



Ref. A085/1179

PRIME MINISTER

Prime Minister ①
 Agree this be circulated to
 Widdicombe and published? Barrow
 is content.
 Yes Mr AT 26/4

The committee of inquiry into local government procedures and practices, under the chairmanship of Mr David Widdicombe, has, as you know, been asked to submit an early interim report on the use made of their discretionary powers by some local authorities for the purpose of engaging in overt political campaigning at public expense. It has asked for detailed evidence of the conventions governing the use of public funds in central government publicity.

2. The Minister of State, Department of the Environment (Mr Kenneth Baker) said in the House of Commons on 9 January that the conventions regarding the spending of money by government on advertising were well known and had been observed by successive governments. The conventions have never, however, been codified. Thus in preparing a memorandum of evidence for the Widdicombe Committee we are for the first time explicitly formulating and codifying the conventions governing the use of public funds by central government for publicity purposes. Although the Widdicombe Committee is concerned specifically with local government and there are significant differences between the duties and responsibilities of local and central government, the inquiry could well lead to discussion of central government conventions in this area, and there may be some "read-across" from any recommendations.

3. I attach a final draft of the memorandum of evidence which it is proposed to submit to the Committee, along with some recent examples of government publicity. The draft has been prepared in consultation with Government Departments and with Mr Ingham, and is agreed.



4. It is proposed that, as with the Department of the Environment's evidence, this memorandum should be published when it is submitted to the Committee.

5. I should be grateful for authority to submit this memorandum to the Widdicombe Committee, and to arrange for its publication.

6. I am sending copies of this minute and of the draft memorandum of evidence to all members of the Cabinet, the Attorney General, the Chief Whip and the Paymaster General.

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ROBERT ARMSTRONG

25 April 1985

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CENTRAL GOVERNMENT CONVENTIONS ON PUBLICITY AND
ADVERTISING

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Note by the Cabinet Office
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This note sets out the conventions which successive governments have applied to their publicity and advertising. There have been changes over the years in the type and quantity of what may be broadly described as publicity. Methods of communication change or develop, and Governments have increasingly put out more information about their policies and activities. But the basic conventions have remained. They are in general terms, but have in practice provided a satisfactory basis for the exercise of judgment in individual cases.

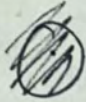
THE MAIN CONVENTIONS

2. It is right and proper for Governments to use public funds for publicity and advertising to

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 explain their policies and to inform the public of the Government services available to them and of their rights and liabilities. Public funds may not, however, be used to finance publicity for party political purposes; this rule governs not only decisions about what is or is not to be published but also to content, style and distribution of what is published. This basic rule covering all Government publicity and advertising has been accepted under successive Administrations.

3. The conventions apply to both "paid" and "unpaid" publicity. "Paid" publicity includes paid advertising in the press, on radio and on television, leaflet campaigns, exhibitions etc. "Unpaid" publicity includes papers presented to Parliament as White and Green Papers and other consultation documents (which are sold to the public at prices intended to defray the costs of printing, publication and distribution), press notices and other official briefing material (all of which may nevertheless involve some cost to public funds in Civil Service costs).

4. The conventions are:

i. subject matter should be relevant to Government responsibilities. The specific matters dealt with should be ones in which Government has direct and substantial responsibilities;

ii. content, tone and presentation should not be "party political". The treatment should be as objective as possible, should not be personalised, should avoid political slogans and should not directly attack (though it may implicitly respond to) the policies and opinions of opposition parties or groups;

iii. distribution of unsolicited material should be carefully controlled. As a general rule, publicity touching on politically controversial issues should not reach members of the public unsolicited, except where the information clearly and directly affects their interests. The level of intrusion is highest for television, newspapers and poster advertising and material delivered to people's

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homes, and lowest for material available only on request. The general rule is that leaflets etc may be issued:

a. in response to individual requests, or enclosed with replies to related correspondence;

b. to organisations or those with a known interest or, with the organisation's agreement, in bulk for distribution at their own expense to their membership only.

iv. costs should be justifiable. The Government are accountable to Parliament for the use they make of public funds for publicity, as for any other purpose. The Accounting Officer for the Vote concerned has a particular responsibility to the Public Accounts Committee.

