to the Inland Revenue
- 1974: water/sewerage: to the new regional water authorities
- 1990: polytechnics: to DES and the new Funding Council

This constant process of gain and loss on the part of counties, which over the last 50 years has certainly been more loss than gain,

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provides useful perspectives for any changes now contemplated. One is certainly not tackling an institution unsullied by change for over a century. The one dominant theme of local government in the 20th century has been constant change. All that matters, just as it did in the 19th century, is to take each individual function and decide on merit how it is best organised.

FUNCTIONS OF COUNTY COUNCILS

At present these are broadly as follows:

- education
- police
- fire
- social services
- transport planning
- transport regulation
- highways
- strategic planning
- waste disposal
- consumer protection (trading standards)
- libraries/museums
- probation service (80% funded by specific grant)

Of these, education accounts for two-thirds of county spending, and the first 4 on the list account for 90% of spending.

Restructuring of functions

On abolition of county councils, there are four options for each function. It can either go

- down to district councils
- up to central government
- across to new bodies such as area boards or trusts
- or cease to function altogether.

The following paragraphs assume however that all functions are

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redistributed and that nothing ceases. The two big spenders, education and social services are considered last since they are where the most challenging restructuring problems arise.

Taking the other functions in turn:

Transport planning/Transport regulation

Down to districts with some coordinating machinery between them as necessary (not necessarily confined to existing county structures). There is no reason why districts, which include large cities and towns, cannot take over functions which metropolitan districts and London boroughs already perform.

One function of which some aspects might however need to go up to the centre is public service subsidies to public transport, especially for rural areas.

Highways

This covers planning and construction of roads as well as maintenance. A lot of this can clearly be inherited by districts without much difficulty: they often act as agents for the county on maintenance, for example.

It might however be necessary for the Department of Transport to assume a larger role in respect of trunk/main roads (as they now do for motorways). DTp already has a well-established regional structure for road planning and letting construction projects.

Strategic Planning

This will have to go up to central Government. The right home may be in DOE's regional organisation, but a review of the whole business of county plans is bound to be necessary.

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Waste Disposal

There is a practical function here as well as a regulatory role. Putting all this down to districts is not an obvious solution as might first appear since the aim of recent policy has been to separate waste collection (district responsibility) from waste disposal and the regulatory oversight of the latter when done by private contractors. There are obvious environmental sensitivities.

The best way forward may be to create waste disposal boards or authorities in each county or group of counties to regulate a system of waste disposal entirely contracted out. A precedent of sorts are the joint waste disposal authorities in London and the former metropolitan counties. Although they are overseen by boards on which each relevant district or borough is represented, they are in practice fairly autonomous. There seems no obvious reason why districts should be represented on new county area boards. Although there will need to be consultation with districts, the principal relationship should be at arm's length, ie contractual and regulatory.

Consumer Protection

This should go down to districts. The current situation is in any case quite anomalous (environmental health officers employed by districts and trading standards officers employed by counties) and needs rationalisation regardless of the wider issue.

Libraries and Museums

Down to districts too. For libraries, there is obviously a case for districts to be free to collaborate if they wish. For museums, there must in some circumstances be a case for eg trust status.

Probation Service

This is an odd fish. The Government already funds 80% of the costs of the service. Counties fund the rest from RSG, but with little means

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of controlling spending since policy and service demand is largely dictated by legal system pressures.

But it should be noted that from next year it is the intention to cash limit the 80% specific grant. The effect of this will be to force county councils to take a more prudent interest in probation service efficiency.

The Government in fact issued a Green Paper in February 1990 on the future of the probation service. One option was a national service. Another was 100% specific grant funding of a local service, with enhanced local management through a wider role for existing local probation committees. These are at present independent bodies comprised mainly of magistrates accountable neither to the county council nor the Secretary of State. The Green Paper floated the idea of their including fewer magistrates and more community and business representatives.

Either of these options, as well as being good for the probation service, will solve the problem as far as the abolition of county councils is concerned. Also worth noting, though, is that the local probation committee is an interesting administrative model which could be adapted for use in respect of other services where a non-elected, local management structure needs to be created afresh.

Police and Fire

Possible new arrangements are discussed in a separate note. The only comment to be made here is that, to the extent these involve moving functions and powers up to central government, it may be politically more difficult to do the same with other county services.

Education

The process of eroding and reducing LEA powers can gather pace quite separately from any action on county councils. But it is accepted that there will need to be a residual 'LEA' role. On abolition of county councils, LEAs, or whatever is left of them, will need new

homes.

There are three broad options:

(a) LEA responsibilities are moved down to district councils

This has the advantage that what is left of LEA functions will remain locally-based and locally-financed via RSG and the community charge. Adult education, for example, could easily be organised at district level. And it would ensure consistency with London and the metropolitan districts.

But there are a number of arguments against:

- district councils may well be unwilling volunteers to take over a 'rump' function, especially if reorganisation was giving them lots of other, more interesting functions to get to grips with. This must apply in particular to big cities like Bristol or Nottingham;
- to the extent that the residual role, at least initially, remained quite large - and LEAs are a big industry to dismantle - there would be the danger of replacing 39 county LEAs by 300 new opponents of change;
- splitting up county LEAs into districts will be quite hard given that they are organised functionally. This could be a serious diversion of energy from the main task of carrying through the change in school funding etc outlined in Brian Griffiths' note.

(b) a centrally-funded County agency

This would involve keeping existing county LEAs broadly intact but funded centrally and answerable to, say, a local board of management appointed by the Secretary of State.

