

CCBG



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My ref:

Your ref:

The Rt Hon The Viscount Whitelaw CH MC  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1

17 June 1987

*Prime Minister 2 NBR*  
*for the annex,*  
*which lists the*  
*Dear Willie measures to include in the Local Government Bill.*  
*plans to include in the Local Government Bill.*  
*DCW*

## LOCAL GOVERNMENT BILL

I am glad that in your letter of 13 May you suggest that we should introduce the Local Government Bill very early in the life of the new Parliament. I welcome the plan to take the Bill at L on 23 June and publish it on 26 June. I am content with this timetable. This letter deals with the proposed contents of the Bill, and any outstanding policy points.

I propose that the Bill should cover the items set out in the table attached, in the order shown there. These cover the 3 major items which were dropped from last Session's Local Government Bill before introduction (items 1, 2 and 4); the 2 items which were included in that Bill but did not receive Royal Assent (items 3 and 6); and 3 other minor, non-controversial items which were also dropped from that Bill before introduction (items 5, 7 and 8) and one new one (9).

Subject to a few minor points provisions are drafted to cover all these items except for that part of the competition provisions which will amend the 1980 Direct Labour Organisation provisions to enable us to act against authorities which protect their DLOs unfairly. Some drafting has been done on this, but the key provisions which will provide sanctions against authorities which act anti-competitively are not yet available. The construction industry has argued strongly for those provisions, and they were proposed in the 1985 Consultation Paper. I am very anxious that they should be included on introduction if at all possible because if they are missing we shall have to explain the position to the industry and expose ourselves to a further bout of criticism about delay.

We have formal policy approval for all these items except non-commercial contract conditions and publicity. I wrote separately about the contract conditions clauses as a whole on 16 June and I will be responding to Kenneth Clarke's letter of the same date on the Local Labour point straight away - *indeed today!*

On publicity I wrote to you on 22 January seeking H Committee clearance of my proposals for reversing the effects of last year's Lords defeats. Everyone was content with these proposals although Malcolm Rifkind suggested another item. I said in my letter of February that I was opposed to this suggestion. That remains my



position, although my officials are in correspondence with Malcolm's about it. I would be grateful for formal H clearance of the proposals set out in my letter of 22 January. If Malcolm's point cannot be resolved at official level we can, of course, return to it during the Bill's passage.

I should point out that the housing provisions, which are substantially as before, with some minor amendments, contain controls which are retrospective to 6 February. We announced in the Commons on 12 May that when we reintroduced the provisions after the Election they would be retrospective to that date.

There is one new item which I believe we should include on introduction. We are publicly committed to abolish dog licensing which would save £2½m annually. It is necessary to set at rest potential confusion amongst those people who heard last year's announcement and who may believe that dog licences are already abolished. We have tried unsuccessfully to give this to a Private Member but I see no realistic prospect of using this route to discharge our commitment. The first Session of a new Parliament is the least painful time to bring forward such an awkward provision. The necessary clause and schedule are drafted and I propose to put them into this Bill.

There are 3 other pending issues in the area of local government finance where we are not ready to seek formal policy approval but all of which could (depending on scope) be ripe for adding after the Summer Recess but while the Bill is still in the Commons. The first is a provision to give the district auditor power to serve a stop notice to counter creative accounting stratagems or proposed illegal expenditure by local authorities. This was foreshadowed in my letter to you of 1 May and I regard it as particularly important. The second is a clarification of the RSG legislation to enable us to correct the Bromley RSG error. The third item is a proposal to counter a potential evasion of the capital control system by local authorities via the leasing of newly built housing. I shall of course come to colleagues with policy proposals as soon as they are ready.

I would be grateful for agreement that the Bill's contents on introduction should be as in the table attached to this letter, that the 3 additional items should be added subject to policy approval and timing considerations, and for formal confirmation of my proposals on publicity.

I am sending copies of this letter to the Prime Minister, members of H and QL, First Parliamentary Counsel and Sir Robert Armstrong.