DETAILED APPLICATION

5. The following paragraphs set out how these conventions are applied to the main kinds of

Government publicity. Some specific examples of publicity in potentially politically controversial areas are given at Annex A.

NEW POLICY PROPOSALS

6. The main forum for the presentation and discussion of Government policies is Parliament. Major policy proposals are usually presented to Parliament as Command Papers which are sold to the public at a price designed to cover the costs of printing and distribution. Thus the cost to public funds usually consists only of the costs of preparing the text. Other proposals on which comments are invited may be set out in less formal documents in printed or typescript form. These are sometimes priced and sometimes provided free of charge. They are deposited in the Libraries of the House of Lords and the House of Commons at the time of publication and may be sent unsolicited to those with a known interest (not as a rule to the general public, although copies may be provided on request). The public will also get information

free of charge through the official information machinery (Departmental Press Offices and the Central Office of Information) by means of press notices or other briefing.

7. Command Papers, consultative documents, official press notices and briefing material may well cover matters which are the subject of party political controversy. Such material will set out what the Government is doing and what they want to achieve. But content, tone and presentation follow the conventions set out in paragraph 4. The emphasis is on exposition and the arguments.

8. Public funds have been used in recent years to supplement this kind of "unpaid" publicity in two ways:

i. Popular versions of Command Papers.

These are simplified versions of White Papers etc which are supplied free of charge and intended to reach and answer the questions of those who are unlikely to buy or read the on-sale document. Examples are Britain's

application to join the EC (1971), devolution (1976), counter-inflation (1975), buses (1984).

ii. Leaflets dealing with typical questions.

These are handed out in place of, or enclosed with, replies to letters from MPs or the public and may be given wider distribution if appropriate and cover the main questions which may be raised about a particular policy proposal. Examples are leaflets explaining and answering points on the Government's proposals on live animal experiments (1983-84), the privatisation of British Telecom (1983) and on the abolition of the GLC and the Metropolitan County Councils (1985).

9. Both kinds of publicity may be criticised, and presentation and handling are therefore looked at particularly carefully. They are usually written in a more popular style than the traditional Government papers which they supplement. But, like them, they follow the conventions on content and presentation. The emphasis is on facts and explanation rather than on the political merits of the proposals. And titles are carefully chosen to

be as neutral as possible. For example the recent leaflets on abolition of certain local authorities are simply headed 'After the GLC' and 'After the Metropolitan County Councils'.

10. The justification for such publicity is that it enables the Government to explain its policies and the reasons for them to the general public in a cost-effective way, in circumstances where the traditional means of exposition - statements in Parliament and press notices - may not be sufficient for the purpose. There should be a reasonable relation between the cost of the publication and the likely cost of public funds in terms of enquiries from the public etc if it were not produced. The extra cost of printing the material (as distinct from simply photocopying it) must also be justifiable.

EXPLANATION AND DISCUSSION OF EXISTING POLICIES

11. The same general conventions apply to publicity for existing policies. Paid publicity may be used where the Government believes that a direct approach to the public is needed to give more information about particular issues and

policies or to clear up misconceptions. Examples include advertising campaigns on counter-inflation policies (1975), and leaflets and films on defence and disarmament issues (since 1979) and a variety of departmental reports.

12. In such cases subject matter, presentation and handling are again critical, particularly when publicity deals with issues on which there is no consensus. The presentation of arguments and counter-arguments takes account of the need to avoid criticism that public funds are being used to disseminate party political propaganda. The emphasis is on the factual basis and exposition of Government policies rather than on partisan argument.

