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PREM 19/1212

PART 3 ends:-

LPC's office to environment 30/3

PART 4 begins:-

LPS to SPS ENR 3.4.84

TO BE RETAINED AS TOP ENCLOSURE

## Cabinet / Cabinet Committee Documents

Reference	Date
MISC 95 (84) 10	26/03/1984
CC(84) 11 <sup>th</sup> Meeting, item 5	15/03/1984
MISC 95 (84) 9	22/03/1984
C(84) 12	13/03/1984
C(84) 11	13/03/1984
CC(84) 9 <sup>th</sup> Meeting item 5, Limited Circulation Annex	08/03/1984
C(84) 10	07/03/1984
CC(83) 17 <sup>th</sup> Meeting, item 3	10/05/1983
CC(83) 12	06/05/1983
CC(83) 7	18/03/1983
MISC 79(82) 9 <sup>th</sup> Meeting, item 1	17/11/1982
MISC 79(82) 24	03/11/1982
MISC 79(82) 8 <sup>th</sup> Meeting, item 3	19/10/1982
MISC 79(82) 12	16/07/1982
IL(81) 1	17/03/1981
CC(83) 3 <sup>rd</sup> Meeting, item 5	22/01/1981
C(81) 6	20/01/1981
CC(81) 1 <sup>st</sup> Meeting, item 4	08/01/1981
C(81) 1	05/01/1981
MISC 41(80) 35	17/12/1980
H(80) 27 <sup>th</sup> Meeting, item 1	15/12/1980
H(80) 85	11/12/1980
IL(80) 7 <sup>th</sup> Meeting	10/12/1980
IL(80) 37	09/12/1980
IL(80) 38	08/12/1980
IL(80) 36	08/12/1980
IL(80) 6 <sup>th</sup> Meeting	03/12/1980

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed J. Gray

Date 16/9/2013

PREM Records Team

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NAPM AT 30 17



PRIVY COUNCIL OFFICE  
WHITEHALL LONDON SW1A 2AT

30 March 1984

Dear John,

MISC 95: EDUCATION IN LONDON

<sup>With AT?</sup>  
The Lord President has seen the Lord Privy Seal's letter of 29 March to your Secretary of State. He has asked me to say that he very strongly supports what the Lord Privy Seal says about the possibility that MISC 95 might recommend that provision should be included in the Paving Bill for direct elections to ILEA in May 1985.

I am sending copies of this letter to Andrew Turnbull, David Heyhoe, to the Private Secretaries of Ministers who attended yesterday's meeting of MISC 95, and to Richard Hatfield.

Yours ever,

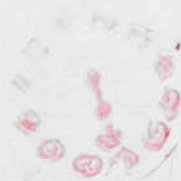
Janet Lewis-Jones.

JANET A LEWIS-JONES  
Private Secretary

John Ballard Esq  
Private Secretary to the  
S/S for the Environment

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30 MAR 1984



CONFIDENTIAL



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

NDPM  
AT  
30/3

29 March 1984

Dear Patrick,

MISC 95: EDUCATION IN LONDON

As you know I was not able to attend yesterday's meeting of MISC 95, nor shall I be able to attend this afternoon's meeting.

I am, however, considerably perturbed to hear that the Group may conclude that the first elections to a directly elected ILEA should be held in May 1985 and that provision for them should be included in the Paving Bill. This issue was of course discussed in Cabinet on 15 March and, in my recollection, it was explicitly agreed that the Paving Bill should not include provision for such elections. The argument that the inclusion of these provisions would delay introduction of the Bill clearly now falls, but the probability of their inclusion delaying the passage of the Bill and having a knock on effect on other important legislation remains strong. I remain convinced on these grounds that no attempt should be made to change the Cabinet decision. Assuming the principle of a directly-elected ILEA is agreed, an appropriate statement at second reading debate or thereafter should satisfy those who are concerned about this without danger to the remainder of this session's legislative programme and without infringing the principle that the Paving Bill should not deal with substantive abolition issues.

I am sending copies of this letter to the Prime Minister, the Lord President of the Council, the Chief Whip, members of MISC 95 and Sir Robert Armstrong.

