CABINET

LOCAL GOVERNMENT: ORGANISATION AND FUNCTIONS

NEED FOR A RADICAL REVIEW

Memorandum by the Minister of Housing and Local Government

I think the time has come for a radical inquiry into the functions and organisation of local government in England. This would mean a Royal Commission. The question whether we should appoint such a Commission immediately would need consideration; timing is discussed in paragraphs 20 to 27 below. But we need to take a decision now.

Inadequacy of the present local government pattern

2. There are three main reasons, inter-related, why the present local government pattern is inadequate:

(i) There is no proper relationship between the size of local authorities and their modern functions; for a number of important functions the area of the responsible authority needs to be substantially larger than is generally envisaged at present.

(ii) The basis of the existing pattern - established at the end of the nineteenth century - is a division between town and country, and for some functions this is unsatisfactory. We need to think in terms of what some people call "city regions"; not regions as big as those now used for central government purposes (including the economic planning councils) but regions in the sense of wide areas sometimes, though not necessarily, centred on a big town.

(iii) The division between town and country results in a running fight between the town and the country authorities, the former trying to extend their boundaries, while the latter resist encroachment. This is all too apt to mean that the local government services are subordinated to the boundary fight.

3. Size. Under the Local Government Act, 1958, a population of 100,000 was assumed as warranting county borough status; but this is far too small for education; for planning, roads and traffic; for main shopping, recreation and entertainment; for the police, fire, ambulance and main drainage services. All these must be organised on a big scale if we are to get the maximum efficiency. Meanwhile out of 78 county boroughs in England, there will, after the forthcoming re-organisation in the Black Country (which will slightly reduce the number of smaller ones) be 31 with a population even less than 100,000.
4. Several of the counties are also too small for efficiency. Under present arrangements it is possible to amalgamate counties; and this has been done in the case of Huntingdonshire and Peterborough (population 175,000), and Cambridgeshire and Ely (population 288,000). But local pressure groups are powerful, and Rutland (population 26,000) has survived. Moreover, the counties nearly always plan their services in defence against the big towns, instead of in co-operation with them; since they are dominated by fear of the encroachment of the towns on their areas and rateable values.

5. Below the counties we have a mass of county districts, many of them very small indeed. The county councils are required to review their districts, and can increase their size (reducing their numbers) by amalgamations. That process is just beginning. But the county councils will be wary of creating large districts. Quite apart from the fact that they will never allow a county district to get near the county borough figure if they can help it, there is a level of population (generally 60,000) at which the county district councils can claim to exercise some county council functions themselves - and the county councils will try to avoid letting their districts reach this figure. In any event, whatever happens on the county reviews, the district councils must always be too small for some functions - e.g. those entailing large scale building and civil engineering, such as housebuilding and sewerage.

6. As a result of these inherent defects in the system genuine local government is being steadily eroded by the creation of ad hoc authorities to carry out some of the major services. The First Secretary has set up regional economic planning councils, nominated by central government, to advise on regional planning policies. Their appointment has underlined the inadequacy of local government to handle the broader planning issues. The Home Secretary is establishing joint boards as police authorities, where county boroughs and county councils are too small to have an effective force of their own; or where more effective policing of the area as a whole will come from an amalgamation. The Minister of Transport and I may be driven to do the same thing for planning and transportation. The Minister of Education has been obliged, because of the inadequacy of local education authority areas, to establish Regional Advisory Councils which, with varying degrees of effectiveness, attempt to co-ordinate the provision of technical education. In the housing field I struggle to establish "consortia" of local authorities capable of placing big contracts.

7. I do not suggest that fewer and much larger local authorities is the simple answer. The relation of size to function in local government is important; but equally important is the way to resolve the conflict between local democracy and efficiency. Participation by the public in local government may demand, for some purposes, a smaller scale organisation than would result from consideration solely of efficiency. Also there are some services which may be best carried out by smaller local authorities. At this the Royal Commission would have to consider.
8. **Town and country.** For the planning of land use, for roads and transportation, and for various kinds of major development - the housing of overflow population from the towns, development of industrial estates, main shopping, recreation and entertainment - we need really big local government areas, embracing, so far as practicable, both town and country. The present local government system, based as it is (outside the big towns and the conurbations) on relatively small units, cannot begin to grapple with these problems. Worse than that, it is designed to put every obstacle in the way of their solution. For each local authority strives to be self-contained - and to the extent that it cannot be, to enlarge its boundaries at the expense of its neighbours. The town councils naturally, though not always rightly, try to provide for the growing population by boundary extension; the county councils resist this strenuously, wherever it means that a non county borough might reach the magic figure of 100,000. The green belt - a most valuable conception in preventing the further sprawl of towns already big enough or too big for comfort - is used by county councils to restrain urban growth quite indiscriminately. Meanwhile the county councils cannot easily be persuaded to plan for new towns of more than 100,000 population, since under the present system this will mean that, having spent money on building up such towns, they must in due course lose them, and all their rateable value. Faced by this situation the County Councils Association have asked that the population figure used to warrant county borough status should be raised to 175,000; but this, while it would reduce for the time being the threats to the counties, would not cure the basic trouble.