INFORMATION ABOUT RIGHTS, OBLIGATIONS, LIABILITIES
AND GOVERNMENT SERVICES

13. This kind of publicity covers a wide range. It may follow legislation which has given the public new entitlements or obligations. It may remind the public of entitlements which the Government would like to see taken up more widely. Or it may be used to encourage the public to adopt

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certain kinds of social behaviour. It has been accepted under successive Administrations that the Government has a clear duty to inform the public in this way. There is no question about the public's need to be informed of their legal entitlements and obligations, and the services available to them. The Government also has a clear right to use publicity to encourage behaviour which is generally regarded as being in the public interest (eg road safety advertising). Most publicity of this kind consists of leaflets, posters and newspaper advertisements. Some of these simply provide factual information and practical advice but others need to be more persuasive in content and presentation. Similar publicity is used to explain changes in the law which affect individuals or businesses, or the work of their professional advisers, Citizens' Advice Bureaux etc.

14. There may be some sensitivity where the matters publicised are the product of controversial legislation or potentially controversial policies. Examples include "Fair Rents" (1972-73), "Right to Buy" council houses (1980-82), "Right to Buy" (1984), "Right to Buy" in Scotland (1984), and the "Switch Off Something" campaign in 1974. Care has

been taken in the "Fair Rents" and "Right to Buy" cases to present the information in a way that concentrates on informing the public about the content of legislation and how it affects them. Material of this kind is justified in principle by the need of members of the public to be informed of what entitlements are available to them under legislation. In the second case, the "Switch Off Something" campaign was generally accepted as necessary because it bore directly on maintaining the life of the community in a national emergency. Its continuation during the February 1974 Election campaign was specifically agreed with the Opposition Chief Whip.

RECRUITMENT

15. Paid publicity is used extensively by the Government to recruit people in various public services. This is generally non-controversial, but the cost must still be justified.

LEGAL POSITION

16. Departments of central Government, unlike local authorities, do not rely on any specific

statutory authority to spend money on advertising and publicity. Their use of publicity is covered by the principle that the Crown - and Ministers of the Crown as its agents - can do anything an ordinary person can do provided that there is no statute to the contrary and Parliament has voted the money. The safeguard is of course the Government's accountability to Parliament for all that they do and spend.

CRITICISM OF GOVERNMENT PUBLICITY

17. Government practice on the basis of the convention has occasionally been criticised in Parliament and in the press, but seems to have been subject to only rare formal challenge in recent years. Three instances are:

- a. In August 1971 an injunction was sought in the High Court against the distribution of a shortened White Paper on Britain's application to join the EC. The injunction was not granted, and Mr Justice Griffiths (Jenkins v Attorney General and another, 1971; 115 Solicitors Journal, Part II p 674) "could not accept the submission that the prerogative

power of the Crown to issue free information was limited ... to information about Government executive action pursuant to law and excluded the power to inform the public of Government proposals ...".

b. In 1973 the IBA objected to the term "fair rents" in the Government's advertising following the Housing Finance Act 1972 (even though it had been used in the legislation, and the wording had to be changed.

c. In 1982 advertisements in the press of current pay offers to the NHS, though entirely factual, were ruled by the Advertising Standards Authority to be political and therefore outside the scope of its code.

Cabinet Office

25 April 1985

EXAMPLES

I POLICY PROPOSALS

1. Britain's application to join the European Community (1971)
Leaflets, posters, shortened version of White Paper.
2. Devolution (1976)
Popular version of 1975 White Paper published as booklet.
Available free at Post Offices in Scotland and Wales.
3. Police and Criminal Evidence Bill (1983/4)
Booklet on Government proposals, giving replies to main criticisms. Supplied free of charge on request and distributed to various interested groups. Copies enclosed with replies to letters from MPs and public about the bill.
4. Bus Policy (1984)
Leaflet summarising White Paper and answering main questions about the policy. Supplied free of charge on request and sent to various interested groups. Copies enclosed with replies to letters from MPs and public about the bill. No bulk distribution, but extra copies available to MPs.
5. Privatisation of British Telecom (1983)
Pamphlet explaining Government's aims and proposals in recently introduced Bill. Produced to deal with questions most commonly raised. Issued to organisations which had expressed interest in the Bill and in reply to MPs and public correspondence.

