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P.01107

PRIME MINISTER

Abolition of the Greater London Council and
the Metropolitan County Councils

BACKGROUND

Flag A

The minute of 20 September from the Secretary of State for the Environment reported the conclusions of the Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95). Those conclusions, subject to the approval of yourself and the Cabinet, will form the basis of the White Paper on abolition which the Secretary of State for the Environment hopes to publish shortly.

Flag B

2. Mr Scholar's letter of 23 September records your agreement to the conclusions of MISC 95, with reservations on three points:

- i. How to deal with the May 1985 Council elections.
- ii. Control of joint boards.
- iii. Transfer of staff to joint boards.

Flag C

The Chief Secretary, Treasury's minute of 23 September comments on the second of these.

3. You are holding a meeting on 3 October with the Ministers mainly concerned to resolve the issues. As his minute of 28 September says, the Secretary of State for the Environment hopes to publish the abolition White Paper on 6 October, before the Party Conference. Unless all outstanding issues are resolved on 3 October this may not be feasible, since any major disagreements would presumably need to be resolved by the Cabinet.

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4. Mr Jenkin also says that he will circulate a further note in preparation for the meeting on 3 October. If necessary in the light of this, I shall submit a supplementary brief.

MAIN ISSUES

5. The main issues are those listed in paragraph 2. above. It will also be necessary to decide

- the timing of the proposed White Paper.

May 1985 elections

6. Elections to the GLC and MCCs are due in May 1985. MISC 95 agreed that they should not go ahead; and no Minister has dissented. There are three options for coping with the absence of the May 1985 elections:

- a. Deferral The elections would be deferred for a year; existing councillors would remain in office. The deferred elections would be overtaken by abolition on 1 April 1986.
- b. Substitution Councillors appointed by the London Boroughs and the Metropolitan Districts would take over the role of the GLC and MCC councillors in May 1985.
- c. Deferral with substitution as a reserve power This is the same as Option a. except that if there were widespread refusals to serve, there would be provision for appointees to replace those who refused to serve.

All the options would require legislation in the 1983/84 Session.

7. You have favoured Option c. The draft White Paper is now written in terms of Option a. Mr Jenkins will argue in favour of Option b.

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8. Deferral would be in accordance with precedents of past local government reorganisations. Substitution, as the letter of 20 September from Lord Bellwin shows, would require complicated and probably contentious arrangements, which, as Lord Bellwin points out, would be almost certain to lead to a change of political control in at least one area. The Government would be attacked on the grounds that it was devising new and unprecedented arrangements for narrow party ends. Deferral avoids these risks. On the other hand, it would extend the term of office of the GLC and MCC councillors by nearly a year. This may be attacked by the Government's supporters, and perhaps the wider public. It would also increase the scope for the councillors in question to undertake damaging and obstructive action in an attempt to frustrate the Government's policies.

9. In favour of your Option c, it can be argued that substitution as a reserve power is more defensible because it would have been forced on the Government. It should be noted however that the present proposal is to use this reserve power only in the event of widespread refusal to serve. The question of whether a reserve power of substitution would be justified where a council continues to serve but behaves obstructively is still under separate consideration; Mr Jenkin will be putting forward shortly his proposals about countering obstruction in the context both of the reorganisation and of the new rates limitation measures.

Control of joint boards

10. The Secretary of State for the Environment and a clear majority of MISC 95 favour relying on setting a maximum level of precept in order to control the staffing and expenditure of individual joint boards; the Chief Secretary, Treasury argues that this is inadequate, mainly because it will not control the split between expenditure on staff and other expenditure.

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11. There are two main arguments against going beyond a control of the precept and thus of total expenditure:

- i. the more detailed the control, the greater the burden of work on Ministers and departments;
- ii. the more detailed the control, the greater the risk of challenge to Ministerial decisions in the courts.

12. If Ministers wish to meet the Chief Secretary's concern about manpower while trying to keep the extra work and added risk of legal challenge to the minimum, a compromise would be to combine the control of precept with an arrangement under which the Secretary of State had power to approve or reject proposals for each joint board regarding its overall staffing level.

Staff transfers

13. About 150,000 staff are engaged on services due to be transferred to joint boards. 31,500 are uniformed police, who are not employees, and whose status will be unaffected by abolition. A further 35,000 are employed by Passenger Transport Executives (PTEs); these will also be unaffected, since the PTEs are to remain in being. That leaves 83,000 operational and direct support staff on joint board services who will be affected by abolition; a proportion of the 5,700 GLC and MCC staff employed on "central administration" will also be engaged on similar services and may need to be transferred to joint boards.

14. The Ministers responsible for the services in question consider that they are not in a position to say where staff savings might be made; and that this must be for the joint boards to decide. Hence the proposal to transfer the staff in groups by statute. This does not mean that there cannot

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be staff savings. It means that the Government will have to rely on the pressures on joint boards after they have been set up (by control of precept or by whatever method Ministers have decided earlier in the discussion) to operate efficiently.

15. You have expressed concern particularly about whether, under these proposals, there will be an adequate opportunity to reduce the staff of ILEA. It would be possible to treat ILEA differently from the other joint boards provided that Ministers thought that they had a defensible case for this difference of treatment. It would however mean in practice that the Secretary of State for Education and Science would have to determine what the staff of ILEA ought to be at the time the new joint board was set up. Would the Department have the information necessary to arrive at this judgement and make it stick?

Publication of the White Paper

16. Mr Jenkin is extremely anxious to publish his White Paper before the Party Conference and may suggest that, even if some issues are undecided at the meeting, the White Paper should still be published with ambiguous or non-committal treatment of those issues. There are however dangers in publishing texts which need a good deal of elucidation later. If there are important matters left to be resolved by the Cabinet, it may be better to abandon the attempt to publish on 6 October.

HANDLING

17. I suggest that you might divide the meeting into three main parts:

- i. elections;
- ii. control of joint boards and staff transfers;
- iii. publication.



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18. You might invite the Secretary of State for the Environment to open the discussion on the election issue. All your colleagues are likely to wish to contribute, from a general political rather than a Departmental standpoint.

19. On control of joint boards and staff transfers you might again invite the Secretary of State for the Environment to open; the Chief Secretary, Treasury could then be invited to reply. The Home Secretary, the Secretary of State for Education and Science, and (if he can attend) the Secretary of State for Transport will wish to comment, since they are responsible for the services to be run by joint boards and their Departments would presumably have to operate any detailed control system. The Attorney General will be able to advise on the relative risk of legal challenge under the different possible methods of control.

CONCLUSIONS

20. You will wish the meeting to reach conclusions on:

- i. whether the GLC and MCC elections due in May 1985 should be dealt with by deferral, substitution, or deferral with substitution as a reserve power;
- ii. whether the expenditure of joint boards should be controlled through the setting of a maximum level of precept for each board or in some other way?
- iii. whether the Government should attempt directly to secure savings as part of the process of transfer either:
 - generally; or
 - for the ILEA alone;
- iv. when the proposed White Paper should be published.

PLG

P L GREGSON

30 September 1983