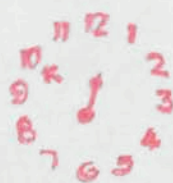
*John Biffen*

JOHN BIFFEN

Rt Hon Patrick Jenkin MP  
Secretary of State for the Environment

CONFIDENTIAL

29 MAR 1984





10 DOWNING STREET

Prime Minister ②

This is on the agenda for  
Wednesday's meeting of  
MISC 95. You might like  
to see how Sir Keith  
develops the argument  
for a directly elected  
ILEA; which is a  
precepting body; and which is  
subject to review.

The outcome of the  
discussion will be incorporated  
in MISC 95's report to colleagues,  
along with the other issues it  
is considering.

AT

23/3



SECRET

14 March 1984  
Policy Unit

14

PRIME MINISTER

ILEA

The ILEA has always been a mess; it will remain a mess if it is directly elected. Whatever the results of the election, there is no reason to think that the directly-elected members would be able to sort out the sloppy management and the poor standards with which the ILEA is riddled.

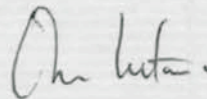
True, direct elections would be the easiest course politically; but you should remember the strong argument against direct elections without the possibility of boroughs opting out. If you hold such elections, you will almost certainly be making it impossible to achieve improvements in London's education for many years, because the ILEA's failings will seem to be legitimised by the ballot box. We do not agree with Keith Joseph and Patrick Jenkin that you could drastically alter <sup>the</sup> structure of the ILEA soon after making it directly elected. Can you imagine bringing about any real devolution 5 years from now, just when the furore over the GLC abolition has abated?

It might even, in the long run, be better to soldier on with an unsatisfactory Joint Board until there is Parliamentary time and political will to tackle the problem, rather than to accept direct elections without any provision for opting out.

We suggest that you try, one last time, to argue for direct elections with provision for opting out.



JOHN REDWOOD



OLIVER LETWIN

SECRET



10 DOWNING STREET

From the Private Secretary

Prime Minister

There are arguments for and against an ILEA, whether a Joint Board or directly elected; and for and against breaking up ILEA, whether promoted by Government or by allowing boroughs to secede.

Whatever view one takes of that, I do not believe the Policy Unit preference for a directly elected ILEA with an explicit option to secede will be less controversial than action to break up ILEA now. Either one is prepared to have the row or not one is not.

I agree with Policy Unit that if ILEA is directly elected it will be 10 years before a case can be made for changing it.

AT  
14/3



Ref. A084/827

PRIME MINISTER

Education in London

C(84) 11 and 12

## BACKGROUND

When they discussed education in London last Thursday, the Cabinet reached no decision. They instructed me, in consultation with the Departments concerned, to prepare a note on a number of matters that had been raised as a basis for a renewed discussion; Flag A this note has been circulated as C(84) 12.

Flag B 2. The Secretary of State for the Environment's memorandum (C(84) 11) argues strongly for holding the first elections to a new, directly-elected body in May 1985. The Secretary of State argues that this would avoid the discontinuity in the membership of the successive bodies responsible for education in inner London which would result from making borough appointees responsible between May 1985 and April 1986. He also argues that the new body should be a precepting, not a rating, authority on the lines set out in paragraph 8 of C(84) 12.

## MAIN ISSUES

3. The main issues before the Cabinet are as follows:
- (i) Do the Cabinet favour setting up a new, directly-elected authority to run education in inner London?
  - (ii) If so, should it raise its money by rate or by precept?
  - (iii) Should the first elections to the new body be held in May 1985, with the consequence that the necessary statutory provisions would have to be included in the abolition Paving Bill to be introduced later this Session?
  - (iv) How should the Government's decisions be announced?



A New, Directly-elected Body

4. The main arguments in favour of a directly-elected body, rather than the joint board proposed in the White Paper 'Streamlining the Cities' (Cmnd 9063), were set out in the memorandum by the Secretary of State for Education and Science and the Secretary of State for the Environment (C(84) 10), which was considered last week by the Cabinet (CC(84) 9th Conclusions, Minute 5), ie:

(a) It is favoured by the great majority of responses to Cmnd 9063. The proposal for a joint board is equally strongly opposed. It is thought possible that the abolition legislation could fail if the Government were to insist on a joint board.

(b) There would be clear and direct accountability to the electorate.

(c) There would be a continuing body of Conservative members who could produce well-informed alternative proposals to the high-spending budgets which the Inner London Education Authority (ILEA) is usually likely to produce.

(d) Directly-elected members would be more likely to be able to do the job than borough councillors nominated to a joint board.

