



*C. D. G.*  
Prime Minister (2)  
For discussion at  
Cabinet on Thursday.  
MCS 22/7

*MS*

PRIME MINISTER

ABOLITION OF GREATER LONDON COUNCIL AND METROPOLITAN COUNTY COUNCILS: FINANCIAL AND CONSTITUTIONAL IMPLICATIONS FOR POLICE AND FIRE SERVICES

As part of its work, the Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95) has been considering the future organisation of the police and fire services in the relevant areas.

It is common ground that those services must be organised by joint boards: it would not be right to fragment operational responsibility among the boroughs or districts.

There is, however, a difference of view within the Group about the appropriate method of funding the joint boards and the extent to which their expenditure and staffing should be directly controlled by central Government. These matters were discussed at a meeting of the Group under my chairmanship on 20 July.

Possible Approaches

There are two main possible approaches.

Option A The joint boards could be made directly responsible for their expenditure decisions and the grant and rating consequences - including grant penalties - in the same way as local authorities. This implies that the boards should receive block grant and specific and supplementary grants from central Government and raise their own finance by precept. They should therefore be subject to the selective scheme of rate control which we intend to introduce.



Option B Responsibility for funding the boards would be placed with the constituent lower-tier authorities. The boards would receive specific and supplementary grants from central Government (eg police grant) but not block grant. The constituent districts or boroughs would receive block grant on their share of the boards' expenditure and rate for the rest of their contributions. The control schemes would have to be applied indirectly through the constituent districts.

The Group considers that there is in principle a strong case during a transitional period of 2-3 years, for direct control of budgets and staff numbers by central Government in the services transferred from the GLC and the metropolitan counties to joint boards. (It is likely to prove impracticable to have such control over staffing in services transferred to the districts or boroughs, although the Minister for Local Government is considering the possibilities here). It would be natural under Option A to apply such control directly to the police and fire joint boards. It would be less natural, but still possible, to apply such control under Option B.

#### Case for Option A

The Minister for Local Government argued strongly for Option A. In his view, it is a necessary condition of securing the savings in staff and expenditure which are the basic reason for abolition. The police and fire services account for about two-thirds of the manpower of the metropolitan counties and of these a sixth are support staff. Under Option B the boards would not be responsible for the financial consequences of their proposals and would have insufficient incentive to rein back expenditure. An individual borough or district could be forced by other constituent



authorities to contribute to an excessive budget. This contribution would count as its own expenditure for the purposes of both block grant penalties and the selective control scheme. The consequence could be that the authority was forced into grant losses or control through no fault of its own. This would be regarded as so unfair that it could lead either to the exemption of police and fire expenditure from any form of control or to the failure to carry the control scheme through Parliament. Either result would be disastrous.

#### Case for Option B

The Home Secretary argued that Option A would have far-reaching constitutional implications. For the first time, central Government would be deciding how much a local authority could spend on an individual service. Government would inevitably be dragged into detailed operational questions. It would be accused of making a covert assumption of control over police in inner city areas. In his view, Option B would be more effective in practice than Option A in controlling expenditure. Under Option B, members of joint boards would have a direct incentive to keep down the contributions from their districts, and hence the rates for which they would be directly accountable to the local electorate. If the Government wished to contain expenditure, it would not be put in the difficult, perhaps politically impossible, position of rejecting requests from single-service joint boards for additional expenditure specifically on police or fire: it would instead be requiring multi-purpose local authorities to reduce the totality of their expenditure, in which contributions to joint boards would be a relatively minor component.

The Home Secretary indicated that he would be willing to give serious and sympathetic consideration to taking powers, during a limited transitional period, to control the numbers of staff, whether uniformed or civilian, employed by joint boards for the



police and fire services. But he was strongly opposed to any scheme of control.

#### Implications for Other Services

It is not inevitable that the pattern adopted for police and fire should apply to other joint boards, such as the Inner London Education Authority and passenger transport authorities. The Ministers concerned will review the implications for these bodies of whatever may be decided for police and fire.

#### Views of the Group

Most members of MISC 95 took the view that Option A would be more effective than Option B in controlling the expenditure of police and fire joint boards. It was therefore a matter of weighing this advantage against the political and constitutional difficulties raised by Option A, which the Group fully appreciated. On balance, and in the light of the Home Secretary's substantial existing powers relating to the police and fire services, they favoured Option A. It was also relevant that the constitutional difficulties were presented more by control of police or fire operations, which was not being suggested, than control of total expenditure. But they recognised that these were matters on which you and other members of the Cabinet would wish to express a view.

The Group welcomed the Home Secretary's helpful offer to consider a scheme of control of establishments during a limited transitional period. He will be discussing this further with the Minister for Local Government and other colleagues concerned.

#### Action

In view of the important political and constitutional issues involved, I suggest that this matter which should be considered



urgently by the Cabinet. It is, in my view, essential that the White Paper which we hope to publish during the autumn should take a clear position on the question.

I am sending copies of this minute to the other members of the Cabinet, the Attorney General, the Minister for Local Government and Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to read "P.J. Jones".

PJ

(Approved by the Secretary of State  
and signed in his absence)

22 July 1983

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