

Confidential File

Correspondence from Sir Horace
Cutler about the future of the City
Corporation

SB
83b

LOCAL
GOVERNMENT

March 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1-4-81							
13-4-81							
3-6-81							
23-6-81							
26-6-81							
PREM 19/520							

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806



FILE

JFH

cc: DOR

Local Govt

[Handwritten initials]

10 DOWNING STREET

26 June, 1981

THE PRIME MINISTER 29/6

Dear George,

Thank you for your letter of 8 June suggesting that the time has come for us to announce and implement action to phase out the housing powers of the GLC.

I recognise the force of the arguments which you advance for this, and it is certainly true that difficulties, and potential conflicts arise in the housing field now that a hostile administration has taken over at County Hall.

As you know Michael Heseltine is now considering legislation dealing with finance and expenditure policies of local government and I feel he has his hands full for the time being. I will see however that your letter is carefully considered by him.

I am replying in similar terms to Horace Cutler's recent letter.

Yours

[Handwritten signature]

George Tremlett, Esq., OBE.

[Handwritten initials]



JPA
Local
Govt
e DOE

10 DOWNING STREET

THE PRIME MINISTER

25 June 1981

Thank you for your letter of 1 June commending an early review of London government.

I recognise the logic of what you say and am, of course, alive to the implications of having a hostile administration at County Hall. George Tremlett has, as you may know, written to me recently putting just that point in respect of the GLC's housing powers which he feels are a potential source of future conflict.

I must at this stage give you both the same answer. Michael Heseltine is now considering legislation to deal with the financial and expenditure policies of local government and I feel he has his hands full for the time being. Nevertheless I will see that your views are carefully considered by him.

(SGD) MARGARET THATCHER

Sir Horace Cutler, OBE.

5



10 DOWNING STREET

PRIME MINISTER

3

Mr. Heseltine suggests the attached reply to Sir Horace Cutler's letter about the need for an early review of London Government, and the very similar reply below it to a letter from George Tremlett calling for the abolition of the GLC's housing powers.

WFM

Prime Minister

You signed the letter to Sir Horace Cutler: Could you possibly sign this letter to George Tremlett which was hidden below it, please.

23 June 1981

WFM
24/6



Local Govt

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

23 June 1981

Dear Willie

You wrote to me on 12 June attaching a letter to the Prime Minister from Sir Horace Cutler about the need for an early review of London government.

I attach a draft reply which the Secretary of State has agreed. It associates with the draft reply to George Tremlett on a similar theme which was sent to you under cover of my letter of 19 June.

Yours ever

Jeff Channing

J P CHANNING
Private Secretary

William Rickett Esq - No 10

RAFT REPLY TO SIR HORACE CUTLER OBE

Thank you for your letter of 1 June commending an early review of London government.

I recognise the logic of what you say and am, of course, alive to the implications of having a hostile administration at County Hall. George Tremlett has, as you may know, written to me recently putting just that point in respect of the GLC's housing powers which he feels are a potential source of future conflict.

I must at this stage give you both the same answer. Michael Heseltine is now considering legislation to deal with the financial and expenditure policies of local government and I feel he has his hands full for the time being. Nevertheless I will see that your views are carefully considered by him.



PL BF
with
✓ Wm
23/6

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/15320/81

Your ref:

22 June 1981

Dear Willie

I enclose, as requested in your letter of 10 June, a draft reply for the Prime Minister to send to Mr George Tremlett's letter of 8 June, suggesting legislation to abolish the housing powers of the GLC.

While endorsing Mr Tremlett's objectives, and accepting the force of the arguments he puts forward, my Secretary of State feels that we should not enter into any commitment until the wider questions affecting the GLC, which are currently under consideration, have been decided. He therefore feels that, unless the Prime Minister prefers to delay any reply until this issue has been settled, a holding reply on the lines of the draft is the best course.

∩ || A similar reply to Sir Horace Cutler's letter of 1 June will follow shortly. You may wish to associate the two.