5. The main arguments against the proposal are as follows:

(a) The expenditure of a directly-elected body responsible for a single service will be hard to control. It will have no need to balance educational spending against other claims. Although it will be subject to rate-capping, it will be able to claim a democratic mandate to resist the effects of this.

(b) It may not be easy to defend setting up a directly-elected body to run education in inner London, while transferring responsibility for other services in metropolitan areas to joint boards. This is particularly



true of public transport, which is likely to be a subject of political controversy as, say, the fire service is not.

Rate or Precept?

6. During last week's discussion several members of the Cabinet suggested that it was essential that a directly-elected body should levy its own rate; they considered that a precepting body would be insufficiently accountable to the electorate.

7. Work by officials, summarised in paragraphs 7 to 10 of C(84) 12, has revealed that there are serious objections to making the new body a rating authority:

(a) Existing legislation on rates assumes that there is only one rating authority for each area: any other local authority raising its funds from that area must do so by precept. To change this would entail extensive redrafting of the relevant legislation. This could not possibly be done in the Paving Bill; even attempting to do so in the main Bill could well prejudice the timetable (Parliamentary Counsel has already expressed serious concern about this, even without the potential additional complication of having to make extensive changes in rating law).

(b) There would be complicated problems of the administration of housing benefit, domestic rate relief, and so on.

(c) Separate rating and billing would carry a heavy cost: officials estimate that this could match the existing costs of rate collection in inner London, which in 1983-84 are about £16½ million.

8. An alternative approach, based on precepting but intended to do as much as possible to draw public attention to the size of the precept and its financial effects, is described in paragraph 8 of C(84) 12. It is supported by the Secretary of State for the Environment. The Cabinet will no doubt wish to consider whether it is adequate to achieve their objective of accountability.



### Timing of First Elections

9. The prime argument for holding the first elections to a new body in May 1985 is that this is the only way to secure reasonable continuity in the membership of the successive bodies responsible for education in inner London: the arguments are set out in detail in paragraph 14 of C(84) 12. Holding the first elections in May 1985, when the Greater London Council (GLC) elections would take place apart from the abolition proposals, may also have presentational advantages.

10. Holding the elections in May 1985 would require provision for them to be included in the abolition Paving Bill: it would be impossible to wait for the main Bill, which is not expected to receive Royal Assent until July or August 1985. Making provision in the Paving Bill has implications for the legislative timetable, discussed in paragraphs 11 to 14 below. Other arguments are as follows:

(a) The body running education in inner London must retain until April 1986 the status of a special committee of the GLC. It may look odd to provide for direct elections to a committee, especially a committee of an appointed body. May 1985 to April 1986 will, however, be a transitional period; and any arrangements made during it are likely to be open to some form of criticism.

(b) The Government may be accused of prejudicing the principle of abolition to a greater extent than in other provisions of the Paving Bill. In the worst - admittedly unlikely - case, it could have set up elections which left successful candidates in limbo.

### Legislative Timetable

11. To include provision for direct elections in the Paving Bill will entail some delay in the introduction of that Bill. It seems likely, however that Second Reading could take place shortly after Easter; this would allow Royal Assent to be secured by the end of July, though the timetable would certainly be tight.



12. The main argument in favour of including provision in the Paving Bill is the argument of substance for holding direct elections in May 1985: if the Cabinet wish this to be done, provisions must be made in the Paving Bill. It is also argued in C(84) 11 that making provision in the Paving Bill will be a more convincing demonstration of the Government's intentions than a mere announcement.

13. On the other hand, the Cabinet will wish to consider the following:

(a) The timetable for drafting is very tight. It may lead to a Bill requiring significant Government amendments. This would not only damage the Government's reputation for competence; it could also jeopardise the Parliamentary timetable.

(b) I understand that the Chief Whip considers that there are good prospects of agreeing a timetable for the Paving Bill with the Opposition as the Bill now stands, but that the prospects for such an agreement would be poor if the Bill were extended to include provision for elections.

(c) The additional scope for amendment and debate could make it impossible to take the Committee Stage on the floor of the House, which the Secretary of State for the Environment himself regards as a necessary condition for achieving his timetable.

(d) Most, even if not all, of the presentational advantages could presumably be secured by a full statement of the Government's intentions, to be followed by provision in the main Bill.

14. In essence, the question for the Cabinet is whether the advantage of greater continuity in membership of the ILEA and the presentational advantage of early legislation over a statement outweigh the inevitable risks to the legislative timetable, both for the Paving Bill and for other Government legislation this Session.