*Yours an  
Nicholas*

NICHOLAS RIDLEY

CONFIDENTIAL

LOCAL GOVERNMENT BILL

- |   |   |                           |
|---|---|---------------------------|
| 1. Competition for Local Authority Services                             | Policy approved at H(86)22nd  | England, Wales & Scotland |
| 2. Non-Commercial Conditions in Local Authority Contracts               | Policy approved at HH(86)25th, subject to confirmation when draft clauses were available. Draft clauses were circulated to H under cover of Secretary of State for the Environment's letter of 16 June 1987                             | England, Wales & Scotland |
| 3. Local Authority Grants to Private Landlords and Housing Associations | Approved at H(87)2nd  | England & Wales           |
| 4. Local Authority Publicity  | H approval originally sought in letter from Secretary of State for the Environment to the Lord President dated 22 January 1987. The Secretary of State wrote again on 17 June reminding him that formal policy approval was outstanding | England, Wales & Scotland |
| 5. Local ombudsmen  | Policy approved in letter from the Lord President to the Secretary of State for the Environment dated 28 September 1986   | England, Wales & Scotland |
| 6. Land Registers   | Policy approved in letter from Lord President to the Secretary of State for the Environment dated 28 September 1986   | England & Wales           |
| 7. MSC and joint authorities  | Policy approved in letter from the Lord Privy Seal to Parliamentary Under Secretary of State at Employment dated 23 January 1987  | England                   |
| 8. Duties of Commission for Local Authority Accounts in Scotland        | Policy approved in letter from the Lord President to the Secretary of State for Scotland dated 6 November 1986  | Scotland                  |
| 9. Dog licences   | Approved at H(86)11th   | England, Wales & Scotland |

Local Govt Relations Pt 32



CEBA



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From the Chancellor of the Duchy of Lancaster  
and Minister of Trade and Industry

THE RT HON KENNETH CLARKE QC MP

Rt Hon Nicholas Ridley MP  
Secretary of State for the  
Environment  
Department of the Environment  
Marsham Street  
LONDON  
SW1P 3EB

20 July 1987

*NR*

Dear Nick,

LOCAL GOVERNMENT BILL

*at trap*

I have seen Douglas's letter to you of ~~7~~ July asking you to amend the Local Government Bill to bring Section 71(b) of the Race Relations Act 1976 within the exemption already provided for in Section 71(a).

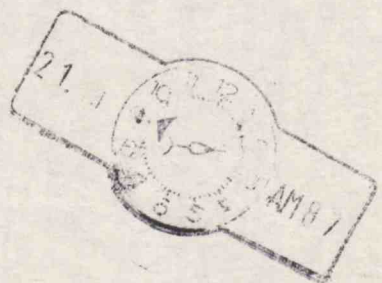
I fully support Douglas's proposed amendment. Like Douglas, I cannot see that this extension of the exemption to cover a statutory duty which the local authorities already have really opens up any significant loophole. Furthermore, as he points out, should the abuses you fear occur - which I consider unlikely - you would still have the fall-back position of adding them separately to the list of non-commercial matters by an order under clause 18(1).

I am sure that the omission of Section 71(b) will be noticed and raised in the discussion on the Bill. As the Government already encourages employers to promote good race relations and commends the CRE's code to employers, we will be desperately short of arguments to resist any amendment. Do you accept the case for heading this off and tabling a Government amendment at Committee stage?

KENNETH CLARKE

EC4BQQ

LOCAL GOVT : Relations PT32



CEB G  
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QUEEN ANNE'S GATE LONDON SW1H 9AT

7 July 1987

Dear Nicholas,

LOCAL GOVERNMENT BILL

Following the meeting of H <sup>attached</sup> on 22 June our officials discussed whether the Bill should exempt actions by local authorities in pursuit of their duty under s.71(b) of the Race Relations Act 1976 in the same way as actions under s.71(a); in other words whether local authorities if they wish should be allowed to take reasonably necessary steps to see that their contractors do not discriminate unlawfully (s.71(a)) and that their practices do in fact allow people of ethnic minority origin to compete on equal terms with others.

