

CONFIDENTIAL



PRIME MINISTER

ABOLITION OF GREATER LONDON COUNCIL AND METROPOLITAN COUNTY COUNCILS

The Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95) has held further meetings under my chairmanship. This minute reports our conclusions. It is mainly concerned with issues on which it is important to announce the Government's intentions during Second Reading of the abolition Paving Bill next week. There are further, more detailed, matters on which it will be necessary to take decisions before the end of April so that drafting instructions can be finalised. DOE Ministers will discuss these with the colleagues concerned; I shall report to you further if necessary.

ABOLITION STRATEGY

2. MISC 95 was unanimous that we must stick to the strategy set out in the White Paper 'Streamlining the Cities' (Cmnd 9063): maximum devolution to the boroughs and districts; providing joint boards only for a limited number of services; and setting up no other significant county-wide bodies. This approach continues to be favoured by the majority of our supporters. Although it may be necessary to make exceptions in a few cases, it implies a strong presumption against the creation of joint boards other than those already proposed, and against the allocation of additional functions to joint boards.

THE JOINT BOARDS

3. Leaving aside education in inner London (see paragraphs 11 to 21 below), Cmnd 9063 proposed joint boards for only three services: police, fire and public transport. In the case of public transport the metropolitan districts would be invited to submit bids to run their own services.

4. MISC 95 agreed that the joint boards should be set up directly by the abolition legislation; but that the legislation

CONFIDENTIAL



should provide that Ministers might by order change the geographical areas of operation: this would include the possibility of excluding one or more districts (who would take over the function in question) and of dissolving joint boards entirely. Some such approach will be needed to give effect to the White Paper proposal on public transport; it is also analogous to what the Group recommend for education in inner London. The Group did not think that a mere provision for review of the new arrangements, without power to give effect to the results, would be sufficiently reassuring to the districts.

5. However, in order to avoid any impression that the new arrangements in metropolitan areas are merely temporary, and to discourage too many applications for changes in joint board areas, it will be necessary to make clear during the passage of the abolition legislation that we do not intend to change the new arrangements until they have had a reasonable period in which to prove themselves; and that the onus of proof will be firmly on anyone who wishes to propose change to show that such change would be more economical or more effective or both.

#### ALLOCATION OF SERVICES

6. The Group agreed on the treatment of a number of services on which issues arose during consultation or on which choices had to be made between options offered in Cmnd 9063 or elsewhere. Their conclusions are summarised in part 1 of Annex A. A number of other services are still under consideration. I shall arrange for further discussion of them in MISC 95 if necessary.

#### RESIDUARY BODIES

7. Cmnd 9063 suggested that certain residual matters could not be dispersed to the boroughs or districts. Consultation has shown that the same is true of some other minor additional tasks: part 2 of Annex A gives a full list.

# CONFIDENTIAL



8. Cmnd 9063 proposed that residual matters of this sort should be dealt with by a small, separate body in London appointed by and responsible to the Secretary of State, and by a 'lead district' in the metropolitan counties. Consultation has shown that there is much opposition to the 'lead district' concept: it poses serious difficulties in that the lead district would be able to override the wishes of the other districts. MISC 95 agrees that instead the task, in both London and the metropolitan counties, should be carried out by an appointed body. Although there is a case for having one body to serve all areas, the Group consider that it will be less objectionable to local sentiment if each area has its own body.

9. There will be pressure for the residuary bodies to be subject to local political control. Since they will be carrying out largely technical functions this should be resisted. It will however be helpful presentationally if the bodies have a limited life (say 5 years) and are required to make schemes for setting up alternative arrangements for tasks which may continue after that date. The Minister for Local Government is giving further thought to this.

## OTHER SPECIFIC MATTERS FOR EARLY ANNOUNCEMENT

10. There are a number of other matters on which, to regain the initiative, it is desirable to announce our intentions during Second Reading of the Paving Bill next week. These are as follows.

