

PRIME MINISTER

LOCAL GOVERNMENT CONFERENCE : Saturday, 10th March, 1984

You depart No. 10 at 12.50 am with Michael Alison arriving at Kensington Town Hall at 1.10 pm. The morning session breaks at 1.00 pm and this will have given people time to leave the Conference Hall. You will be met at the main entrance by Tony Durant, Lord Marshall, (possibly John Gummer) and Joan Varley.

I attach your full agenda until your departure at 2.45 pm (Flag A); programme of the Conference (Flag B); and Speaking Note (Flag C). Also in this folder is some factual background briefing.

8

Stephen Sherbourne

9th March 1984

A
A

National Local Government Advisory Committee Annual Conference, March
10th 1984

PRIME MINISTER'S AGENDA

- 13.10 Prime Minister to arrive at main entrance (to be met by Mr. Tony Durant, Lord Marshall, possibly the Party Chairman and Miss Joan Varley to go down in the lift to the overflow buffet room to meet representatives (she will be served drinks by Mark Pendlington).
- 13.20 To go via lift to the main buffet room in the Small Hall to meet representatives.
- 13.30 To take Buffet Lunch in Small Hall.
- 13.45 Stewards to marshall representatives from lower foyer to Small Hall.
- 13.50 Prime Minister to address assembled representatives.
- 14.00 Prime Minister to circulate further.
- 14.10 Prime Minister to take lift to Ground Floor and to do a tour of the Exhibition.

N.B. There are 13 exhibitions:-

1. Sutcliffe
2. Exclusive
3. Pilkington
4. Cleanaway
5. Lamsac
6. GIS(Grandmet)
7. Waste Management
8. Asda
9. Municipal Mutual
10. KCS
11. British Tele'com
12. Gardner Merchant
13. Pritchard

- 14.30 Conference restarts
- 14.45 Prime Minister to leave.

CAR PLAN FOR LOCAL GOVERNMENT CONFERENCE IN KENSINGTON
Saturday, 10th March 1984

Depart No. 10 at 12.50 for Kensington Town Hall

Car 1 Prime Minister
 Mr. Alison
 Detective

Car 2 Mr. Sherbourne
 Garden Room girl (Vanessa)
 Detective (?)