6. Abolition of Greater London Council and Metropolitan County Councils (1985)

Two pamphlets explaining Government's proposals in Local Government Bill produced after Second Reading in response to requests for information about the proposed arrangements. Sent to all MPs, the press, and the relevant local authority associations. Enclosed with replies to letters about the Bill, and supplied free of charge on request.

II. EXPLANATION AND DISCUSSION OF EXISTING POLICIES

7. Counter-inflation campaign (1975)

Pamphlet (based on earlier White Paper) distributed to all households. Other briefing material supplied on request. Newspaper advertising beforehand.

8. Environmental protection (1984)

Booklet for London Economic Summit on achievements and environmental fields.

9. Defence Policy Generally, Nuclear Defence, Arms Control and Disarmament (Continuing)

Several information booklets, pamphlets and films. Available free of charge on request. Some distributions by non-government agencies on basis that there should be no unsolicited distribution.

10. NHS Pay Offers (1982)

Advertisements in nursing journals (offer to nurses) and national press (offers to all NHS groups).

NB: Advertising Standards Authority ruled that the advertisements were political and therefore not within scope of its Code.

11. Control of Experiments on Living Animals (1983/84)
Leaflets distributed on request and in reply to correspondence. Set out policies developed by successive Governments and answered points about the 1984 White Paper proposals.
 12. Civil Defence (1974, 1980/83)
Priced and free publications. Free publications distributed on request and also to local authorities for issue by them on same basis.
- III. INFORMATION ABOUT RIGHTS, LIABILITIES, GOVERNMENT SERVICES ETC
13. Switch-off Something Campaign (1974)
Advertising on TV, press and radio to persuade domestic users to save electricity during the miners' dispute.
 14. Fair Rents Campaign (1972/3)
Leaflets and booklets for private sector tenants explaining Housing Finance Act 1972.
TV and press publicity for both private and public sector tenants.
 15. Right to Buy (1980/2)
Booklet explaining council tenants' new rights under the Housing Act 1980. Supplied free of charge on request. Some ordered by Conservative Central Office for distribution door to door.
 16. Right to Buy (1984)
Explaining extension of rights under the Housing and Building Control Act 1984.
Booklet and letter from the Minister distributed to most council tenants by a commercial organisation.
TV and newspaper advertisements.

17. Rates Act (1984)

Explanatory leaflet about the purpose of rate limitation and how it would work, in question and answer format, delivered to 5 million households in the areas subject to rate limitation in 1985/86 under the Rates Act.

Advertisements placed in national and local newspapers.

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RATE SUPPORT GRANT

CLOSE ENDING OF GRANT UNDER BLOCK GRANT AND THE

PREVIOUS RSG SYSTEM

Line to take:

The House of Commons approves each year the amount of block grant to be paid in aggregate to the local authorities. The amount paid to any individual authority therefore depends on its own budgeted spending level and the budget decisions of all other local authorities. This means that the amount of grant to each authority has to be set provisionally and then revised, a process known as "close ending", when the budgets of the other authorities are known. There is nothing new about these adjustments. They were a feature of the previous RSG system with its separate needs and resources elements of grants. In 1978/79, for example, the adjustment to resources element made by the last Labour Government was significantly higher than the 1½ per cent made in 1985/86.