- (a) Education in inner London;
- (b) The Arts (sport raises similar issues);
- (c) Voluntary bodies.
- (d) Historic buildings in London

# CONFIDENTIAL



## EDUCATION IN INNER LONDON

11. The Cabinet have discussed education in inner London on two recent occasions. They reached no views on whether it would be desirable to set up a directly-elected body to run education in inner London after the abolition of the GLC, but asked MISC 95 to consider this, on the premise that any new body would be a precepting, not a rating, authority (CC(84)9th Conclusions, Minute 5 and 11th Conclusions, Minute 5).

### Desirability of a directly-elected body

12. MISC 95 came down firmly in favour of a directly-elected body. It is the preference of an overwhelming majority of those who commented on the White Paper; its accountability to the electorate would be beyond question; and the simplicity and acceptability of direct elections should ease the passage of the abolition legislation.

### Electoral basis

13. For the reasons set out in paragraph 5 of C(84)12 initial elections to a directly-elected body should be based on returning two members for each Parliamentary constituency in inner London. For the longer term, if the Cabinet so decided, it would be possible to ask the Local Government Boundary Commission to recommend new, single-member constituencies as soon as they had completed their forthcoming review of borough boundaries.

### Date of first elections

14. The Cabinet decided that the abolition Paving Bill to be presented to Parliament this session should not include provision for direct elections. However, in discussion the possibility was mentioned of preparing provisions for

# CONFIDENTIAL



introduction at a later stage which would still allow the first elections to be held in May 1985.

15. The Lord Privy Seal has strongly opposed this suggestion. He argues that introducing such provisions would delay the passage of the Bill and would have a knock-on effect on other legislation; a statement of our intention to set up a directly-elected authority in 1986 would satisfy those who were concerned about the matter. Further he argues that to legislate for a 1985 election would infringe the principle that the Paving Bill should not deal with substantive abolition issues. (The Lord President has since written supporting this view .)

16. However, a clear majority of the Group took the view that it was most desirable to hold the first elections in May 1985 and therefore to insert appropriate provisions into the Paving Bill during its passage. As paragraph 14 of the C(84)12 shows, if direct elections were not held until later, then between May 1985 and April 1986 there would be three different memberships of the body responsible for education in inner London. Moreover the scope of the Paving Bill cannot be drawn so as to prevent amendments to achieve 1985 elections; having conceded the principle of direct elections, we would almost certainly face strong Conservative pressure in both Houses to legislate for 1985 and could well be forced to concede.

## Electoral cycle

17. The London borough elections are held on a four-year cycle: the next elections are due in May 1986. The first elections to a directly-elected educational authority must be held before then in any event. However, it is necessary to consider whether later elections should take place at the same time as the borough elections or in different years. (if we decided in favour of holding the two elections at

# CONFIDENTIAL



the same time, the length of the first term of office of the new authority would be adjusted appropriately).

18. The arguments are evenly balanced:

(i) Elections at the same time would be cheaper, and might produce a higher turn-out;

(ii) Elections in different years would keep education and other issues distinct, and make it more likely that candidates for the education authority would be judged by its policies and performance. .

19. The Secretary of State for Education and Science is taking sounding of leaders of inner London borough councils and inner London Members. He will report the outcome as soon as possible.

## Accountability

20. Our consideration, in accordance with the Cabinet's conclusions, was on the premise that a directly-elected authority would be a precepting authority. We think it would be possible to increase the amount of information available to ratepayers in order to enhance its accountability. Proposals to that end are described in detail in Annex B to this minute. I should particularly draw to the attention of colleagues that the proposal to require rating and precepting authorities to provide supplementary information to ratepayers entails an amendment to the Rates Bill in the House of Lords, but this should not give rise to difficulty.

