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11 January 1985

Dear Andrew,

PUBLICITY ON OBSTRUCTION AND ILLEGAL ACTION BY LOCAL AUTHORITIES

My Secretary of State has suggested that you may find it helpful to have a copy of the enclosed draft speaking notes in case a suitable opportunity should arise for an appropriate reference to be included in a future speech by the Prime Minister.

Copies of this letter go to the Private Secretaries of other members of MISC 109 with a request that they be drawn upon by colleagues when the opportunity arises.

Yours sincerely
John Ballard

JOHN BALLARD
Private Secretary

Andrew Turnbull Esq

DRAFT SPEAKING NOTES ON OBSTRUCTION/ILLEGAL ACTION BY
LOCAL AUTHORITIES

1. Many of the Labour-controlled local authorities selected for rate limitation have been threatening to break the law by refusing to comply with the Rates Act. Some say no rate or precept will be made; others that it will be made at too low a level to support spending. Some other local authorities such as Liverpool are threatening illegal action even though they are not rate capped.

2. These councils claim their action would be taken in defence of local services. Indeed some of the rate capped authorities have gone so far as to suggest that they have no choice but to break the law if they are not to fail in their statutory duty to provide local services. This must of course be nonsense given the high levels at which these councils are spending compared with other councils.

3. Since some of these local services are ones for which I am responsible, I feel I should say something on this subject. Because the threat to local services comes not from the Rates Act, but from the kind of irresponsible behaviour which these councils are threatening. [Material on specific service.]

4. The rate and precept limits we have set for these councils are based on expenditure levels set in July last year. The Government believes that those levels are reasonable. If councils had thought otherwise, and if they believed services would suffer, they could have sought a higher spending level, as was their statutory right. None did so. Instead they are brandishing bleeding stumps and threatening (their word) "non-compliance". I wonder who they think they are kidding?

5. Let us be clear about what that euphemism "non-compliance" means. It means breaking the law. It's easy to say quickly. But have those who mouth the slogans thought through the full implications, for themselves and for others, of law-breaking? Let's spell them out.

6. For the councillors themselves, it could mean surcharge and disqualification from office. Long-standing local government legislation gives the auditor a clear remit in cases where he finds that unlawful expenditure or wilful misconduct has taken place. If a loss or deficiency occurred which the auditor considered resulted from wilful misconduct, the councillors concerned could be subject to proceedings for surcharge and disqualification. A surcharge of £2,000 or more per councillor would automatically imply disqualification for five years in these circumstances under the existing law.

7. For the council it could mean Court challenge, either seeking a direction that the council make a rate or to quash a rate which was above the limit set by the Secretary of State.

8. But frankly, I'm not too worried about the effects on those who are themselves responsible for the law-breaking. After all, they are bringing the consequences upon themselves. What worries me much more is the effect on innocent people who depend on the services these councillors claim to be defending; and the effect on the council's employees who are paid to deliver them. I am sure many of these people want nothing to do with the politically motivated campaigns of their councillors. But the effect on them could be catastrophic.

9. Because all these so-called "strategies of non-compliance" boil down to one thing in the end. Sooner or later, the money runs out.

10. When that happens, the first to suffer will be the council's own employees, because there will be no money to pay them. The councils claim to have the backing of their employees - and their trade unions - for what they are threatening. But whatever their politics, those workers and unions will surely find it hard to understand why they should be laid off, or asked to work for nothing, so that their employees can try to score political points. It seems rather an odd way of protecting jobs.

11. Just as importantly, I am sure the people who use council services will feel equally perplexed as those services grind to a halt [examples as appropriate]. Wasn't this, they will say, the council who claimed to be protecting services?

12. The councillors themselves must know that this is what will happen, and must be well aware that those least able to defend themselves will suffer most. I can only hope that commonsense will prevail in the end. If not, no-one should doubt that I and my colleagues will regard it as our responsibility to protect the services for which we are responsible. We will not let local people suffer as a result of politically motivated action which is neither of their making nor in their interests.

11 JAN 1985

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