

THE ABOLITION OF THE GLC AND ITS EFFECTS ON THE CITY

If I were a man of the cloth, I should take as a text for my subject today "And liberty begat license," for it was the loosening of the control by Parliament of local government that contributed to events leading up to the abolition of the Greater London Council. The matter is, of course, more complex than that but it was the coming together of several different strands that wove the rope that hanged that body as it reached 21 years of age.

The strands to which I refer were firstly the passage of the Local Government Act of 1972 in which the previously strict rule that local government could only spend ratepayers money on carrying out services specified by Parliament, was relaxed. The 1972 Act introduced a number of discretions to authorities to spend sums, limited by a specified number of pence in the pound, on such matters as giving information to the public, entertainment and, under Section 137, for the general good of some or all persons in the area. Added together, these amounts were relatively small in cash terms in the average district council.

The second strand was the creation in 1974 of the Metropolitan Counties which, like the GLC created in 1965, had only a few services to run but, because of their huge penny rate products, large sums at their discretion under the 1972 Act.

The third strand was the inevitable ageing and decay of the centres of our large cities and their abandonment by the young and middle-aged nurtured on post war full employment and good incomes. These areas became magnets for the poorer people and, in particular, for the immigrant communities. This created a need for higher local authority spending on services where they could least be afforded.

The fourth and perhaps decisive strand was that in the late 1970's the long-standing plan of the extreme Left to achieve acceptability by taking over the Labour Party saw its success at constituency party level reflected in the election of its representatives on to local councils in increasing numbers.

So, at the 1981 GLC election, the Labour Party won control under an original Labour man, Andrew MacIntosh, but he was deposed within the day and the Council came under the control of a group led by Ken Livingstone, who would have been classified as of the extreme Left fifteen years earlier. The scene was set for high drama.

The relationship between central and local government had, since about 1960, had its difficulties, principally because of financial constraints. There had always been authorities that spent freely and others that spent frugally, with

the result that overall the total that the government felt able to allow local government to spend had not been too greatly exceeded. When, in 1976, the late Anthony Crosland told local authorities "the party's over", the excess expenditure was rising, but not greatly so.

However, the advent of extremist councils in the large cities; the need for higher expenditure in those areas; the deliberate intention to flout a Right wing government's call for restraint; and the discretionary ability to engage in activities beyond those decreed by Parliament, led to vast overspending of government guidelines and then attempts by government to devise grant and penalty systems to prevent it.

It should be recorded, however, that it was a relatively few large authorities that created most of the problem. The vast majority continued, with plus or minus, to cancel each other out. In London, the 1982 borough elections produced more extreme councils who, working in concert with the GLC, pushed up expenditure. May I remind you of a few figures. In 1970 the contribution of City ratepayers to the rest of Greater London was £20m. By 1984/5 this had risen to £345m. The total budgetted overspend by the GLC in 1984/85 was £374m, 66% above the expenditure guidance of the government. The GLC's donations to voluntary bodies rose from £6m to £56m in four years. With a penny rate product of some £20m, the GLC could spend vast sums on consultative bodies of every kind; on services for which they had no responsibility like their Police Committee and Police monitoring group; on support for Irish republicanism; support for sexual deviationists of every kind, and for duplication of services run by the boroughs.

The government's problem was whether to seek legislation to curb the GLC's powers or to abolish it. They were aware that Sir Horace Cutler had spent four years as Leader of the GLC trying to reduce its size, activities and spending, but that the inertia of the bureaucracy coupled with the ability of able officers to think up new initiatives to engage themselves in, had frustrated his endeavours.

It is interesting to recall that before the 1982 local elections virtually every London borough would have supported measures to curb the GLC's activities, yet when the government chose the path of abolition the boroughs divided on party lines for and against the proposal, yet with doubts among some of the "fors".

The interim period, from the time of the decision until 31st March 1986 when it came to pass, was one of absorbing interest, intense frustration and great difficulty for the City Corporation and, indeed, for all interested parties.

The government decided, wisely, that there would need to be a period of one year before abolition day, during which the GLC should be administered by a body representative of those who would be taking over its duties and assets.

This was necessary to facilitate a change that had not been based upon exhaustive analysis by a Royal Commission but upon a political “gut feeling”.

To achieve this the government introduced the Local Government (Interim Provisions) Bill in 1984. It passed the Commons but that part creating the joint body for the last year was rejected in the Lords on the important constitutional issue that the interim legislation would effectively abolish the GLC before the substantive legislation seeking to achieve that abolition had been introduced and enacted. It was, indeed, an important principle but it led, in practice, to a chaotic situation. The government obtained powers to extend the life of the existing GLC by one year to 31st March 1986, giving it a five year term and averting the election due in May 1984.

