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PRIME MINISTER

GLC CHALLENGE TO DIRECTION UNDER S.49 OF LONDON REGIONAL
TRANSPORT ACT

In the High Court today, the GLC successfully challenged the direction by the Secretary of State for Transport to transfer £280 million to the Department of Transport. John Wybrew's note attached sets out the history of the case.

Mr. Ridley is appealing against the judgement (though given the terms in which the High Court Judge gave his ruling the position does not look too promising) and the matter is therefore sub judice. In the meantime contingency plans are going ahead to prepare legislation either:

- (i) to extend the direction making powers under S49
to allow new directions to be made in 1985-86;
or
- (ii) to name a specific sum up to the full \$281.3
million which the GLC should pay towards the
running cost of LRT.

These options are discussed more fully on page 7 of the DOT paper.

This is an embarrassing development which may encourage legal challenges by the GLC and MCCs in their resistance to abolition. It is not yet clear, however, whether the Government will lose money; this depends on the outcome of the appeal and the nature of the further legislation.

Mr. Ridley has promised a fuller report on the implications of this case.

11 January 1985

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RIDLEY EXCEEDED POWERS, JUDGE

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THE GLC HAD COMPLAINED TO THE COURT THAT THE DEMAND WAS UNLAWFUL BECAUSE IT WAS TOO LARGE AND WOULD HAVE MEANT CUTS IN OTHER VITAL SERVICES, SUCH AS HOUSING.

MR JUSTICE MCNEILL AGREED WITH THE GLC THAT TRANSPORT SECRETARY NICHOLAS RIDLEY HAD EXCEEDED THE STATUTORY POWER GIVEN TO HIM UNDER THE 1984 LONDON REGIONAL TRANSPORT ACT.

THE ACT WRESTED CONTROL OF LONDON'S TUBES AND BUSES OUT OF THE HANDS OF THE GLC AND PASSED IT TO LONDON REGIONAL TRANSPORT, SET-UP BY THE GOVERNMENT UNDER THE NEW LEGISLATION.

THE JUDGE SAID MR RIDLEY AGREED HE HAD WRONGFULLY ASKED FOR £10,200,000 TOO MUCH IN DEMANDING THAT THE GLC PAY £281,300,000 BETWEEN LAST JULY AND NEXT APRIL.

MR RIDLEY, WHILE AGREEING THAT HE HAD ASKED FOR TOO MUCH, ARGUED THAT THAT DID NOT MEAN THE WHOLE DEMAND HAD TO BE SCRAPPED AND DECLARED UNLAWFUL. HE CONTENDED THAT THE AMOUNT OF THE DEMAND COULD SIMPLY BE CHANGED.

THE JUDGE QUASHED THE MINISTER'S DIRECTION MAKING THE DEMAND.

THE GLC IS NOW CONSIDERING ITS POSITION OVER THE FUTURE PAYMENT OF ITS INSTALMENTS TO LRT AND ANY REPAYMENT DUE.

THE DEPARTMENT OF TRANSPORT - WHICH WAS ORDERED TO PAY THE COSTS OF THE HIGH COURT HEARING - IS CONSIDERING AN APPEAL.

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