## Review

21. You have expressed some concern that a directly-elected

# CONFIDENTIAL



body would have a degree of legitimacy which would make it more difficult to make later organisational changes. To meet this, MISC 95 recommends that the main abolition Bill should include provisions on the lines of section 30(6) of the London Government Act 1963 for a review to determine whether to transfer all or part of the functions of the new body to all or some of the boroughs; and that any transfer could be effected by a statutory instrument requiring affirmative resolutions in both Houses.

## THE ARTS

22. Cmd 9063 and the more detailed consultative paper on the arts issued with it proposed that the majority of arts bodies should look to the borough or district council for their funding; but that there should be central funding for a few bodies of national or international importance.

23. These proposals have received negligible support. It is widely argued that inner city councils will refuse to give any special priority to funding the regional arts bodies in their areas, and that the outer districts will spend, if at all, only on purely local activities. The arts lobby is extremely influential in Parliament and more widely; and opponents of our abolition policy are using the arts issue as a major part of their campaign. MISC 95 was clear that we must modify our original proposals to try to defuse the issue.

### Channel of subsidy

24. All members of the Group accept that we must channel more subsidies to the arts through the Arts Council and the Museums and Galleries Commission in place of the boroughs and districts and that <sup>there</sup> would have to be central funding of

# CONFIDENTIAL



a larger number of bodies than originally proposed. The Chief Secretary, Treasury argued that it would be wrong if this shifted financial burdens from the ratepayer to the taxpayer, and proposed a levy on ratepayers in London and the metropolitan areas. The levy would be set by Ministers and the proceeds channelled through the Arts Council and the Museums and Galleries Commission. However, a clear majority of the Group was opposed to this proposal. It would look like a joint board, but without any accountability to the ratepayers of the areas involved. On the other hand the Minister for Local Government has emphasised the political difficulties of any solution which would (by affecting the distribution of RSG) disadvantage ratepayers in the rest of the country; there should therefore be no reduction in RSG to offset the increase in funds made available centrally.

## Financial implications

25. The Group reached no agreement on the financial implications of these proposals. The Minister for the Arts, in consultation with the Chief Secretary, Treasury and the Parliamentary Under-Secretary of State, Department of the Environment, was invited to give further consideration to the financing of the arts in London and the metropolitan counties in the light of the Group's discussion. I hope that they will be able to report before the Cabinet discusses this minute. But at the very least, I regard it as essential that we should be able to say on Second Reading of the Paving Bill that the Government are aware of the problems and, in general terms, that we intend to add to the original list some bodies of regional significance and to channel further additional funds through the Arts Council and the Museums and Galleries Commission.

## SPORT

26. Somewhat similar issues arise on sport as on the arts, though the sums of money involved are a good deal smaller.



# CONFIDENTIAL



I hope that a similar statement can be made on Second Reading.

## VOLUNTARY BODIES

27. There is no doubt that the GLC, in particular, has been both profligate and foolish in some of its grant-giving; and we must leave no doubt about our intention that there should be reductions in public expenditure in this area after abolition. However, MISC 95 agrees that it will be necessary to take some special action to preserve worthwhile voluntary endeavours and, in particular, to retain the confidence of minority communities. The Group considered proposals from the Home Secretary for further study by officials of the following:-

(a) Securing continued funding of worthwhile county-wide or 'strategic' voluntary bodies.

The abolition legislation would provide for collective grant-giving. Any borough or district would be able to propose that a particular voluntary body should be jointly funded with all other boroughs or districts in the area. If a majority agreed all would be obliged to contribute in proportion to rateable value. There would be a limit on the total sum levied. The Group considered that it would probably be right to require a majority of somewhat higher than 50 per cent say, 55 or 60% in order to reduce the risk of boroughs or districts being forced by a small majority to contribute to purposes of which they did not approve and possibly to incur financial penalties through holdback in consequence.

(b) Avoiding sudden collapse in funding of worthwhile projects serving a single borough or district.