9. **In the sphere of transportation,** the inappropriateness of the division between town and country led the Crowther Committee (which was set up by the previous Government to consider the Buchanan Report) to recommend the appointment by the Government of regional development agencies to oversee the whole programme of modernisation in the "urban regions", taking in with the towns the whole of their surrounding catchment areas. The then Government rejected that recommendation because it could not be reconciled with the system of local government. But it was none the less valid within its own context.

10. This need to plan the towns together with the surrounding countryside is now so urgent that I am arranging for a number of sub-regional plans to be prepared by ad hoc methods; but this process is an unsatisfactory substitute for proper local planning machinery. Meanwhile the Association of Municipal Corporations are trying to get the co-operation of the County Councils Association in promoting joint action in planning between county borough and county councils. They have been moved to this by the threat to local government which they see in the regional economic planning councils. But even if one could get it, such joint action between authorities which, by their nature, have opposing interests, is bound to be ineffective.

11. One of the problems in considering the pattern of local government is that not all services require areas of the same size, or necessarily of the same kind. For some, the present division between town and country may be appropriate, provided that the units are big enough. Nor is it possible to find a standard pattern which will fit the different parts of England with their very different patterns of
town and country. But it seems to me that the one principle on which we can all agree is that we want to sustain a system of local democracy under which local authorities, singly or in properly related groups, can be responsible for the whole range of services which ought to be provided by elected bodies at some level below the national. The Royal Commission would have to consider, first which services ought to be national and which local; second, how the local services could best be provided for within a coherent system of elected authorities; and finally how the principles so worked out could be applied in the different parts of the country. Unless this is done, representative government will increasingly go either the way that hospitals, gas and electricity have already gone - i.e. into the hands of non-elected bodies; or into the hands of indirectly elected joint bodies set up for particular purposes. Local government will cease to have any real significance.

Finance

12. If we could carry out a thorough re-organisation of local government, setting up very much larger areas for some of the modern functions, it might be possible to find a source or sources of local finance spread over those larger areas, which would enable us to dispense with - or at the least to supplement - the rating system. (This would not, of course, be remitted to the Royal Commission). As a property tax, rates are a regressive form of taxation, bearing most heavily on those with least capacity to pay; and while I am seeking to moderate their impact on the domestic ratepayer in various ways, rates can never be a satisfactory exclusive source of income, apart from Exchequer grants, for financing local services. At present in order to keep local government going we have to keep on increasing the Exchequer grants. This alone has the most damaging effect in sapping the independence of local authorities.

The present re-organisation exercise

13. The re-organisation of local government which is taking place at present is inadequate to meet the needs. It was initiated by the Local Government Act of 1958, following consultation between the then Minister and the associations of local authorities - the purpose of which was to elicit the maximum measure of agreement among them about how the existing pattern of local government could be made to match the spread of population. The growth of population was not then foreseen; nor was the need for regional planning. A population of 100,000 seemed then large enough to support all local government functions, except in the conurbations where the huge concentrations of population called for a different sort of approach.

14. In the country at large this re-organisation means no more than enlarging the county boroughs to take in their overflow population; creating new ones where non county boroughs have reached or are within sight of 100,000; reducing smaller county boroughs to non county boroughs (though in no case has this yet been done); amalgamating small counties; amalgamating small districts. All of this is resisted every step of the way by all the authorities who stand to lose territory or their identities in the process.
15. In the conurbations, a more thoroughgoing exercise was authorized. Here the functions of local authorities can be re-aranged as well as the areas. In the result, 19 assorted local authorities in the Black Country are to be re-organised into 5 county boroughs; and I have announced my intention to create a single county borough on Tyneside (population 890,000). (Although it is not a conurbation I have also announced intention to create a single county borough on Tees-side, population 380,000). The Local Government Commission have just announced their draft proposals for re-organising local government in the Manchester and Merseyside conurbations. In the Manchester conurbation these would reduce 60 local authorities to one urban county council and 9 large second tier authorities (on the Greater London pattern). On Merseyside the existing local government pattern would be retained but simplified by reducing the number of smaller authorities; and it is proposed that a joint planning board should be established.