Depart Kensington Town Hall at 2.45 pm

Car 1 To Chequers
 Prime Minister
 Garden Room girl
 Detective

Car 2 To No. 10
 Mr. Alison
 Mr. Sherbourne
 Detective

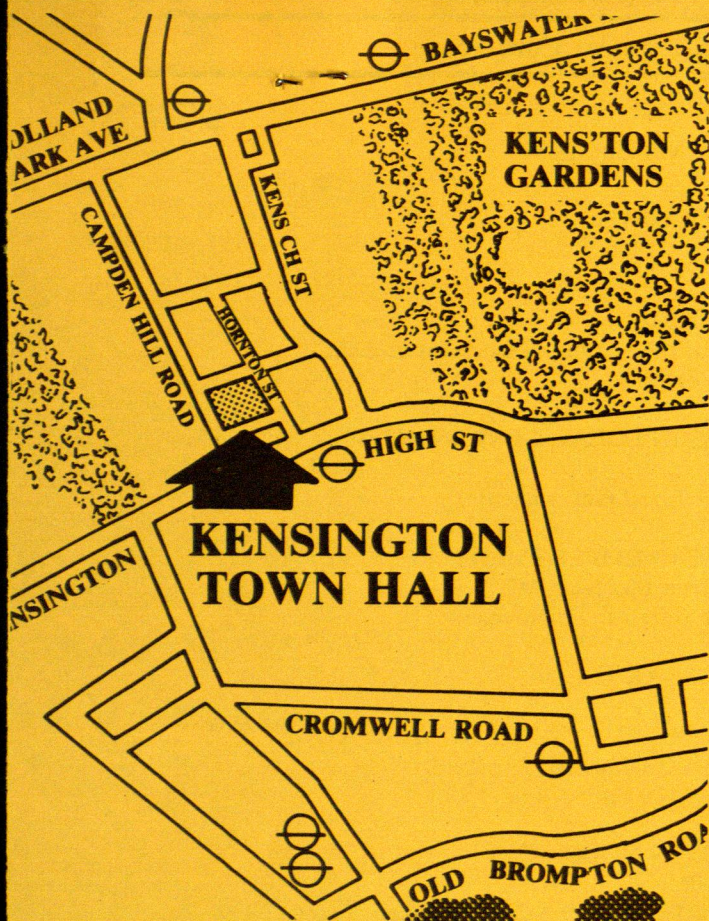
33rd Annual Local Government Conference

Saturday, 10th March, 1984

PROGRAMME

Conference Chairman:	Tony Durant MP Chairman of the National Local Government Advisory Committee
9.30 - 10.30 hours	PROGRESS IN LOCAL GOVERNMENT Lord Bellwin Minister for Local Government
10.30 - 11.15 hours	PROGRESS IN EMPLOYMENT The Hon Peter Morrison MP Minister of State for Employment
11.15 - 11.45 hours	COFFEE BREAK
11.45 - 12.15 hours	PROGRESS IN THE PARTY ORGANISATION John Selwyn Gummer MP Chairman of the Party Organisation
12.15 - 13.00 hours	PROGRESS IN HOUSING Ian Gow MP Minister for Housing and Construction
13.00 - 14.30 hours	LUNCHEON
14.30 - 15.15 hours	PROGRESS IN SPORT & RECREATION Neil McFarlane MP Parliamentary Under-Secretary of State for the Environment
15.15 - 16.15 hours	PROGRESS IN THE ENVIRONMENT The Rt Hon Patrick Jenkin MP Secretary of State for the Environment

**The Prime Minister, The Rt Hon Mrs Margaret Thatcher MP
will be present during Luncheon**



LOCAL GOVERNMENT 1984 CONFERENCE

33rd Annual
Local Government
Conference
& Exhibition

Kensington Town Hall
Hornton Street, W8

SATURDAY, 10th MARCH 1984



YOUR SPEECH AT THE LOCAL GOVERNMENT CONFERENCE

Saturday, 10th March 1984

You are speaking only for 5 to 10 minutes informally to those attending the conference.

Having talked to various people, I believe that you need to strike the following note in your speech. You need, of course, to show again that you are throwing your full weight behind rate-capping and abolition of the GLC and Metropolitan Counties. But on rate-capping you also need to show understanding of the position of those councillors who have reservations about our policy.

I hope the attached speech notes cover these points adequately.

Stephen
9.3.84

Also attached is the short
speech draft which is
not being released to the press.

S.S.
9/3.

CONSERVATIVE PARTY LOCAL GOVERNMENT CONFERENCE: 8th March 1984

I enclose some factual background briefing:

- A: Rate limitation
- B: Abolition of the GLC and Metropolitan Counties
- C: Rate Support Grant and rate increases 1984/85
- D: Abuses by local authorities.
- E: Examples of odd grants.

Plus appendices:

1. Statement by William Waldegrave on the GLC's rate reduction
2. Statement by William Waldegrave on current trends in rate increases in 1984/85
3. Fact card on the current local government legislation produced by Conservative Central Office.

RATE LIMITATION BACKGROUND BRIEF

1. The Rates Bill is currently in Standing Committee in the House of Commons. On Wednesday, the House approved a guillotine motion with a view to ensuring that the Bill leaves the Commons before Easter and receives Royal Assent by mid-summer. Rates will be limited for the first time in 1985/86.

2. The Bill provides for three things :

(i) Power to control the rate levels of a small number of high spending authorities (no more than 12-20).

(ii) Reserve power to control the rates of authorities generally if necessary.

(iii) Some reforms of the existing rating system.

3. There is broad based opposition to the Bill from local government interests including all of the local authority associations. Conservative local government has on the whole also opposed the Bill but there are a minority of notable exceptions. A list of prominent Conservative local government leaders supporting the proposals is attached.

The case for rate limitation

4. It used to be accepted that local authorities should live within the overall expenditure policies of central government. This consensus lasted throughout the period of post-war growth in expenditure but it has broken down now that the Government are seeking retrenchment. A minority of high spending councils are responsible for the bulk of the difficulty at the present time. They argue that it is a matter for local councillors to be responsible to local electorates for their spending decisions. But the Government does not accept that a local mandate can override national policy.

5. High local government expenditure and taxes threaten the Government's economic strategy. They increase the burden of taxation and, since local government spending accounts for a quarter of total public expenditure, put at risk the overall control of public spending. Local government is overspending by £770 million in 1983/84 and the signs are that it will overspend by a similar amount in 1984/85. In total, local government is spending some £2½ billion more than the Government originally sought for this stage, in their first public expenditure plan.