### Announcements

15. If the Cabinet decide in favour of a directly-elected body, they are likely to wish to make an early announcement to that effect. C(84) 10 proposed an outline statement, to be followed in due course by a more detailed announcement. The Cabinet may consider that it would be better for the initial announcement itself to be reasonably detailed, both in order to satisfy critics of the joint board proposal and to avoid any impression of undue haste. If so, you will wish to invite the Secretary of State for Education and Science, in consultation with the Secretary of State for the Environment, to circulate a draft for approval.

### Provision for Review

16. You wanted legislative provision for a statutory review of the arrangements for education in inner London in due course: such provision was made in the legislation creating the GLC. Paragraph 12 of C(84) 12 suggests that such provision would be appropriate to the main rather than Paving, Bill.

### HANDLING

17. You will wish to invite the Secretary of State for Education and Science to open the discussion; the Secretary of State for the Environment could then be invited to contribute. The Home Secretary will probably wish to comment on the electoral provisions, and the Chief Secretary, Treasury on the financial implications, including the question of rates versus precept. The Lord President of the Council, the Lord Privy Seal and the Chief Whip will wish to comment on the implications for the legislative programme. Your colleagues with London constituencies will no doubt wish to comment generally.

### CONCLUSIONS

18. You will wish the Cabinet to reach conclusions on the following:
- (i) Should education in inner London be run by a new, directly-elected authority, rather than by a joint board?
  - (ii) If so, should it raise its funds by rates or by precept?





(iii) Should the first elections to the new body be held in May 1985 (which would require the necessary statutory provision to be made in the abolition Paving Bill) or at a later date?

(iv) Announcements.

RTA

ROBERT ARMSTRONG

14 March 1984

CONQUEROR



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone ~~01-233-7029~~ 01-233-7029

CONFIDENTIAL

Reference No: E020

9 March, 1984

Miss Janet Lewis-Jones,  
Lord President of the Council's Office,  
70 Whitehall,  
LONDON SW1

Dear Janet.

Education in London.

I attach a note of the informal meeting held yesterday evening by the Lord President of the Council about further work on the organisation of education in London.

2. Copies go to the Private Secretaries to the other Ministers present, to David Heyhoe (Lord Privy Seal's Office), to Andrew Turnbull (No 10), and to Richard Hatfield here. I should be grateful if all recipients would show copies only to those officials with a clear 'need to know'.


Yours sincerely,

*Michael Buckley*

M S BUCKLEY

Attachment:

CONFIDENTIAL

lec B1.  
Mr Turnbull  COPY  
Prime Minister ②  
To note progress  
AT 9/3

*M*

CONFIDENTIAL

NOTE OF A MEETING IN THE LORD PRESIDENT OF THE COUNCIL'S ROOM,  
HOUSE OF LORDS, AT 5PM ON 8 MARCH 1984 TO DISCUSS EDUCATION IN LONDON.

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PRESENT:           The Lord President of the Council (in the chair)  
                  The Secretary of State for the Home Department  
                  The Secretary of State for Education and Science  
                  The Secretary of State for the Environment  
                  The Chief Secretary to the Treasury  
                  The Attorney-General

SECRETARIAT:       Mr M S Buckley           Cabinet Office  
                  Mr C J S Brearley       Cabinet Office  
                  Mr J F Stoker           Cabinet Office

---

THE LORD PRESIDENT OF THE COUNCIL said that Cabinet that morning had discussed proposals for providing for direct elections to a reconstituted Inner London Education Authority (ILEA) on the context of abolition of the Greater London Council. The Secretary of the Cabinet, in consultation with officials of the departments concerned, had been instructed to provide the Cabinet with a note on certain matters raised in the discussion, to be circulated in time for them to resume their discussion on Thursday 15 March. He had convened the present meeting to give officials guidance for the preparation of that paper.

In discussion, the following were the main points made.

FINANCE

(a) Several members of the Cabinet had argued that a directly-elected ILEA must have power to levy a rate; and that a precepting body would be insufficiently accountable. The official paper, however, should examine all available options, namely, precepting; a separate rate collected by the boroughs as agents of ILEA; and a separate rate collected separately by ILEA. It should cover the relative costs of the options.