Yours

Jeff Channing

J P CHANNING
Private Secretary

PL type from this letter and the one to Sir H Cutler with a slip to the PM saying

"Mr Heseltine suggests the ~~attached~~ ^{attached} reply to Sir Horace Cutler's letter about ~~for~~ the need for an early review of London Government, and the very similar reply below it to a letter from George Tremlett calling for the abolition of the GLC's housing powers." Wm 23/6

W Rickett Esq

DRAFT REPLY TO

George Tremlett, Esq OBE
Members' Lobby
The County Hall
LONDON SE1 7PB

Thank you for your letter of 8 June suggesting that the time has come for us to announce and implement action to phase out the housing powers of the GLC.

I recognise the force of the arguments which you advance for this, and it is certainly true that difficulties, and potential conflicts arise in the housing field now that a hostile administration has taken over at County Hall.

As you know Michael Heseltine is now considering legislation dealing with finance and expenditure policies of local government ^{and} I feel he has his hands full for the time being. I will see however that your letter is carefully considered by him.

I am replying in similar terms to Horace Cutler's recent letter.



File No

10 DOWNING STREET

From the Private Secretary

12 June 1981

BF 19-6-81

In March, Sir Horace Cutler wrote to the Prime Minister saying that he intended to mount a public defence of the City Corporation. After consulting your Secretary of State, the Prime Minister replied giving him her support. She added, however, that she did not want to be committed to a general review of local government in London, at any rate in advance of the Boundary Commission's Statutory Review due to start in 1984.

Sir Horace has now written questioning whether it is wise on political grounds to defer a review of local government until 1984. His letter is attached. I should be grateful if you could provide a draft reply for the Prime Minister to send to Sir Horace by 19 June.

W. F. S. RICKETT

Jeff Channing, Esq.,
Department of the Environment.

MFJ

10 June 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 8 June.

I will place your letter before the Prime Minister and a reply will be sent to you as soon as possible.

WR

George Tremlett, Esq.

MFJ

24/6

Mr. George TREMLETT

10 June 1981

I enclose a letter to the Prime Minister from George Tremlett of the GLC. It calls for the introduction of a bill to remove the GLC's housing powers.

I should be grateful if you could provide a suitable draft reply for the Prime Minister to send to Mr. Tremlett by Wednesday 24 June.

WR

Jeff Channing Esq
Department of the Environment.

24/6

From: George Tremlett
Member of the Greater London Council for Twickenham

MEMBERS' LOBBY
THE COUNTY HALL
LONDON SE1 7PB

The Rt. Hon. Margaret Thatcher, MP.,
The Prime Minister,
10 Downing Street,
London. SW1

8 June 1981

Dear Margaret.

Now that the transfer of the GLC's housing estates to the London Borough Councils and authorities outside London is close to total implementation, the opportunity presents itself for the introduction of a Bill or clauses in a Bill to remove the GLC's housing powers.

As you know, I spent much of the past four years negotiating the detailed terms of the transfer of estates and the first phase took effect on 1 April last year when 112,000 properties were transferred to authorities outside and inside Greater London. A further phase took effect on 1 April this year and now, although Labour are making some noises against it and I understand there is a possibility of a Parliamentary Debate, the third and final phase is due to take effect on 1 April next, with special interim arrangements continuing for Tower Hamlets, although there too there is a final vesting date. This will leave the GLC with responsibility for some 3,000 seaside and country homes on various sites mainly on the south coast together with Thamesmead where it has been suggested that this mini-new town should be transferred to Greenwich once the Parliamentary and borough boundaries have been resolved. However, the GLC is left with all the housing powers to resume its past functions if another Administration is so minded. I attach as Appendix A a schedule of those powers prepared for me before we lost control.

The new Labour Administration at County Hall would dearly love to unscramble the omelette; they are discussing the possibility of the GLC acting on an agency basis for the eight boroughs that resisted transfer and are now in the process of establishing a new direct labour organisation, London Community Builders, which they hope will set the GLC back on its old course of building in the outer London boroughs against those boroughs' wishes.

Against that background this is possibly the most opportune moment for a statement suggesting that those GLC housing powers listed in the Appendix should be removed and the introduction of a Bill for that purpose. If this is not done, I foresee the conflict that has arisen over the years between the outer boroughs and the GLC reviving itself and am well aware that many Conservatives in the outer boroughs will feel that an opportunity has been lost to trim the GLC down to size.