Although it would not be desirable to perpetuate a situation in which an outside body could 'second guess' the judgement

# CONFIDENTIAL



of the borough or district concerned, there could be problems for authorities inheriting worthwhile projects previously funded by the GLC or a metropolitan county. It may be possible to make additional resources available within the Urban Programme. The Commission for Racial Equality might also make more grants to local ethnic groups. The Group did not favour a further proposal, that Ministers should have a discretionary power to increase, for individual authorities the limit of 2p on discretionary spending under Section 137 of the Local Government Act 1972.

(c) Maintaining the momentum of initiatives against racial disadvantage.

Boroughs and districts might be encouraged to form voluntary consortia, with jointly appointed staff supported by grant under Section 11 of the Local Government Act 1966.

28. On Second Reading of the Paving Bill I would propose to say that we intend to bring forward proposals to meet the legitimate concerns of voluntary bodies; but that in London especially there has been over-spending which we do not intend to validate. It would be helpful to outline the proposal at paragraph 27(a) above in general terms: if it was thought that we intended to rely solely on a voluntary scheme it would seriously damage our credibility with the respectable voluntary sector, which might contrast our inaction with our Manifesto pledge of support.

HISTORIC BUILDINGS DIVISION, GLC

29. The GLC's Historic Buildings Division fulfils a unique statutory role in relation to the preservation and listing of historic buildings in London. It has a team of experts which enjoys a national and indeed international reputation.

# CONFIDENTIAL



Informed opinion has been unanimous in deloring its break-up. I have therefore agreed with the Historic Buildings and Monuments Commission that <sup>the</sup> ~~division~~ should be transferred to them. This will entail the Government providing the Commission with additional funding of the order of £4 million per annum. I intend to pursue this with the Chief Secretary, so that I can announce our intentions in the Second Reading debate on the Paving Bill.

## SUMMARY OF RECOMMENDATIONS

30. In summary, MISC 95 makes the following main recommendations, which I invite the Cabinet to endorse:

(i) The strategy set out in Cmnd 9063 should be maintained. there should be maximum devolution to the boroughs and districts; and there should be no substantial extension of joint boards (paragraph 2).

(ii) The abolition legislation should set up the joint boards directly, but should confer powers on Ministers to change the areas of operation of the boards and to dissolve them. It should, however, be made clear that we do not intend to change the new arrangements before they have had a reasonable period in which to prove themselves; and that anyone proposing change must be able to demonstrate that the proposals will result in more economic and effective arrangements (paragraphs 3 to 5).

(iii) There should be appointed residuary bodies to carry out certain tasks (listed in Part 2 of Annex A) which cannot be dispersed in the metropolitan counties as well as in London; it is desirable that these bodies should have only a limited life (paragraphs 7 to 9).

# CONFIDENTIAL



(iv) Education in inner London should become the responsibility of a new directly-elected body. Initial elections to the body should be on the basis of returning two members for each Parliamentary constituency in inner London (paragraphs 12 and 13).

(v) The first elections should be held in May 1985; this will require the insertion of appropriate provisions in the Paving Bill during its passage (paragraphs 14 to 16).

(vi) The arguments for and against holding subsequent elections to the new body at the same time as the London borough elections are evenly balanced (paragraphs 17 to 19).

(vii) The accountability of the new body should be enhanced as proposed in Annex B (paragraph 20). ✓

(viii) There should be provisions for review of the new organisation on the lines of Section 30(6) of the London Government Act 1963 (paragraph 21). ✓

(ix) On the arts, we should, as a minimum, announce our intention of channelling additional funds through the Arts Council and the Museums and Galleries Commission (paragraphs 22 to 25); a similar statement should be made on sport (paragraph 26).

(x) regarding voluntary bodies, there should be further study of the measures outlined in paragraph 27; during Second Reading of the Paving Bill we should indicate our approach to the problem and, in particular, mention in general terms our intention of creating statutory arrangements

# CONFIDENTIAL



for joint funding by boroughs or districts of worthwhile county-wide or 'strategic' voluntary bodies (paragraph 28).