I fully understand your desire to have clear on the face of the Bill what local authorities are not permitted to consider in letting contracts so as to reduce to the minimum the scope left to those authorities which will seek to exploit any loophole to introduce considerations which we want to rule out. As I understand it, you are concerned that the general duty of a local authority under s.71(b) of the Race Relations Act to promote equality of opportunity and good relations between people of different races will open the door to such considerations; and in particular to questions about a contractor's relations with South Africa. However, the exemption would relate only to clause 17(5)(a) relating to the contractor's arrangements for his workforce and questions about South Africa would continue to be ruled out by clause 17(5)(e). I find it difficult to think of other matters which might be raised in this way. I doubt, therefore, whether in practice an extension of the exemption to section 71(b) of the Race Relations Act would open up much of a loophole, but if matters were raised now or in the future which were objectionable it would still be open to you to add them separately to the list of non-commercial matters by an order under clause 18(1).

I am anxious that authorities which wish to carry out sensible policies to ensure that in practice contractors take steps to see not only that they are not discriminating, but that their ethnic minority employees have a real chance to compete equally with other employees for promotion and so on. Linked to this is the presentational point that generally speaking the use of purchasing power has been seen by members of ethnic minorities particularly in the United States, as an effective way of bringing about

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The Rt Hon Nicholas Ridley, MP

equality of opportunity and banning local authorities from doing anything in this area will certainly be used as a basis by our opponents for questioning the Government's seriousness about securing equal opportunities: this would be particularly damaging in the context of our commitment to the inner cities.

I hope that in the light of all this you will be prepared to amend the Bill to bring section 71(b) of the Race Relations Act within the exemption already provided for section 71(a). It seems to me that the issue is bound to be raised during the passage of the Bill and even if you are minded not to bring forward a Government amendment at the Committee Stage I would hope that you would respond sympathetically then and offer to consider a Government amendment for the Report Stage.

Yours,

Doyl's.



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CCBS



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

The Rt Hon John Wakeham MP  
Lord Privy Seal  
Lord Privy Seal's Office  
68 Whitehall  
LONDON  
SW1A 2AT

22 June 1987

Dear Lord Privy Seal

N BSM

LOCAL GOVERNMENT BILL

In his letter of 17 June to Willie Whitelaw, Nicholas Ridley sought agreement to the Local Government Bill, which it is proposed should be taken at 'L' on 23 June and published on 26 June, containing on introduction the 9 items listed in the table he attached. Item 3 on this list - local authority grants to private sector landlords and housing associations - was marked as applying to England and Wales only. I write now formally to bring to the attention of 'L' Committee my letter of 18 June to Willie Whitelaw seeking 'H' approval to extending these provisions to Scotland also; and to seek 'L' authority to the introduction print including the adaptations necessary thus to extend these provisions.

Adapting the England and Wales provisions to cover Scottish local authorities will honour a commitment in our Scottish Manifesto. The only significant difference in the application of the powers will be that, because I can at present exert much tighter controls on local authorities in Scotland, I will not be seeking to make the new powers retrospective north of the Border. The adaptations necessary otherwise to extend the powers to Scottish authorities will not increase the length of the Bill.

I am copying this letter to the Prime Minister, members of 'L' Committee, and to Sir Robert Armstrong.

Yours sincerely  
Malcolm Rifkind

MR MALCOLM RIFKIND

Approved by the Secretary  
of State and signed in his  
absence

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LOCAL GOVT  
RELATIONS ●  
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SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CCBG

The Rt Hon The Viscount Whitelaw CHMC  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON SW1

June 1987

Dear Lord President

NSBM dh

LOCAL GOVERNMENT BILL *at this*

In his letter of 17 June to you, Nicholas Ridley mentioned earlier correspondence about the two amendments which it is proposed should be made to Part II of the Local Government Act 1986, relating to local authority publicity. The suggestion which I made in my letter of 28 January was that the definition of "publish" in the 1986 Act might be amended so as to avoid the possibility of one local authority's being held responsible for the publication of material originated by another. The specific case which I had in mind was the publication by Regional Councils of joint rates demand notices including supplementary information provided by District Councils. Nicholas set out his objections to that suggestion in his letter of 2 February to you. I did not pursue the matter at that time, nor do I wish to do so now. It is possible that the matter may be raised by the Opposition during the passage of the Bill: if so, we can as Nicholas says return to it then. It is a matter of much less importance than the two proposed amendments, which I strongly support; and it is certainly not worth risking any delay in the introduction of the Bill on account of it.