Cont...

I am writing to you on this matter rather than to Michael Heseltine because my understanding is that proposals for legislation involve both you as Prime Minister and also the Leader of the House and this particular proposal is clearly a political one in which you might wish to take an interest.

Yours ever,
George

HOUSING POWERS

The Council's permanent powers (i.e. those remaining with the GLC unless removed by primary legislation) include:-

Housing Act 1957, Part V To provide, manage and dispose of housing accommodation having regard to Greater London's needs. This is subject to the consent of a borough, district council, or Minister in certain aspects of its application.

Housing Act 1957, s 91 and London Government Act 1963, s 21(6) A duty to review London's housing conditions and needs in consultation with boroughs and to submit proposals to the Minister (latter duty repealed by Housing Bill). The City and boroughs must keep GLC informed as to their assessments of their areas' needs, any action proposed by or between them, to meet those needs and such other information relevant to GLC's review duty as GLC may require.

Housing (Financial Provisions) Act 1958, s 43 To make home loans. Not exercisable in the City and presently subject to such conditions as may be approved by the Secretary of State; the latter constraint is repealed by Housing Bill, but clause 98 contains statutory control over interest rate on loans made after enactment.

1958 Act, s 45 To guarantee building society advances. Not exercisable in the City and subject to Ministerial approval.

Housing Act 1969, s 40(1) To declare general improvement areas (GIA) subject to borough agreement. In such a GIA, the GLC becomes the local authority for the purposes of 'individual houses in disrepair', 'house renovation grants' and 'compulsory improvement of dwellings', and the borough must consult GLC before exercising its powers relating to overcrowding and houses in multiple occupation.

Housing Act 1974, s 49(2) To declare housing action areas (HAA) subject to borough agreement. In such a HAA, the GLC becomes the local authority (to the exclusion of the borough) for the purposes of house renovation grants and compulsory improvement of dwellings.

Housing Act 1974, s 55(2) To declare priority neighbourhoods subject to borough agreement.

London Government Act 1963, s 22 Duties to maintain records of London's housing needs; to maintain facilities for London residents to exchange accommodation among themselves or with those living elsewhere and to receive applications for municipal housing from non-London residents. For the purpose of the first duty the City and boroughs must furnish GLC with such particulars as it may require of any application to them for housing and of the steps taken by them to satisfy the needs of people requiring their accommodation.

London Government Act 1963, s 21(11) To make arrangements with the City or any district adjacent to or in the vicinity of London for the GLC to provide accommodation outside the boroughs to meet the needs of the City or the district, and similarly for the City/district to do so to meet the GLC's needs.

Housing (Homeless Persons) Act 1977, s 9 Duty on request to co-operate with a borough in giving reasonable assistance to it to perform its functions under the Act, but must have regard to Ministerial guidance.

PRIME MINISTER

Back in March, Horace Cutler wrote to you saying that he intended to mount a public defence of the City Corporation. You replied giving him your support, but saying that you did not want to be committed to a general review of local government in London, at any rate in advance of the Boundary Commission's statutory review due to start in 1984.

Horace Cutler has now written again (attached) questioning whether it is wise on political grounds to defer a review of local government until 1984. Should we seek Mr. Heseltine's advice before you reply? We have acknowledged Sir Horace's letter.

Yes no

WBR

3 June, 1981.

hand
gave

3 June, 1981.

I am writing on behalf of the Prime Minister to thank you for your letter to her of 1 June. I will place this before the Prime Minister, and you will be sent a reply as soon as possible.

W. F. S. RICKETT

Sir Horace Cutler, O.B.E.

From **SIR HORACE CUTLER, O.B.E.**
LEADER OF THE OPPOSITION *ON COUNCIL*
THE COUNTY HALL, SE1 7PB
Telephone 01-633 3304/2184

1 June 1981

The Rt. Hon. Mrs. Margaret Thatcher, MP
The Prime Minister
10 Downing Street
London, SW1

R2

Dear Margaret,

REVIEW OF LONDON GOVERNMENT

You wrote to me on 13 April indicating support for the continuation of the City Corporation, but saying also (in effect) that there can be no statutory review of London Government before 1984.