As a result, the GLC, bitterly opposed to their abolition, remained in full control of their affairs right up to the moment when the City, the 32 boroughs and the joint bodies took up their new responsibilities.

Let me mention just a few of the difficulties arising from that position. The GLC fought an extremely clever rearguard action and whilst never actually refusing to give information on services, properties and employees to successor bodies, managed always to need more and more precision in the questions put to them without which they could not be sure what we wanted. This was followed by huge boxloads of published papers somewhere in which it was suggested might lay part of the answer to part of a question first asked months previously.

Then we had the situation where, having overtaxed the ratepayers to create huge balances, they instituted a Stress boroughs programme to channel that money to Left wing authorities for their normal services. The whole basis of the Local Government Grants system was to decide on needs and ability to pay and to take money from authorities like the City to give to others with low resources. The GLC action for Stress Boroughs was a total overthrow of the grant system by the superimposition of further exactions on the contributing authorities at the will of the GLC.

Further problems arose from what became known as tombstone funding which was, in short, placing money with other bodies to be used in future years for purposes that the GLC would have pursued. This, like so many other aspects of modern local government, led to the Courts of Justice where it was declared illegal. Still there is a case being heard called the Satman case where similar issues but with different details are being contested by the London Residuary Body.

That organisation was set up with a life of five years, to take over all the assets of the GLC that had not or could not be distributed on 31st March 1986, and to arrange for their passing to the appropriate bodies or their disposal for money to be distributed to the boroughs. It also has agreed to run for a short

period certain all-London services provided that boroughs meet the cost and make permanent arrangements for the future.

Against this chaotic background the boroughs and the City were required to meet in a body called the London Co-ordinating Committee of Successor Bodies, or, drolly, the LCC. It comprised one member, normally the leader of the majority party and one officer, the chief executive of each authority. I cannot suggest to you that these were edifying meetings. They were full of rancour and posturing to the press and public. When it came to the issues facing us the Left sought to keep in being every aspect and employee of the GLC and the Right sought to keep on a reduced basis what they considered was necessary for joint London action.

And so, we came to All Fools Day 1986 and the GLC had gone. What has that meant for the City and the Corporation? Well, because of its demographic structure with only some 5,000 residents yet 300,000 daily commuters, we have been less affected than any other authority.

In Town and Country Planning the GLC's powers have passed to the City. Instead of a Greater London Development Plan and a separate City local plan there will be, in due course, a unitary Plan for the City which will include a strategic element and a tactical or local element. The Secretary of State will, after being advised, give guidance on the all-London strategies to be included in our Plan. The Local Government Act has provided for a London Planning Advisory Committee on which each borough and the City have one representative and which employs staff for examining London-wide planning issues on which the committee is to advise the government or the authorities. The difficulty will be to keep this body to its advisory role and to prevent it from growing into a GLC in exile. I should add that the GLC's functions and staff dealing with historic buildings have been passed to central government in the newly created English Heritage group.

In Highways and Traffic Management the City has taken over some two miles of metropolitan roads and pedestrian and pipe subways beneath the streets. In addition we are responsible for most aspects of traffic management, including the making of orders which used to take the GLC eighteen months to put through, and also for some transportation planning and for street naming and numbering.

Perhaps the biggest single responsibility to pass to us is that for Building Control. We have appointed a District Surveyor under the City Engineer and he has an establishment of some 47 posts for this vital task. To give an indication of the level of responsibility involved, some two weeks before Lloyds were to move into their new building — which had to be over the Bank Holiday weekend — I was informed that the District Surveyor would have to ban the move because inspections revealed shortcomings that could not be left for later rectification. I spoke urgently to the Chief Executive of Lloyds and

after great pressure by them on the builders, the fire-escapes, smoke detectors and similar matters were passed at the eleventh hour by the District Surveyor's team, and Lloyds moved on time.

Of a similar nature the City is now responsible for the licensing of places of public entertainment. This has been placed with the Trading Standards section of the Medical Officer's Department under the control of the Port and City of London Health and Social Services Committee.

For the first time since 1965 the Corporation has become responsible for waste disposal as well as collection. Walbrook Wharf, with its dock and barge housings, was designed for the dual function and the resumption of transporting the refuse by river has been arranged under a long-term contract with a private firm. However, the Secretary of State required the creation of joint arrangements by groups of boroughs in default of which he would set up joint statutory bodies for that function. The City joined voluntarily with Tower Hamlets and Westminster in joint disposal arrangements with each providing back-up facilities for the others and with a small joint committee of members to oversee the operation.