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(b) The cost of separate billing by the ILEA could be reduced if it used the administrative facilities of the boroughs: the water authorities did this. But some London boroughs might be unwilling to cooperate in this way. It would be for consideration whether to make cooperative arrangements mandatory.

(c) The paper should make it clear that the levy of a discriminatory rate on different boroughs or classes of property would be prevented; and why the arrangements proposed did not present problems for rate-capping or the London Rates Equalisation Scheme.

STATUS

(d) The status of ILEA as a special committee of the GLC meant that arrangements to convert it into a directly-elected body would inevitably be unorthodox. The paper should set out the implications of including in the Paving Bill a provision, to be activated by Order following Second Reading of the main Abolition Bill, for direct elections to ILEA from 1985; or, alternatively, including in the main Bill a provision for elections from 1986. For completeness' sake, the paper should also deal with the third option of a separate Bill this Session to set up from 1985 an elected ILEA with separate status from the GLC, though it was generally accepted that there was no reasonable prospect that this could be achieved in time.

PROVISION FOR  
REVIEW

(e) It had been proposed that the legislation should make provision for a review at an appropriate time of educational arrangements in inner London. However, such provision would be more appropriate to the main Bill. The paper should make this point; but it should not discuss the substance of a review provision.

ELECTIONS

(f) The paper should point out that the only satisfactory basis for elections in May 1985 was likely to be to use parliamentary constituencies, with two members for each; and should mention as

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a matter for eventual consideration whether the Local Government Boundary Commission should be required eventually to sub-divide the constituencies so as to provide for single-member elections.

LEGISLATIVE TIMETABLE

(g) It would be for Ministers to assess the Parliamentary aspects and the implications for the legislative timetable of including provision for direct elections in the Paving Bill. But the paper should state the key dates. It should also bring out that to include provisions for elections would widen the scope of possible amendments; and that it might be accused of prejudging the principle of abolition.

THE LORD PRESIDENT OF THE COUNCIL, summing up the discussion, said that the Secretary of the Cabinet's paper would naturally be confined to technical questions: when the Cabinet considered it, it would be for Ministers to advance any relevant political arguments. If the Ministers wished to circulate papers setting out their own political assessments, they were free to do so. He and the Lord Privy Seal reserved the right, as the Government's business managers, to express views in Cabinet on the broader political practicality of what was proposed and on the possible implications for other Bills in the Government's programme. The meeting had been concerned only to give officials guidance, not to reach conclusions binding on those present.

The meeting -

Took note, with approval, of the Lord President of the Council's summing up of their discussion.

Top copy on  
Local Govt. relations  
A 19-

B/C: MR LETWIN  
MR INGHAM



10 DOWNING STREET

From the Private Secretary

7 March, 1984

EDUCATION IN LONDON

The Prime Minister held a meeting today to discuss the date beyond which no by-elections could be permitted in the run-up to the abolition of the GLC and MCCs. Present were the Lord President, Lord Privy Seal, Home Secretary, the Secretary of State for the Environment, Chief Whip, Lord Bellwin, Mr. Waldegrave, Mr. Gummer and Sir Robert Armstrong. At the conclusion of this discussion, the Prime Minister reported on her meeting with your Secretary of State yesterday. She said that your Secretary of State and the Secretary of State for the Environment now favoured a directly elected ILEA. Having considered the arguments, she saw merits in this course, subject to provision being made for a review in due course of the structure of ILEA. It was necessary to seek the agreement of Cabinet colleagues to this proposal.

Those at the meeting also favoured a directly elected ILEA which would hold out the prospect of greater influence for Government supporters or sympathetic independents than was likely under the joint board proposals. The proposal would also be popular with most of the Government supporters and would make easier the passage of the abolition legislation through the House of Lords. Establishing education as a separate service under democratic control would further weaken the case for retaining the GLC which was already losing its responsibilities for transport. It was argued that putting education under a directly elected body was not inconsistent with the proposals for joint boards for fire, police and transport. The scale and political sensitivity of these services was quite different from that of education.

Before a final decision was taken, there were important Treasury arguments to be considered. There was a danger that a single service authority would be united in pressing Government for greater resources. There were, however, safeguards; the Government's control over budgets in the first three years provided

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- 2 -

in the abolition legislation; the rate capping powers; and the fact that a directly elected ILEA would issue its own identifiable rate.