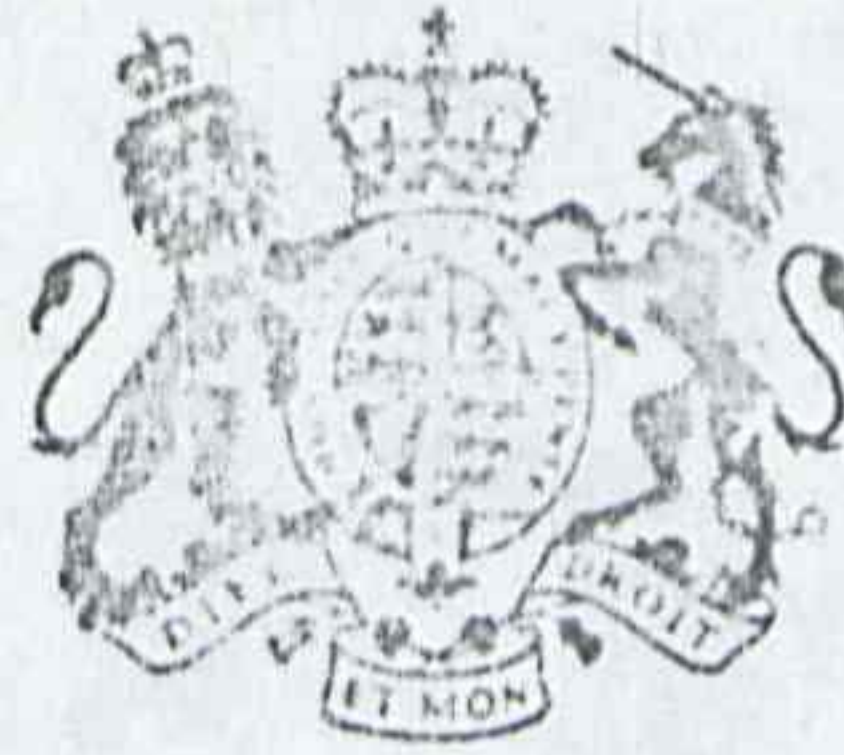
I accept that there are difficulties, but "1984" effectively means "never".

Given the problems that this administration is going to cause your team (and particularly Michael Heseltine) I would have thought that a review is both a logical step and a potent weapon.

All that the Boundary Commission will come up with is internal boundary changes and I cannot see that their work will be prejudiced.

Yours will be, though: would you like to think about it again, please?

*Your ever & with best wishes for success.
Horace.*



10 DOWNING STREET

THE PRIME MINISTER

13 April 1981

Dear Horace,

Thank you for your letter of 26 March about the City Corporation.

I agree that abolition of the City Corporation is not to be contemplated; and you may be sure of my support in defending it.

I would not, however, want to be committed to a general review of local government in London, at any rate in advance of the Boundary Commission's statutory review which is due to start in 1984.

Yours ever,

(sgd)

Margaret

Sir Horace Cutler, O.B.E.

BK.



9 April 1981

PRIME MINISTER

I have seen your Private Secretary's letter of 1 April about Horace Cutler's proposals for a campaign in defence of the City and a wider review of London government.

Primary legislation would of course be needed to abolish the City or to revise its electoral arrangements. The Local Government Boundary Commission, which is required by the Local Government Act 1972 to review the boundaries of all the London authorities between 1984 and 1989, can propose boundary changes for the City but not its abolition or its amalgamation with a London borough.

Thus abolition of the City is not the simple matter that Horace's letter to you tends to suggest; and a campaign in its defence might be as likely to strengthen as to weaken belief in the possibility of its abolition. But if he judges a pronouncement about the City to be important in the immediate context of the GLC election I am sure that it would be right for you to support him. I agree with you about the wider review; in particular there seems little point in anticipating the Boundary Commission's major exercise starting in 1984.

/ You might care to reply on the lines of the accompanying draft.