16. These conurbation re-organisations can result in a much simplified local government pattern, and in big authorities for some services. But even they do not produce a pattern which gives as wide an area as one would wish for planning and transportation, or cures the division between town and country.

17. Meanwhile the procedure governing this re-organisation is appallingly protracted. First the Local Government Commission examine the present system, area by area, and produce draft proposals. They then discuss these proposals with every local authority and produce final proposals. These are sent to me and my Inspector must hear the objections at interminable (and very costly) public inquiries - at which every local authority repeats, thorough Counsel, their objections to being amalgamated with others, or to losing territory to others, which they have already put at length to the Commission. Finally I arrive at a decision and later make an order which, in more drastic cases, requires an affirmative resolution in both Houses - and before I can reach that stage the objecting authorities (and most of them object) may challenge the order in the Courts. Nothing has discredited local government more than these long drawn out and very expensive battles by individual authorities to stay as they are.

Reactions to proposal for a radical review

18. I floated the idea that it might be right to embark on a radical review of local government at the annual conference of the Association of Municipal Corporations in September. The speech was received with surprising acclaim; and since then many people, both inside and outside local government, have told me that they absolutely agree with the idea. Many of the most thoughtful people in local government are deeply depressed by its present condition; which they see as becoming increasingly ineffective, steadily diminishing in independence and in public respect, progressively failing to attract councillors of adequate quality.
19. There is even some welcome for the proposal for a radical review among the associations of local authorities, though the Municipal Corporations would like to see the present exercise - from which their members are gaining - completed first. The County Councils on the other hand are eager to see the present exercise halted - their members are losing. But all the associations are greatly disturbed by the development of ad hoc authorities to which I have referred above.

Timing: and future of current re-organisation exercise

20. If we agree that a radical review of the functions and organisation of local government is needed, we have to consider whether we should launch this now, or seek to complete some if not all of the still outstanding work under the 1958 Act.

21. I do not have any doubt that we should carry through to completion those of the Commission's proposals which have already been approved, or on which I expect to announce decisions during the next few months - Tees-side, Tyneside and a series of proposed county borough extensions in Yorkshire, Lincolnshire and East Anglia.

22. More difficult is the question whether the Local Government Commission should complete their work (and this is not made easier by the fact that the Chairman has died, and the Deputy Chairman has just left to become President of the Lands Tribunal). As noted above, the Commission have just produced draft proposals for the Manchester and Merseyside conurbations; these have followed draft proposals for the rest of the North-West envisaging extensions of a number of existing county boroughs. It would take the Commission the best part of a year to produce final proposals for the two conurbations, and nearly another to complete the rest of their work on the North-West. After the North-West they have southern and south-east England left to deal with. Here they are only just starting, and their work will be made especially difficult because new cities and major expansions of existing towns are in the offing (following the South East Study) though it is not yet known precisely where or what size they will be. It would be three years from now before all their work was completed; and at least another two before decisions on their proposals could be reached and implemented.

23. I think the only question we have to consider is whether we should see through the re-organisation of the Manchester and Merseyside conurbations. I doubt if it is worth pursuing the extensions of the Lancashire county boroughs - very disheartened though they will be if we do not give them the chance to get their extensions. Many of them have deputed to me to protest against the possibility that the Local Government Commission's work should not be completed so far as they are concerned. But these extensions would entail a prolonged series of bitter fights with Lancashire (who have also deputed to urge that we should not take the Commission's proposals any further); and to the extent that we felt compelled under the present rules to accept the proposed extensions they would, taken together with the conurbation proposals, play havoc with the county. So, on the whole, I would not go on with these. Nor would I let the Commission start on the South and South-East.
24. That leaves the two conurbations. The proposal for Greater Manchester (see paragraph 15) would be a big step forward; and several of the county boroughs involved are urging me to go ahead with it. Indeed I would like to do so. The proposals for Merseyside on the other hand (including, faut de mieux, a joint board for planning which could never be satisfactory) are hardly worth pursuing. But it would be very difficult to go on with one conurbation and not the other.