It was argued that, if the Government were to follow this course, the decision should be taken and announced quickly so that the Government could achieve the maximum impact. It was desirable also to include clauses in the Paving Bill providing for elections to ILEA in 1985, thereby avoiding the need for a transitional council. It might be necessary to delay introduction of the Paving Bill by up to one month in order to accommodate these new clauses.

Summing up the discussion, the Prime Minister asked the Secretary of State for the Environment, jointly with your Secretary of State, to circulate a paper later in the day, to be taken at Cabinet tomorrow. The Lord President should alert your Secretary of State to this and would speak to the Chief Secretary to ensure that he was fully aware of these developments. Officials in the Home Office and the Department of the Environment should begin work immediately on the arrangements under which elections would be held and on the drafting of the necessary clauses. It was agreed that if Cabinet endorsed the proposal tomorrow there were strong presentational advantages in a Ministerial statement to the House that afternoon. It was probably best for your Secretary of State to make such a statement. While most Government supporters would favour these proposals, those in some London boroughs who had been seeking to leave ILEA would be disappointed. It would be helpful if Ministers could speak to key figures in those boroughs to explain the background to the Government's decision.

I am sending a copy of this letter to John Ballard (Department of the Environment), Janet Lewis-Jones (Lord President's Office), David Heyhoe (Lord Privy Seal's Office), Hugh Taylor (Home Office), Murdo Maclean (Chief Whip's Office), Mike Bailey (Lord Bellwin's Office), Joan Dunn (Mr. Waldegrave's Office), Emma Oxford (Mr. Gummer's Office), Henry Steel (Attorney General's Office), John Kerr (HM Treasury), John Gieve (Chief Secretary's Office) and to Richard Hatfield (Cabinet Office).

*Yours sincerely*

*Andrew Turnbull*

(Andrew Turnbull)

Miss E Hodkinson,  
Department of Education and Science

SECRET

Education - IEA A3







Ref. A084/758

PRIME MINISTER

Inner London Education Authority

C(84) 10

BACKGROUND

The memorandum by the Secretary of State for Education and Science and the Secretary of State for the Environment makes three proposals:

- (i) that when the Greater London Council (GLC) is abolished, the Inner London Education Authority (ILEA) should be reconstituted as a directly-elected authority rather than as a joint board as proposed in the White Paper 'Streamlining the Cities' (Cmd 9063);
- (ii) that the first elections should take place in May 1985; this entails including the necessary legislative provisions in the abolition Paving Bill, which is to be presented later this Session, rather than in the Main Bill, which is to be presented in the 1984-85 Session; and
- (iii) that the principle of these decisions should be announced forthwith, in the afternoon of Thursday 8 March, to be followed in due course by a further, more detailed, announcement.

MAIN ISSUES

Direct Elections or Joint Boards?

2. The response to Cmd 9063 has shown an overwhelming majority in favour of direct elections. They are also said to be strongly preferred by the Government's supporters in the House of Commons and by majority opinion in the House of Lords. It is possible that Treasury Ministers may argue that a directly-elected authority, responsible for a single service and so not facing the need to weigh different expenditure priorities, will be more extravagant than a joint board: those with the necessary time and interest,



and regarded as trustworthy by their constituency parties. Direct elections are likely to give greater publicity to the members of the ILEA and so subject them to greater public pressure for responsible policies. Moreover, whatever its constitution the ILEA seems virtually certain to be subject to rate-capping for the foreseeable future; and it will be subject to special financial and manpower controls, on the lines indicated in Cmnd 9063, for its first three years.

3. Other points that may be made are:

(a) It will be more difficult to abolish a directly-elected ILEA if that should seem desirable in future. On the other hand, the likely alternative arrangements would involve making the inner London boroughs directly responsible for at least part of the education service: it would be hard to attack this as undemocratic. If so, the fact that the ILEA is directly-elected need not be an insuperable obstacle to change.

(b) Making the ILEA a directly-elected body could call into question the decision to run other services through joint boards. However, the Ministers responsible for those services have seen no difficulty in defending a difference of treatment.

#### Timing

4. Direct elections to the ILEA in May 1985 would have two advantages:

(a) They would weaken the force of the inevitable objections to the postponement of the 1985 elections in Greater London and the metropolitan counties.

(b) They would avoid the need to make transitional arrangements for education in inner London covering the period between May 1985 and April 1986 (when the post-abolition arrangements will come into full effect).