6. The rate limitation proposals follow on from four years of efforts to deal with the problem by exhortation, by general pressures of the grant system and by selective reduction of grant. The majority of the authorities, (80%) have responded to those pressures. But there is a significant minority which has carried on spending, and it has now got to the point where the responsible authorities are being harshly treated as a result of the irresponsibility of the minority.

7. Three-quarters of this year's overspend of £770 million is accounted for by just 16 authorities. The selective limitation scheme will look at only the higher spenders. There are statutory exclusions for those spending below their Grant Related Expenditure - the objective measure of spending need calculated by the Department of the Environment. Small authorities spending less than £10 million will also be excluded.

8. There is most concern about the reserve powers to limit rates generally. These powers will only be introduced if the combination of the pressures of the grant system and selective limitation fail to bring local government spending more closely into line with plans. The powers can only be introduced after the positive approval of both Houses of Parliament. That is an important safeguard.

9. The twin objectives of this policy are to contain local government spending and to protect ratepayers from the excessive expenditure of the irresponsible minority. Those who know only about well-run councils may believe that all councils operate in that way. But this is not so, and it is in the interest of the majority of responsible councils that the antics of the irresponsible few should be brought to an end.



CONSERVATIVE PARTY NEWS SERVICE

Press & Public Relations
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Conservative Central
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Phone: 01-222 0151/8
01-222 9000

32 Smith Square,
London SW1P 3HH

Mr. [Signature] FS.

Release Time: 18.00 hrs, Friday
13th January 1984 23/84

CONSERVATIVE COUNCILLORS SAY: BACK JENKIN

Conservative Group Leaders in Councils throughout the Country today issued the following statement:

"We, the undersigned, strongly recommend all Conservative Members of Parliament to vote in support of the Rates Bill on Tuesday.

With our experience of Local Government, we believe that it is necessary to protect business and domestic ratepayers from being exploited by irresponsible councils.

The Government was recently re-elected with a firm commitment to rate limitation in its Manifesto. This commitment should be honoured."

Cllr Paul Beresford,
Cllr Neville Bosworth CBE,
Cllr Peter Bowness CBE DL,
Cllr Michael Cufflin,
Cllr Peter Davis,
Cllr Toby Eckersley,
Cllr Jack Edmonds OBE,
C Cllr Trevor Farrer,
C Cllr Neville Goldrein,
Cllr David Heslop,
Cllr John Holt,
Cllr Joe Lobenstein MBE,
C Cllr W S Marshall OBE JP,
Cllr John Meikle MBE,
Cllr Bert Moore,
C Cllr Irvine Patnick OBE,
Cllr Lady Porter,
Cllr Bert Smith OBE JP,
C Cllr George Smith,
C Cllr Michael Spungin OBE,
Cllr Bob Wall OBE,
Cllr Mrs Pat Care

WANDSWORTH LB
BIRMINGHAM MDC
CROYDON LB
LEICESTER DC
LAMBETH LB
SOUTHWARK LB
DUDLEY MDC
CUMBRIA CC
MERSEYSIDE CC
SHEFFIELD MDC
KIRKLEES MDC
HACKNEY LB
DERBYSHIRE CC
TAUNTON DEANE DC
NEWCASTLE UPON TYNE MDC
SOUTH YORKSHIRE CC
WESTMINSTER LB
WALSALL MDC
TYNE & WEAR CC
NOTTINGHAMSHIRE CC
BRISTOL DC
Lancashire CC.

(SEE SECRETARY OF STATE'S STATEMENT ATTACHED)



Press & Public Relations
Department.

Phone: 01-222 0151/8
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Conservative Central
Office.
32 Smith Square,
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RT HON PATRICK JENKIN, M.P.

18.00 Hours / FRIDAY,
13th January, 1984

23 /84

Statement by the Rt. Hon. Patrick JENKIN, M.P., (Wanstead & Woodford).
Secretary of State for the Environment, in Birmingham on Friday, 13th
January, 1984

CONSERVATIVE COUNCILLORS' MESSAGE OF SUPPORT

I warmly welcome the message of support on the Rates Bill from Conservative
Group Leaders in Councils up and down the country.

The Government has a duty to control public spending and that includes
spending by local councils.

The Government has a duty to protect domestic ratepayers where they are
being exploited by irresponsible councils.