The advantages are:

- it would be much easier to implement the rundown of LEAs if they were removed from local authority control altogether;
- it would avoid the danger of just taking on too much when school funding reorganisation etc was the major task;
- it would recognise the fact that districts would have enough new things on their plate without adding education too.

But there are serious disadvantages too:

- it would be seen as over-centralisation;
- to the extent that residual LEA functions would be fairly local, central funding would be going too far in denying local accountability;
- it would require similar action in London and the metropolitan districts.

(c) a county agency overseen by districts acting jointly

The advantages of this are that it would keep the existing county organisation broadly intact while ensuring 'local' control. But there would be serious management difficulties, especially where districts had differing political control: who would be in charge? A 'joint board' approach seems quite feasible for something like waste disposal, but for a major and sensitive area such as education it seems a recipe for confusion and divide and rule on the part of county hall bureaucrats.

Further work needs to be done on this in the light of decisions on Brian Griffiths' note about restructuring LEAs. Much depends in particular on how quickly it is anticipated that LEA functions will be taken away, as opposed to withering away over time.

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Social Services

This is probably the most problematic county function to redistribute:

- responsibilities increasing not decreasing (eg more old people, new Children Act);
- community care;
- vested professional interests (most of the social work profession) within the county hall bureaucracy itself, unlike teachers who are at one remove;
- politically sensitive functions which are not obviously being performed badly and with high exposure to lapses caused by administrative disruption.

There are two options:

(a) Delegation to districts

It would be quite practicable to pass existing functions down to districts. Most have populations as large as the smaller London boroughs which already have the function.

The downside of this is potentially high resource costs. There would be 400 social services departments in England in place of 100 and this is bound to generate cost pressures and duplication of effort. For example, reallocating social workers to new, smaller organisational units could well end up being cushioned by extensive upwards regrading.

All these can be tackled. But doubts are increased because of community care. It is hard to see the agreed model for community care working in quite the same way at shire district level. In particular, would they all have sufficient status and 'market power' to make a reality of greater competition and consumer choice in the provision of

care? There is a danger that their individual requirements would be too small and fragmented to create attractive opportunities for the private sector.

The likelihood is, therefore, that a decision to abolish county councils will almost certainly necessitate a reassessment of the agreed 'local authority' route for community care.

(b) Free standing centrally funded agencies

The obvious alternative option would be not breaking-up existing county departments but turning them into free-standing centrally-funded agencies. This would help achieve continuity in service delivery, but would put the Government on the line, as with Health, regarding adequacy of resources and service delivery. It would also raise the question whether to do the same, or whether one could not avoid doing the same, for London and metropolitan districts.

The balance of argument seems to favour a district council solution for social services. This is feasible but complex, and a very careful analysis of the practicalities will be needed to ensure that service delivery is actually enhanced and not disrupted or made less efficient.

TIMING AND IMPLEMENTATION

Abolition of county councils will require major legislation. April 1994 would seem to be the earliest target date for abolition. But it is essential that there is a rolling programme before then to transfer certain functions to successor bodies: this will be critical to reduce uncertainty and to prevent a haemorrhage of key staff. An obvious first candidate is trading standards.

One would also envisage main changes proposed in education, police and fire to be initiated earlier than 'abolition day'. It may also be necessary for some functions - social services is an obvious example - to function in whole or part under a residuary authority in order to smooth the transfer to new arrangements.

A critical date is May 1993 since the next county council elections are scheduled for then. Early legislation will be needed to cancel these and extend the life of existing councils until abolition; otherwise one will end up with councils seeking a mandate for their own continued existence. This issue, it will be recalled, caused a lot of controversy in 1984, regarding the GLC.

LABOUR'S PLANS

A short note on these is attached for reference. Abolition of county councils is a central feature along with a new regional tier. No detail has been forthcoming as to how districts take on existing (unchanged) county functions, including education in particular. Nor has there been any indication as to how the regional tier would be funded.

SUMMARY

The very tentative conclusions of this paper would result in the following redistributions of functions:

- education - depends on decisions about residual LEA role. Either down to districts or across to free-standing county agency which could be funded centrally
- police) - up to new national services (as proposed
fire) by Carolyn Sinclair)
- social services - down to districts, subject to a reassessment on community care
- transport planning) - down to districts, with possibly one or
transport regulation) two specific functions up to Government
highways)
- strategic planning - up to Government

- waste disposal - across to new county boards
- trading standards) - down to districts
libraries/museums)
- probation service - up to new national service (already suggested by Government)

CONCLUSION AND RECOMMENDATIONS

Abolition of county councils will be a major step. There are no insurmountable problems but there are real problems of detail in sensitive areas, social services in particular. These will need careful and detailed further work.

The following principles are recommended to inform this further work:

- one should not start from the assumption that all county services must continue to be provided under the umbrella of 'local democracy'. Flexibility is necessary in order to find the right model for each function;
- it follows that it should not be presumed that services are, wherever possible, pushed down to district council level. A realistic view needs to be taken of what district councils are actually capable of taking on;
- the working assumption should be that the new community care policy can be implemented at district council level, but this needs to be carefully assessed and alternative options may therefore have to be reconsidered;
- legislation to abolish county councils should leave London boroughs and the metropolitan districts untouched except where the possibility of changes in LEA organisation will need to cover them too;
- the transfer of functions away from county councils should

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begin as soon as possible to ease the transition. Some candidates - eg trading standards - could in principle be dealt with quite quickly and this would help entrench the overall policy objective;

- although the target date for abolition might be two or three years after the next election, action should be taken to cancel the 1993 county elections and extend the life of existing councils.

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SUMMARY OF LABOUR PROPOSALS ON LOCAL GOVERNMENT REFORM IN 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.