I support also Nicholas's proposal to include in the Bill provisions to abolish dog licensing. It is evident that the announcement of our intention to do so has been widely misunderstood to mean that licences are no longer required, and we should put an end to this confusion as soon as possible.

I am sending copies of this letter to the Prime Minister, members of H and QL, First Parliamentary Counsel and Sir Robert Armstrong.

*Yours sincerely*  
*Malcolm Rifkind*

MALCOLM RIFKIND

Approved by the Secretary  
of State and signed in his  
absence

LOCAL GOVT: Relations PT32





SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Viscount Whitelaw CH MC  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

19 June 1987

Dear Willie,

NBM

LOCAL GOVERNMENT BILL

I understand that Nicholas Ridley intends to put to 'L' Committee next Tuesday the proposal that his Local Government Bill, including powers to enable local authorities to assist private sector landlords (including housing associations) to provide housing for rent (as agreed by 'H' on 26 January), should be reintroduced in the Commons at the end of the week.

This letter seeks 'H' Committee approval to adapting these provisions to cover Scottish local authorities. Our Scottish Manifesto committed us to giving authorities these powers. As in England and Wales, on each occasion when a Scottish authority sought to use these powers, my approval would be required.

I believe that, given our manifesto commitment, we should be seen not to be falling behind England and Wales in making such powers available. Quite apart from the difficulties which I will inevitably now face in carrying through Scottish legislation if the legislation were not to extend to Scotland we would appear to have missed an excellent opportunity to carry through immediately a manifesto commitment and to encourage in Scotland the sort of diversification of ownership which is very much a part of our policy and to which we made much public reference before the Election.

The proposals will not have significant additional manpower implications. Resources will be found from within my planned PES programme.

Further details of the provisions are set out in the attached Annex. At present, although I can exert very much tighter control on such schemes in Scotland than is possible under current legislation in England and Wales - and I do not therefore propose that the powers in Scotland should be retrospective - existing powers under which any authority might seek to proceed are, as in England, at best uncertain. So far, no Scottish

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authorities have attempted to follow their English counterparts in embarking upon schemes of the type which my proposals would specifically authorise and control in Scotland, but interest among local authorities and financial institutions is growing and it would be unfortunate if I have to delay any otherwise acceptable schemes because of the lack of statutory cover.

If suitable adaptations to extend the powers to Scottish authorities are to be included in the introduction print of Nicholas' Bill, 'H' Committee approval is needed immediately. I apologise for having to seek agreement on this timescale, but I believe that, particularly given potential problems in enacting Scottish legislation, this is an opportunity not to be missed.

I am copying this letter to the Prime Minister, 'H' Committee colleagues, the Chief Whip and Sir Robert Armstrong.

*Yours ever,*  
*Malcolm Rifkind*

MALCOLM RIFKIND



PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

13 May 1987

Dear Nicholas

1. REA  
2. NBRM.

## LOCAL GOVERNMENT LEGISLATION

In your letter of 1 May you describe a number of possible approaches to the problems that you identified in MISC 109 earlier in the year, and I am grateful to you for keeping me in touch with your thinking in this way.

I note your view that we should make a start next Session with some of the legislation that your proposals are bound to entail, and I am sure that we shall need to give our urgent attention to this as soon as your ideas have crystallised. For the moment, however, I should simply like to register the point that we shall be running into problems of Parliamentary congestion if we do not reintroduce the Local Government Bill very early indeed in the life of the new Parliament. This means that the Bill needs to be ready at the outset of the Session, including the provisions that we temporarily dropped on competition, contract compliance and political advertising. I know that you will be doing everything necessary to ensure that all these provisions are ready on time.

I realise that there is still an outstanding issue on contract compliance in view of the European Community difficulties that have emerged on the proposed exemption for locally recruited labour schemes. It would now be unrealistic to expect Ministers to find time to consider this point before the General Election, but I trust that your Department and the Department of Employment will do everything possible to enable the point to be resolved rapidly, so that the introduction of the Bill is not delayed.

I am sending a copy of this letter to the Prime Minister, the members of E(LA) and E(LF), First Parliamentary Counsel and Sir Robert Armstrong.

*Gavin  
Lithi*

The Rt Hon Nicholas Ridley MP

LOCAL GOVT

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