5. The second of these arguments may need further consideration. If the standard pattern of the abolition proposals is followed, the GLC will remain responsible for education in inner London until April 1986; the ILEA will presumably continue to have the status of a special committee of the GLC. It might look odd to provide for direct elections to a committee of a local authority, particularly of one whose actual members were appointed in a quite different way, (between May 1985 and April 1986 by nominations by the boroughs). There might well be legal complexities in such an arrangement. The Cabinet will wish to be satisfied that any difficulties can be overcome.

6. Direct elections in May 1985 will require the necessary provisions to be included in the abolition Paving Bill. Departments have had little time to assess the full implications; but I understand that their provisional views are as follows:

(a) Introduction of the Paving Bill would have to be delayed by about a month: the new target date would be the week beginning 22 April.

(b) In order to secure Royal Assent by the Summer Recess, Committee Stage would have to be taken on the floor of the House.

(c) The Paving Bill would be significantly longer - perhaps by up to about 8 pages compared with the present total of 15 pages (including extensive, but relatively straightforward, schedules).

(d) The drafting timetable would be tight, though it would probably be feasible.

7. The Cabinet will wish to give careful scrutiny to this aspect: it would obviously be serious if hasty drafting led to technical shortcomings in the legislation. Including provision for direct elections in the main Bill would clearly be less risky. It would not secure the advantages attaching to elections in May 1985 (the main Bill is not expected to secure Royal Assent until July or August in that year); but much of the presentational value of the



the change of policy - including an easier passage for the Paving Bill - could be secured by an early announcement of the Government's decisions.

#### Announcements

8. If the Cabinet endorsed the proposed policy they will wish to announce it as soon as possible. Some members of the Cabinet may question whether it is right to have two announcements. The draft announcement annexed to C(84) 10 contains few details; and the Government is bound to be questioned closely about its intentions. There may be a case for deferring an announcement for a few days to allow more of the details to be worked out.

#### Provision for Review

9. You have indicated in the previous discussions that you would see advantage in providing for a review in due course of the structure of the ILEA. There should be no difficulty about making a statement of the Government's intention to hold such a review.

#### HANDLING

10. You might invite the Secretary of State for Education and Science to open the discussion and the Secretary of State for the Environment to speak next. The Home Secretary might then be asked whether he is satisfied that the provisions relating to direct elections could be drafted in time if the Cabinet wished to include them in the Paving Bill. The Lord President of the Council and the Lord Privy Seal will have views on the implications for the legislative timetable; they and the Chief Whip will also be able to advise on how the proposed change of policy would be received by Parliamentary Opinion. The Chief Secretary, Treasury may have comments from the standpoint of control of local authority expenditure.

#### CONCLUSIONS

11. You will wish the Cabinet to reach conclusions on:

- (i) whether, in the context of the abolition of the GLC, the ILEA should be reconstituted as a directly-elected body rather than as a joint board;

*246 out  
of 249  
Comments  
A minor  
group*



(ii) if so, whether the first elections should be held in May 1985 and the necessary statutory provisions included in the abolition Paving Bill;

(iii) announcements.

7 March 1984

approved by ROBERT ARMSTRONG  
and signed in his absence.

Lindsay Wilkison

CONQUEROR

MASTER

file



## 10 DOWNING STREET

From the Private Secretary

6 March 1984

ILEA

The Prime Minister held a meeting today to discuss the Government's proposals on the future of ILEA. Present were your Secretary of State, Mr. Dunn and Mr. Waldegrave. Also present were Mr. Buckley (Cabinet Office) and Mr. Letwin. The meeting had before it the paper by three London MPs, Messrs. Bowden, Stevens and Wheeler, a critique of it by DES, and a note by DES on direct elections.

Your Secretary of State said the proposals from Mr. Bowden and his colleagues were not workable. They purported to devolve responsibility for schools (but not higher and further education) to the boroughs, while maintaining the structure of ILEA. But they would be seen as a break-up of ILEA in disguise. There was no advantage in proceeding in this way, and some disadvantages. The proposals greatly weakened financial accountability and all the opposition to a break-up of ILEA would be incurred anyway. If the Government were prepared to face this opposition, it would be better to do so directly by providing for devolution of responsibility for schools in conjunction with a scheme of rate equalisation.

In his view, however, the Government should not seek to break up ILEA. While this might improve education in two or three boroughs, it would reduce standards in the rest. The Government's supporters in those Boroughs would feel they had been abandoned. The position might be different five-ten years hence when the initiative on standards had begun to bear fruit.