The Museum of London Act 1965 was amended to convert the organisation from a tripartite one in government, City and GLC, each paying $\frac{1}{3}$ of the cost to a bi-partite one of government and City sharing the costs. The six governorships of the GLC have been divided equally between the remaining bodies and in nominating their extra three, the Prime Minister and the City have agreed to ensure that they are representative of London generally.

The services I have mentioned have come to us under the terms of the Act but, in addition, the City was approached by the government to take over the Greater London Record Office, the official archive of the GLC and its predecessor bodies as well as a repository of other London deposited records. Having our own superb Records collection in my department and a superb collection of deposited records and material in the Guildhall Library, it seemed appropriate for us to assume this responsibility and the Common Council agreed provided that the cost was offset against our contribution to other authorities. This was accepted and I have a new section of 39 staff under Miss Joan Coburn, who are based just north of the City's boundary in Clerkenwell.

The loss of a central body has led to the creation of special bodies for London wide services: some statutory, some voluntary associations. The bodies established by statute are the ILEA, on which the City now has no seat although it meets 22% of the cost; the London Fire and Civil Defence Authority, a self-explanatory title; the London Waste Regulation Authority, with control responsibility for hazardous wastes and waste disposal site licensing; the London Boroughs Grants Committee, charged with making grants to voluntary bodies serving an area wider than an individual borough; the Lea Valley Regional Park Authority, to run that park; and the London

Planning Advisory Committee to which I have referred. Each of these will levy a rate or charge on the boroughs and the City.

In addition, joint committees and/or arrangements have been made for Housing Mobility, Research and Information, Scientific Services and Travel concessions for the elderly, in all of which the City is involved and certain others where we have opted against joining. It is, perhaps, remarkable that so much joint action has been arranged against a background of total disharmony between the political parties.

Finally, I should deal with the financial effect of all of this on the City's ratepayers. Overall the result has been mildly beneficial but this was disappointing because it should have been better.

May I explain it in lay terms rather than in the jargon that local government finance generates profusely. The GLC's own Budget for 1985/86, which was limited by the government by rate-capping, amounted to £745m, of which the City's share was £86.3m, some 12%. The effect of our large contribution for so tiny a share of the services was to relieve other boroughs of part of the true cost of the services given to them. The abolition of the GLC without a financial re-organisation would have meant that the boroughs would have assumed services and their full costs whilst the City, Westminster and to a lesser extent Camden would have been relieved of their contributions to borough costs.

The government had pledged that authorities should not gain or lose relatively and so an Extended London Rate Equalisation Scheme was introduced into which the City, Westminster and Camden paid a contribution and from which the other boroughs drew a share based on rate poundage. We argued that the GLC was being abolished because of its profligacy and that, starting from its last budget, that would have to be reduced to eliminate the waste before the size of the Equalisation pool was calculated. If not the profligacy would be built into the system permanently.

Certain specific amounts were removed but fundamentally our argument, whilst being accepted as valid, was not adopted, and our contribution to the Equalisation Scheme, at £56m, is higher than it should have been.

Worse, however, the distribution of the inflated cash balances of the GLC and the capital receipts from the sales of fixed assets became a matter of dispute. The City argued that its ratepayers had contributed on a rateable value basis to all these sums (some 12% thereof), and that they should be distributed on a rateable value basis between the boroughs and the City. Those who had paid should get it back. The government were persuaded and published a paper supporting that view but subsequently reversed their position and distributed the proceeds on a population basis which gave the City a minute sum. From the figures that have become available so far on balances alone, that

decision has cost City ratepayers in the order of £40m.

The two decisions, on the size of the equalisation pool and the distribution of balances, taken together ensured that whilst the City gained a small amount from the abolition, other London boroughs gained hugely and substantial rate reductions, one even of 29%, were recorded. Certainly the government's undertaking that authorities would not gain or lose relative to each other was not honoured for City ratepayers.

Now that abolition is done we realise that London local government has proceeded in the provision of services to Londoners with hardly a ripple to mark its passing. Yet for the City there is one disquieting aspect. The abolition proposal raised such inter-party passion and its successful completion has been taken as such an affront by the London Labour Party that revenge and retaliation are, at present, their strongest emotions. In this climate we are again at risk and it is even more important that we provide, efficiently and cost-effectively, the services and environment in which the business City can flourish. Satisfied customers of their importance to the Country will be our surest shield.