(xi) The GLC's Historic Buildings Division should be transferred to the Historic Buildings and Monuments Commission (subject to agreement with the Chief Secretary on financing arrangements).

31. I am sending copies of this minute to the other members of the Cabinet, the Chief Whip, the Minister for the Arts, the Minister for Local Government, and the Secretary of the Cabinet.

PJ.

P J

3 April 1984



1. PROPOSED TREATMENT OF CERTAIN FUNCTIONS

Planning

1. Powers to be transferred to the boroughs and districts; there will be a single plan for each of the boroughs and districts, and procedures will be simplified.

Urban traffic control

2. Powers to be transferred in the first instance to the boroughs and districts. The Secretary of State will issue guidance. If this guidance is not satisfactorily followed, the Secretary of State will have power to enable him to take over direct control.

Coroners

3. A lead district to be designated in each area. (This is a temporary arrangements, pending the implementation of the Brodrick Committee recommendation for a national service.)

Prosecuting solicitors

4. Prosecuting solicitors departments to be brought into central Government under the Director of Public Prosecutions from April 1986: this is a partial early implementation of the proposal to set up an independent prosecution service in England and Wales.

Civil Defence

5. Transfer to the districts in metropolitan areas; transfer

# CONFIDENTIAL



to the fire service joint board in London.

## Parks and open spaces in London

6. Transfer to the boroughs, with voluntary arrangements where areas cross borough boundaries.

## Scientific services in London

7. Voluntary cooperation between boroughs under an agency agreement with a lead authority.

## Supplies

8. Devolution to the boroughs, who would be free to establish voluntary consortia.

## 2. PROPOSED FUNCTIONS OF THE RESIDUARY BODIES.

(i) Debt service and management;

(ii) superannuation;

(iii) legal liabilities not transferred with functions;

(iv) disposal of surplus property;

(v) winding-up affairs of abolition authorities (eg. closing 1985-86 accounts; disposing of confidential files);

(vi) payment after 1 April 1986 of compensation to staff for redundancy or detriment;

(vii) any other minor matters arising from the abolition legislation.



## EDUCATION IN INNER LONDON: ACCOUNTABILITY

This annex sets out the proposals of MISC 95 for improving the accountability of a directly-elected education authority for inner London raising its funds by precept.

### Rate demands

2. Section 5 of the General Rate Act 1967 requires rating authorities to show on the demand note the poundages being levied by the rating authority itself and for each precepting authority. At present, the ILEA precept is met as part of the GLC precept; and there is no requirement for it to be shown separately, though in practice most boroughs do separate the two precepts. The abolition legislation should include provisions which, in conjunction with new rate-demand rules, will require each rate demand to show the amount/<sup>of</sup> each rate bill going to each new joint board and the new inner London education body.

### Supporting information

3. Powers should be taken to ensure that the successor to the present ILEA must produce a background statement of information (such as budget details and previous year's precept), either to be sent to ratepayers direct or through the rating authorities. It would be hard to justify taking such powers in relation only to the successor to ILEA: they ought to apply to all major precepting authorities. The powers would enable the making of regulations, incorporating different provisions for different authorities or classes of authority if necessary; final decisions on content could be taken at



# CONFIDENTIAL



a later date. It would be possible to provide, for example, for a directly-elected education authority uniquely to post its statement direct to inner London ratepayers.

4. Regulations under the proposed provisions would take effect from 1986-87 and, in line with existing provisions for making rules, would be subject to consultation with the local authority associations and to negative resolution procedures. All changes required to Rate-Demand Rules would then take effect at the same time in 1986-87. The local authority associations can be expected to object strongly to the additional costs entailed by new requirements for the provision of information.

5. Powers on these lines, applying to all major precepting authorities, would be outside the scope of the abolition legislation; but they could be included in the Rates Bill by amendment in the House of Lords. They would not be presented as related to the ILEA, but to the need for greater understanding and accountability generally as a development of the policy set out in the Rates White Paper.