The Government has a duty to protect businesses which provide almost half
of rateable income and have no vote.

The Rates Bill will achieve these objectives and fulfil the commitments
we gave to the electorate only seven months ago.

END

ABOLITION OF THE GLC AND METROPOLITAN COUNTIES

1. The Conservative Manifesto at the last general election said:

"The Metropolitan Councils* and the Greater London Council have been shown to be a wasteful and unnecessary tier of government. We shall abolish them and return most of their functions to the boroughs and districts. Services which need to be administered over a wider area - such as police and fire, and education in inner London - will be run by joint boards of borough and district representatives."

The Government published a White Paper setting out detailed proposals for abolition on 7 October. This made clear that the government was firmly committed to the principle of abolition but invited comments on implementation of the policy.

2. The consultation period on the White Paper ended on 31 January. Most of the authorities who would be directly affected have commented and several thousand responses have come from other organisations and individuals. These are now being evaluated by DOE. But nothing has emerged to persuade Ministers that they should alter their commitment to the principle of abolition.

3. The tenor of the responses is broadly predictable, with those who believe they stand to lose from abolition hostile, and those who think they will gain in favour. Within the metropolitan counties, the Conservative Opposition on Merseyside County Council has come out against abolition and, despite protestations to the contrary, the terms of the response by the Conservative Opposition on the GLC are widely seen as hostile to abolition - a fact which has been exploited by GLC Labour leaders. Conservative groups on the other metropolitan counties (except in West Midlands, where they have yet to express a view) support abolition or at least do not dissent from it.

*The metropolitan counties are Tyne & Wear, South Yorkshire, West Yorkshire, Greater Manchester, Merseyside and West Midlands.

4. The shire counties' response shows concern that they in turn may also be abolished (a prospect which the shire districts would welcome). The counties may be assured that the Government has no such plans.

5. The Government has been criticised (not least by its own supporters), for failing to produce detailed estimates of the savings which would result from abolition. Its response has been that there will undoubtedly be substantial savings arising from the elimination of a whole tier of local government; but these cannot be quantified yet because the decisions have still to be taken by the districts and boroughs as to how they will organise the services they inherit and because the county councils are currently withholding key information.

6. The metropolitan counties commissioned reports from Coopers and Lybrand to support their arguments that no savings would arise from abolition. The main report (published on 22 February) showed that on the most pessimistic assumptions there could be an overall increase in the costs (although rather less than the counties themselves had originally predicted). On optimistic assumptions the report shows some marginal savings. This report is now being evaluated but the Government has already made it clear that it believes that savings significantly greater than those cited in the report can be achieved.

7. The next step is the introduction of a Paving Bill in the last week of March. This will suspend the elections due in the GLC and metropolitan counties in 1985, and will make provision for the transitional councils which will run the authorities for the last year of their existence (1985/86). The Bill will also provide for a staff commission, require the county councils to make information available to the districts and contain certain measures to restrict the outgoing councils from making commitments which would frustrate the new arrangements.

8. The main abolition legislation will be introduced early in the 1985/86 Parliamentary session.

RATE SUPPORT GRANT SETTLEMENT AND RATE INCREASES: 1984/85

The 1984/85 Rate Support Grant Settlement does three main things:

First, it determines how much central government grant should go to local authorities in 1984/85.

Second, it shares out the grant between individual authorities.

Third, it sets expenditure targets for individual authorities, backed up by the threat of grant holdback for those who choose to fail to meet them.

In 1984/85 the national taxpayer will continue to pay for more than half of local authorities' expenditure. This support amounts to £11.9 billion - nearly £100 million more than last year, and only slightly less (51.9%) in percentage terms than last year (52.8%).

The broad pattern of the grant distribution between authorities is the same as in 1983/84, although several refinements have been made to the Grant Related Expenditure (GRE) assessments. These measure what each local authority needs to spend to provide a common standard of service to ratepayers.

The expenditure targets add up to £20.5b. That is over 3% more than the 1983/84 targets. Each authority has its own target, based mainly on past spending performance. Low spenders in 1983/84 are rewarded by more generous targets for 1984/85. Most low spenders get targets which are 3% more than their budgets this year; high spenders get targets which are up to 6% below budget this year. The holdback scheme for those who exceed targets is considerably more severe than in 1983/84; above 3%, each % point of overspending will result in holdback equivalent to a 9p rate at ratepayer level, compared to the 5p maximum in 1983/84.