Background

When the initial calculations of Rate Support Grant are made and announced in the December preceding the start of the financial year, authorities have not set their budgets or made their rates. The grant distribution depends on authorities' spending individually and collectively so in setting its initial distribution an assumption has to be made. Once the budgets are known, each authority's entitlement has to be scaled up or down to keep within the cash limited total of grant voted by Parliament. In each of the last two years entitlements have been scaled up by a small amount. But in 1985/86 authorities' claims exceeded the amount of grant and they have to be scaled down by about 1½ per cent in total.

Close ending takes place in two stages. At the start of the year each authority's grant claim is scaled up or down by the percentage by which the total national claim is below or above the total amount of grant. This is percentage close-ending. Further adjustments are made in a supplementary report in July, to convert the adjustments to a rate poundage basis. This brings the payments of grant back into line with a basic principle of block grant, which is to equalise differences in authorities' rateable resources. As this requires new statutory decisions, it requires approval by the House of Commons.

Under the old system which had separate needs and resources elements, the resources element also had to be close-ended each year when authorities' rates were known. This was on a percentage basis, i.e. the same as the first stage in the present process.

Close-ending of the resources element under the old system was as follows:-

1975/76	- 0.2 per cent
1976/77	- 4.0 per cent
1977-78	+ 2.6 per cent
1978/79	- 6.5 per cent
1979/80	- 3.1 per cent
1980/81	- 5.0 per cent

Since the resources element was about one-third of the needs and resources total, the adjustment in 1978/79 under the Labour Government was effectively higher than the 1½ per cent for 1985/86.

In December 1984 it was assumed that authorities were spending at their targets. The GLC was assumed to set a budget of £785 million. This gave it a provisional grant entitlement of £2 million. In the event, the G.L.C. budgeted at £745 million, giving it a grant entitlement of £41 million. The GLC is an authority which gets more grant for spending

less because it has a "negative marginal rate of grant". This is explained below and has nothing to do with hold back.

In total, the adjustment in March this year was £123 million nationally (i.e. England, as Scotland and Wales operate their own systems). Of this, the shire counties lost initially £56 million.

What are negative marginal rates of grant?

As Mr. Waldegrave and Mr. Heiser explained to you at the first meeting at Chequers, the block grant system is based on rate poundage equalisation. Each authority's grant is calculated to be sufficient for it to provide a similar level of service to that of other authorities while at the same time charging a similar rate in the pound.

For levels of service above or below the average level there is a specified tariff of rate poundages. At present, for each £1 per head of additional expenditure above the average an authority is assumed to levy an extra 0.69 pence rate. The cash difference between the product of this rate and the extra spending is met by block grant. So, normally, extra spending attracts extra grant. (There are separate mechanisms for tapering the extra grant, and for applying penalties for spending above targets).

Some authorities, including the GLC, have particularly large rateable values per head of population. They can actually raise more rate income from an 0.69 p rate than they need to finance a £1 per head increase in expenditure.

Rate poundage equalisation requires the same poundage increases for equivalent increases in expenditure. The only way in which this can be achieved is to reduce block grant for those authorities as their spending increases. Such authorities are said to have negative marginal rates of grant.

The converse is that as expenditure per head falls, such authorities become entitled to more grant. This is what has happened to the GLC. For each £1 per head less of expenditure the GLC is assumed to levy 0.69p less in its rate. Because of its high resources this reduces its rate income by more than the reduction in expenditure. It therefore needs additional block grant to make up the difference.

If authorities with high resources were not subject to negative marginal grant rates, they would be able to finance an increase in their spending with a much lower rate increase than other authorities.

The Supplementary Report

In July of each year a supplementary report is made. This makes further adjustments in particular on two counts:-

- (i) to convert the initial percentage close-ending adjustments to final rate poundage adjustments. For 1985/86 this will remove a further slice of overclaimed grant from the authorities with relatively high rateable resources, but will return some of the grant initially removed from relatively low-resource authorities.
- (ii) More importantly some councils may have exceeded their targets and incurred hold back. The proceeds of this accrue to the Treasury and do not affect other local authorities. This, of course, had no parallel under Labour's system.