25. Moreover if we were to decide to see through the re-organisation of the two conurbations, that would postpone the appointment of a Royal Commission for at least two years - until I had announced my decisions. We could not be conducting inquiries into these proposals - which would be bitterly opposed by Lancashire and Cheshire County Councils, and also by other authorities - while a Royal Commission was sitting to consider the right shape of local government.

26. So far as the Departmental interest is concerned, I think the right course must be to start the new review now, winding up the Local Government Commission forthwith. I have consulted all the Ministers concerned with local government, and they all take this view. If we postpone appointment of the Royal Commission we may lose much of the support for a radical review which we have got at present. Meanwhile, local government will become progressively weaker. The Royal Commission could pick up where the Local Government Commission leave off, and make a better job of the North-West, taken all round, than can be done under the 1958 Act. I should be sorry to put off the re-organisation of the Manchester conurbation, and also to dishearten the Lancashire County boroughs; but I am sure that, from the point of view of local government, the arguments for getting on with the new review as fast as we can are decisive. But there are political considerations which may point the other way; and this is a matter which the Cabinet will wish to discuss.

27. We should have to legislate for the winding up of the Local Government Commission - whether we decide to do this forthwith or only after they have completed some or all of their Lancashire proposals. This could be done in the Local Government Finance Bill to be introduced later this session.

Procedure and terms of reference of Royal Commission

28. I will suggest terms of reference if it is decided that we should appoint a Royal Commission now. These should allow for completely radical proposals. I have already suggested (paragraph 11) that the Commission should start by considering which services ought to be national and which local; and while this will add to their work and so to the time they must take, I think it is right that they should be asked to do this.

29. On their procedure and timetable, I am sure that we must ask the Royal Commission to produce a fully worked out scheme. I believe this will be essential if we are to get the job done. We must not again get landed with a set of principles which then have laboriously, area by area, to be applied, while the existing local authorities fight them every step of the way in a struggle to retain their identities. This would, certainly, add considerably to the time the Commission must take - a complete job would take two years at least. But a fully worked out scheme would save a great deal of time in the long run.
When we received the final report, we would have — if we accepted the recommendations — to implement them in one comprehensive Bill, settling the broad areas (though no doubt allowing for detailed boundaries to be settled subsequently). Whatever measure of acceptance there may be within local government, that a radical re-organisation is required, we must be under no illusion that the authorities will, when it comes to the point, fight any measure which involves their disappearance or amalgamation. But a Government determined on reform could, I believe, get a comprehensive measure through.

Scotland and Wales

The Secretaries of State for Scotland and Wales have been working on local government re-organisation in their respective countries, with a view to producing a more radical re-organisation than is possible in England under the Local Government Act. (In Wales this followed rejection by the Government of proposals which had been made under the Act, by the Local Government Commission for Wales, for a re-grouping of the Welsh counties.) I understand that the Secretary of State for Scotland may wish shortly to propose the institution of a high level inquiry; and that in his view a decision on any such proposal can be taken independently of what we settle for England, since the Scottish local government structure and division of functions between authorities differs greatly from those in England. The Secretary of State for Wales is circulating a separate paper on the position in Wales.

Conclusion

I ask my colleagues to agree that a radical inquiry is needed into the functions and organisation of local government in England; and that this means a Royal Commission — the terms of reference to be submitted to the Cabinet.

If this is agreed, I ask them to consider whether we should appoint the Royal Commission now, winding up the Local Government Commission forthwith; or whether we should see through the current proposals for the Manchester and Merseyside conurbations — even also the proposals for the extensions of the Lancashire county boroughs outside the conurbations.

If we appoint the Royal Commission now we might have their recommendations by the summer of 1968. If we decide to carry through proposals for the Manchester and Merseyside conurbations, that would delay the start of the Royal Commission by perhaps 2 years, so that we would not have their recommendations till 1970 (just about the time that proposals for Manchester and Merseyside could be brought into force). If, in addition, we thought that we must carry through the proposals for extending the Lancashire county boroughs, that might add another year. We could, of course, shelve the whole question of a new review until the Local Government Commission have finished their job, including the South — which would put off a start for at least 5 years; but I assume that no-one will want that. Whatever we decide we have to announce our intentions now — and unless we decide to let the Local Government Commission finish their course we have to legislate now for winding them up.

R, H, S, C.

Ministry of Housing and Local Government, S, W, I.
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