EXPENDITURE TARGETS FOR LOW SPENDING AUTHORITIES: 1985/86

For 1985/86, Mr Jenkin gave an assurance in the debate on the Rate Support Grant settlement on 23 January. One of the main criticisms of the targets for 1984/85 has been that some authorities, including many shire counties, find their target below the level of their grant related expenditure assessment (GRE - the statistically based indicator used for grant distribution purposes). To allow all authorities to have spent up to their GRE would have cost too much. (A GRE exemption would allow headroom for additional spending of about £500m. When there was a GRE exemption in 1982/83, two thirds of that headroom was used by the authorities concerned). But the Secretary of State said that, after enactment of the Rates Bill:

"We shall for the first time have power to restrain the worst excesses of the highest spenders. This power will not change the picture overnight, but as it begins to take effect, I would expect in 1985/86 and thereafter to be able to set targets which take greater account of GREs and thus recognise the efforts which low spending authorities have made."

RATE INCREASES

We have information of varying degrees of firmness for the rates of most precepting authorities, but only for a minority of lower tier rating authorities. Our preliminary estimate is that the average increase in general rates will be of a similar order to last year's figure, when it was 6½%. (The percentage increase in domestic rates will be a little higher, because the fixed 18½p in the £ domestic rate relief enjoyed by domestic ratepayers means that any increase is on a lower base).

LOCAL GOVERNMENT ABUSES

1. Local authorities operate within a statutory framework laid down by Parliament. They enjoy a wide discretion under the law: These include powers to:

- a. spend, up to the limit of a 2p rate product, on activities for the benefit of their area which cannot be funded under specific powers;
- b. publicise local government matters in their area;
- c. organise their own internal procedures and make their own officer appointments.

2. While the majority of authorities use their discretionary powers responsibly, a minority are reportedly indulging in malpractices which seem on the face of it lawful but which contradict hitherto accepted conventions in local government. These malpractices include, notably, grant aiding contentious causes, using information powers to **attack** government policies (especially on rate limitation and abolition of the GLC and metropolitan counties), manipulation of internal procedures to suppress minority party views, and appointments of officers according to political affiliation rather than professional merit.

3. Authentication of these abuses is patchy. An exercise is currently in hand, however, in Conservative Central Office to establish the extent of current malpractices. It is being conducted on the political network rather than through official Government channels because malpractices appear to be concentrated in left-wing Labour authorities, where an official approach would be unlikely to yield useful information. Once reliable information has been gathered, the Secretary of State for the Environment, together with his Scottish and Welsh colleagues, will recommend what further action needs to be taken.

Some odd ones . . .

April 1983 — January 1984

EXAMPLES OF GRANTS
MADE TO VOLUNTARY
BODIES BY THE GLC.

Organisation	Amount (£)
Babies Against the Bomb	1,600
English Collective of Prostitutes	400
Irish Women's Group	20,738
Lesbian Line	12,286
Rights of Women (ROW)	5,939
Women in Sync	33,800
Cypriot Community Workers Action Group and Joint Council for the Welfare of Immigrants	507
I Drum	12,823
Migrants Action Group	7,273
Camden Policing the Police	29,750
London Region CND	9,500
London Region Trade Union Campaign for Nuclear Disarmament	111
National Peace Council	12,940
World Disarmament Campaign	3,000
Unity of Afro-Caribbean People	8,014
Southall Black Sisters	25,338
Union of Turkish Workers	7,634
Earth Resource Research	8,700
Hackney Trades Council Trade Union Support Unit	29,480
Hackney Black Women's Association	13,442
Black Amalgamated Self Help Co-op	21,327
Rastafarian Advisory Centre	77,835
Rastafarian Universal Zion	25,000
Sisters Concern	25,069
Marx Memorial Library	9,060
Chile Democratico GB	6,902
Irish in Islington Project	12,220

Organisation	Amount (£)
Liberation Movement for Colonial Freedom ...	9,170
Gay Switchboard	1,900
London Lesbian and Gay Centre	11,509
London Gay Teenage Group	14,301
Police Accountability for Community Enlightenment	41,802
Medical Campaign against Nuclear Weapons	1,770
London Women's Liberation Newsletter Collective	5,176
Black Trade Unionist Solidarity Movement	13,237
Abyssinian Society	16,508
Jewish Socialists Group	7,654
See Red Women's Workshop	10,823
Ecumenical Unit for Racism Awareness Programme	10,427
Labour Research Department	*
Southwark Black Workers Group	30,430
South East London Women for Life on Earth	6,381
Cultural Organisation for Black Radical Achievement	43,337
Gay Bereavement Project	375
No Pass Laws Here Group	1,090
Gay London Police Monitoring Group	17,616
Campaign to Curb Police Powers	8,637
Campaign Against the Police Bill	38,077
Women's Peace Bus	29,140
Only Women Press	21,300
Spare Rib	34,656

* NOT SHOWN

GLC PRECEPT REDUCTION:

"Give Londoners their £300m" says William Waldegrave.