MH

Local Gov

DRAFT LETTER TO SIR HORACE CUTLER

Thank you for your letter of 26 March about the City Corporation.

I agree that abolition of the City Corporation is not to be contemplated; and you may be sure of my support in defending it.

I would not, however, want to be committed to a general review of local government in London, at any rate in advance of the Boundary Commission's statutory review which is due to start in 1984.



10 DOWNING STREET

From the Private Secretary

1 April 1981

I enclose a copy of a letter to the Prime Minister from Sir Horace Cutler, about the future of the City Corporation.

The Prime Minister would be grateful for your Secretary of State's advice on Sir Horace's request that she should indicate that she is content for him to open a campaign for the retention of the City Corporation in its present form.

Her own initial reaction is that any wider review of London government would probably not be welcome at present but that it is right for the City Corporation to be defended.

It would be most helpful if we could have advice in the first half of next week. I should also be grateful if you could avoid giving this letter too wide a circulation - Sir Horace Cutler has on occasion complained when his letters to the Prime Minister have been quoted back to him by departmental officials.

M. A. PATTISON

Jeff Jacobs, Esq.,
Department of the Environment.

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Local
Govt

56



10 DOWNING STREET

PRIME MINISTER

Horace Cutler writes to inform you that he intends to mount a public defence of the City Corporation. He seeks confirmation that you support the line he proposes to take.

us Should we seek Mr. Heseltine's advice before you reply? We have acknowledged Sir Horace's letter.

I am not very happy about a review of London food. *MR*

31 March 1981

But very happy that the City of London be defended
me



10 DOWNING STREET

MR. PATTISON

I have acknowledged this letter from Horace Cutler. But I think you may want to consult DOE before showing it to the Prime Minister - i.e. the thought that she should support Cutler on the future of the City.

A handwritten signature in dark ink, appearing to be 'T.P. Lankester'.

T.P. Lankester

27 March 1981

MS.

27 March 1981

Dear Sir Horace,

I am writing on behalf of the Prime Minister to acknowledge your letter of 26 March. I will place this before the Prime Minister and you will be sent a reply as soon as possible.

Yours sincerely,

T.P. Lankester

Sir Horace Cutler, O.B.E.

012
From **SIR HORACE CUTLER, O.B.E.**
LEADER OF THE GREATER LONDON COUNCIL
THE COUNTY HALL, SE1 7PB
Telephone 01-633 3304/2184

R27/3

26 March 1981.

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

Dear Margaret,

THE CITY CORPORATION

You will know of the London Labour Party's commitment to the abolition of the City Corporation as a local government unit, and doubtless this will become enshrined as national Labour policy, too.

Undoubtedly the retention of the City Corporation is hard to justify in local government terms; the case rests on tradition, heritage, practicality and the pre-eminence of the City's position in the international business community, all of which would be threatened if the institutions of the City Corporation were to disappear.

On the ILEA issue we lost the chance of a lifetime and in order not to lose again I think we must take the initiative. I add in passing that given a Labour GLC in 1981 and quite possibly a Labour LBA in 1982 it may become impossible to resist the pressure; were there a change of Government too, before 1985 the pass would be sold completely.

We have two cards up our sleeve. The first is the possible re-enfranchisement of the business community in local elections - and a thoroughgoing enfranchisement of the whole City workforce, although hard to achieve in practice, would take much of the sting out of the "democracy" argument; the second is the need after twenty years' or so of operation, for a review of London government into which, conveniently, a reform of the electoral and other procedures of the City could be incorporated.

Our own manifesto for the May election will include a by-line on the generality of a review without specific reference to the City. I had in mind to publish what in effect will be a consultation paper.

However, this is a matter where top-level support is essential. A statement of intent would pre-empt the Marxists on this issue. Having put feelers round the City lately I know that they are neither capable of nor organised for resistance; they need a helping hand and if they do not get it from this Government and this GLC I fear they will never get it. I would hate to see seven hundred years of history go by the board for want of, almost literally, a few judicious words. Before very long, therefore, I intend to make a public pronouncement for which I hope to have your support.

*With every good wish
Yours sincerely
Horace.*