Commenting on the last week's announcement of a proposed cut in the GLC precept in 1984/85, Mr William Waldegrave, Parliamentary Under Secretary of State at the Department of the Environment, said:

"The GLC's action is a desperate attempt to stave off its own demise by currying favour with London ratepayers. Needless to say, it won't work.

As I said at the time, this is the first benefit of abolition for London ratepayers. Indeed, I note that when he announced the reduction Mr Livingstone was reportedly at pains to illustrate the benefits of slightly lower rates for offices and businesses in the capital. That is a revolution in itself: the official Labour line, put forward by Jack Straw, is that rates are irrelevant to business.

But ratepayers should not be taken in by all this. They are only being given back a fraction of what is really due to them.

In 1982/83, GLC ended the year underspending their budget by getting on for £200m. That means they levied a precept that year which was 9p higher than it needed to be. This huge sum was not returned to the ratepayers from whom it was taken but salted away. This was an extraordinarily incompetent bit of financial management. And what the money is now being used for is effectively as a political slush fund to try to buy friends for the doomed GLC.

In addition, as Mr Livingstone acknowledged last week, the underspend in 1982/83 means that the GLC will now be in line for about £100 million of rate support grant. This is equivalent to 5p off the rates.

When these factors are taken into account, ratepayers might reasonably have expected their rates to be some 14p lower next year, equivalent to around £300m. But as we now know they are to be disappointed - the GLC precept is to be reduced by a mere 2.3p. That is less than £50m. But

Londoners want their £300m back and quickly. They won't get it, though, because Mr Livingstone is still throwing money about as if there was no tomorrow and is reportedly planning to increase the GLC's expenditure next year by about 14%. Luckily for Londoners, however, there is a tomorrow: a tomorrow without the GLC, when London local government will be simpler, cheaper, and back in the Town Halls where it belongs, nearer to the people."



Press & Public Relations
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THE HON WILLIAM WALDEGRAVE MP

Release Time: 10.30 HOURS/SATURDAY 25TH

FEBRUARY 1984 137/84

Statement by the Hon William Waldegrave MP (Bristol West), Parliamentary Under Secretary of State at the Department of the Environment, to the Conservative South East Area Local Government Conference, at Redhill, Surrey on Saturday 25th February 1984.

RATES BOMBHELL: A DAMP SQUIB

Councils up and down the country are now deciding on the level of their rates for the coming financial year. How are things turning out?

First, I thought it would be instructive to look back at what local government and the pundits were predicting around the time of the rate support grant settlement shortly before Christmas.

The headlines were of "shock horror" proportions. "Hefty rate increases expected" said the Guardian; "Sharp rises in rate bills predicted by local councils" - the Financial Times; "Tories drop rates bombshell" - the Daily Mirror.

The Association of Metropolitan Authorities was forthright: "The Government is creating a rates crisis that will hit ratepayers in towns and cities throughout the country. It will fuel inflation, enrage ratepayers, and threaten crucial services" they said.

The Association of County Councils was reported to have predicted rate increases far in excess of inflation or major cuts in essential services. And Dr Cunningham, the Labour spokesman, predicted "a major increase in rates that will be well above the rate of inflation".

It did not stop there. On 25 November - before any decisions on grant distribution had been announced - the Financial Times purported to predict in detail rate increases in individual councils. Greater Manchester's precept was forecast to rise by 27% and West Midlands by the same; Cumbria's by 31%, Avon's and Northumberland by 30% and so it went on.

Individual authorities chimed in. The Finance Committee Chairman of Greater Manchester felt moved to issue a press notice claiming that we were presenting the "GMC - along with scores of other councils - with an impossible housekeeping problem". He forecast an increase of 28% "just to stand still on services".

Stern stuff indeed. But have these terrifying predictions come to pass?

First, I must offer hearty congratulations to the chairman of Greater Manchester's Finance Committee. He has evidently pulled off the impossible - his Committee has recently recommended a precept increase of just 4% next year and has apparently boasted that it has done so without hitting manpower or services.

In fact, this is but one of the death-bed repentances sweeping the soon-to-be abolished metropolitan counties and the GLC. Surprise, surprise, the West Midlands have gone for a zero rate increase; the GLC has even managed a reduction - though it could and should have been much larger, as has been pointed out. This is all very heartening - it shows what can be done when the will is there. But it won't make any difference - abolition will go ahead on schedule.

As for the Financial Times' forecasts, not for the first time, some of them are turning out very wide of the mark. Cumbria's precept is set to rise by 4%, Avon's by 6½% and Northumberland's by 5%. I assume that the Financial Times gets nearer the mark when predicting the behaviour of the stock market; its readers would otherwise have lost their shirts long ago!

The general picture is not yet complete - many lower tier authorities have yet to reach final decisions - and it would not be right for me to attempt a precise forecast of average rate increases over the country as a whole. But I note that the Times last Wednesday said "Rates are likely to rise in April by an average of only 6%, barely 1 or 2 per cent above the expected inflation rate". And interestingly enough, the Financial Times itself is now predicting an increase of that order. These forecasts do not strike me as being wildly out.

At the time of the settlement we said that if councils met their targets average rate increases for next year should be very low and for some ratepayers there could be rate reductions. At the time our remarks were scoffed at.

Finding the ground crumbling beneath them, astonishingly, but perhaps predictably, the pundits are now taking the line that Ministers are embarrassed by these low rate rises because it weakens the case for rate capping. /...

W. a load of rubbish! These low rate increases illustrate only too clearly that the policy is already having the desired effect; up and down the country you can hear the grinding sound of municipal minds being concentrated. The best is yet to come. If this is what it means to be embarrassed, I hope for the ratepayers sake we can have more of it.

My final point is: what price punditry? I note increasingly that on local government matters some sections of the press are virtually manufacturing news. They appear to me not to be reporting on a lobby but to be acting as if they were part of it. They pick up from that lobby any old set of figures or arguments and write them up as developments described as "embarrassing" for Ministers or a "blow for the Government", - without Ministers or the Government ever having been asked for their views!

END.

STREAMLINING THE CITIES

At the last Election the Conservatives promised to abolish the GLC and the six Metropolitan Council Councils (Greater Manchester, Merseyside, South Yorkshire, Tyne & Wear, West Midlands and West Yorkshire).

They:

- are unnecessary. We need less government not more
- have few major functions other than fire, transport, and police (and not even the police in London!)
- cause duplication and conflict with the Borough and District councils
- have increased their current expenditure more than other local authorities. In the past five years the GLC has increased its current spending by 185%, the MCCs by 111% and other local authorities by 80%. Prices have gone up by 71% in the same period.

The London Boroughs and the Met. Districts:

- already run services which account for 3/4 of local government spending in their areas, including housing, social services and refuse collection
- are more accessible and convenient for people to deal with and more responsive to local needs and wishes
- will take over most upper tier functions directly. Where this is not efficient there will be joint boards of elected members from the boroughs and districts.

Savings:

- the elimination of a whole tier of bureaucracy and duplication of functions, will bring savings
- already districts in the West Midlands calculate they can save a quarter on the services transferred directly to them when the West Midlands County Council goes
- it has been estimated that national savings will be at least £120 million.

SCOPE FOR SAVINGS

Reductions in local government spending:

- do **not** have to mean cuts in services
- can be achieved in **all** authorities if the will is there by improving efficiency, by sensible use of private contractors and copying best practices from other authorities.

The Audit Commission:

- have published a handbook showing how local authorities can get better value for money by means of efficiency audits
- believe that these audits will reveal scope for substantial savings. Already these cover Further Education, use of civilians in police work, refuse collection and purchasing which together total £5 billion p.a.

Contracting out:

- putting services out to tender can help local authorities get better value for money
- has already enabled 22 authorities, which have put their refuse collection or cleansing services out to tender, to save £35 million
- could be extended to other services
- would achieve savings of hundreds of millions of pounds a year.

Advice on Best Practice:

- is disseminated to councils by LAMSAC*. Their advice on refuse collection systems, has enabled some 50 authorities to save 15-30% a year on their costs. Similar advice is available on other services - notably housing management and education support staff
- would lead to substantial savings in many services.

* Local Authorities Management Services and Computer Committee.

January 1984

Published by Local Govt. Organisation, 32 Smith Square, London SW1P 3HH
Printed by Creative Press Ltd., 42-44 Portman Road, Reading RG3 1JL. U184

A BETTER DEAL FOR RATEPAYERS

CONSERVATIVE MANIFESTO 1983

“We shall legislate to curb excessive and irresponsible rate increases by high-spending councils, and to provide a general scheme for limitation of rate increases for all local authorities to be used if necessary.”

“The Metropolitan (County) Councils and the Greater London Council have been shown to be a wasteful and unnecessary tier of Government. We shall abolish them and return most of their functions to the boroughs and districts.”

LOCAL GOVERNMENT AND THE NATIONAL ECONOMY

Public expenditure

The Conservative Manifesto promised to maintain firm control of public spending and to keep up the drive for a leaner and fitter public sector—essential if economic recovery is to continue.

Local Authorities:

- are responsible for a quarter of all public expenditure
- have increased their current spending by **4% in real terms since 1978/79**
- will spend over £20 billion on current expenditure this year, more than ever before
- have budgeted to overspend their targets by £770 million this year
- have increased domestic rates by an average of 91% in the past four years, while prices have gone up by no more than 55%.

The Government:

- has been trying to persuade local authorities to improve their efficiency and keep their costs down since 1979
- has set targets for local authority spending since 1981/2 which, if they had been met, would have **enabled rate increases to be kept lower than the rate of inflation**
- has required local authorities to publish annual reports on their activities and expenditure and to publish information about the number of staff they employ.

The response:

- a few councils have cut their current spending (in real terms) and most councils have tried to hold their spending down
- but some extravagant councils have shirked their responsibilities
- three quarters of this year's budgeted overspend above targets of £770 million is due to only 16 authorities.

PROTECTING THE RATEPAYER

The Government:

- has been re-elected on a pledge to protect ratepayers from excessive rate rises
- has introduced a Bill to limit the spending of the handful of councils who are behaving so irresponsibly, and to provide a reserve power to control the spending of local authorities generally.

The selective scheme

- will apply to about 12-20 of the most extravagant of the 456 councils. Authorities spending less than £10 million in total or at or below their GRE* will be statutorily exempted, so that $\frac{3}{4}$ of all authorities would have been excluded if the scheme had applied this year
- will mean that these authorities will have to keep their rates and precepts within a fixed limit. If they refuse, the ratepayer need not pay
- will leave the selected councils free to settle local priorities for providing services.

The reserve power for a general scheme:

- would require a special vote by both Houses of Parliament before introduction
- would **not** be used **unless** a large number of authorities flout their responsibility to keep their costs under control
- will, by its existence as a reserve power, keep the pressure on councils to look for savings and keep costs down.

Constitutionally, the Government:

- has a duty to control overall public expenditure, of which local authorities account for a quarter
- is responsible for setting out general economic guidelines and enforcing them
- needs to protect businesses which provide 40% of rateable income and have no vote
- needs to protect those domestic ratepayers who are being exploited. **On average only one local elector in three pays full rates.**

* Grant Related Expenditure.

RATES AND JOBS

Business rates:

- will cost UK business £5 billion this year, more than ever before in real terms
- amount to the biggest single tax many businesses have to pay irrespective of whether they are profitable or in financial difficulties.

Excessive rates:

- cause unemployment by damaging the profitability of firms
- discourage new firms from starting up and encourage old firms to move away
- contribute to job losses and economic decay in inner city areas.

The Government:

- is determined that unemployment should not be made worse by a small minority of irresponsible councils
- will limit business and domestic rates and precepts under the selective rate limitation scheme
- will require all councils to consult with businesses before fixing a rate precept.

Quotations:

- "The Government's new rate-capping Bill comes as a much needed restraint on the tiny minority of town and county halls which have for too long been spending beyond their means. These 'rogue' local authorities have been placing an increasingly heavy burden on business which has contributed to unemployment" (Sir Terence Beckett, Director General, CBI, 20th December 1983)
- "The (Sheffield) Chamber of Commerce last year found that 48% of firms which cut their workforce in the previous two years laid part of the blame on the local rates" (*The Economist*, 12th November 1983).