Mr. Waldegrave said the proposals for a joint Board were universally unpopular. His Department and the Department of Education and Science now favoured a directly elected ILEA. This had been overwhelmingly favoured in the responses to the consultation document, including those from the Government's own supporters. Direct elections would ease the passage of legislation in the Lords.

Direct elections stood a better chance of providing a strong Conservative influence in education in London. (Mr. Letwin pointed out that on a constituency basis inner London divided 15 Labour, 12 Conservative and 2 Alliance, while on a borough basis the division was much less favourable to the Government -

8 Labour, 4 Conservative). It was also thought helpful to have rates for ILEA identified separately. The objection that a one issue council would generate more expenditure had less force in an era of rate capping. The main argument against direct elections was that extremists could gain control in a low turn out. On balance, though, the arguments for direct elections looked strong.

The Prime Minister asked whether direct elections to ILEA would enshrine it permanently and rule out the possibility of changes in its structure at a later date. Your Secretary of State argued that the structure of ILEA need not be permanent; a provision for review could be included.

Summing up this part of the discussion, the Prime Minister said she accepted the case for a directly elected ILEA which would levy its own rate.

The meeting then considered the question of timing. Mr. Waldegrave said it might still be possible to include provisions for direct elections in the Paving Bill. This would require a delay of about one month. It would enable elections to be held in May 1985. The alternative would be to include the clauses in the main Abolition Bill which would mean elections in 1986 and would require a transitional council.

BF || The Prime Minister said the feasibility of inclusion in the Paving Bill should be investigated as a matter of urgency. She asked that a meeting be held under the Chairmanship of the Lord President to consider whether arrangements for direct elections could be devised, and clauses drafted, in time. This meeting should include the Secretaries of State for the Environment and Education and Science, the Lord Privy Seal, the Home Secretary (in view of his responsibility for electoral matters) and either the Attorney General or the Solicitor General. The Department of the Environment should circulate a paper setting out the action required. The aim should be to hold a meeting later this week and for the Lord President to report the outcome as soon as possible to the Prime Minister. Any outstanding questions could be settled either in correspondence or at next week's Cabinet.

I am sending copies of this letter to John Ballard (Department of the Environment), Janet Lewis-Jones (Lord President's Office), David Heyhoe (Lord Privy Seal's Office), Hugh Taylor (Home Office), Henry Steel (Law Officers Department), John Kerr (HM Treasury), Stanley Colley (Office of the PUSS, Department of Education and Science), Joan Dunn (Office of the PUSS, Department of the Environment), Murdo Maclean (Chief Whips Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Mrs. E. Hodkinson,  
Department of Education & Science.  
SECRET



10 DOWNING STREET

From the Private Secretary

Prime Minister

ILEA

For this meeting you have the following papers

- (i) The paper by Bowden et al - Flag A.
- (ii) A DES note on the feasibility of (i). This follows a meeting with Sir Keith in the Department - Flag B
- (iii) A DES note on direct elections - Flag C
- (iv) A Cabinet Office brief - Flag D.

There is a short pre meeting with Oliver  
Letwin at 11.30.

AT

5/3





DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

Andrew Turnbull Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

5 March 1984

*Dear Andrew,*

ILEA

As requested in your letter of 27 February, I am attaching as background for the Prime Minister's meeting tomorrow a short note setting out the issues on direct election versus nomination of ILEA councillors.

My Secretary of State thought that the Prime Minister and the Secretary of State for the Environment might also find it helpful to have the attached note by officials, which gives a preliminary assessment of the main features and implications of the scheme to devolve more power to the boroughs that has been suggested by the three London MPs.

I am copying this letter to John Ballard (Department of the Environment).

*Yours,*

*Elizabeth*

MISS C E HODKINSON  
Private Secretary

The Bowden Scheme for ILEA

1. The paper dated 21 February by Mr Bowden and his colleagues proposes, in essence, that the ILEA's functions should be reallocated as follows:

- (1) Responsibility for higher and (post-18) further education (including adult and youth) and for special schools, to be discharged by a new-style ILEA (ILEA(NS) acting as a single authority for inner London.
- (2) Responsibility for school education (other than special schools) and pre-19 further education to be discharged by the inner London boroughs, each of which could, if it wished, act jointly with one or more other such boroughs.

2. The intention is to make the boroughs have the effective direction and control of policy for, and management of, school education (except special schools). That intention is incompatible with allocating certain functions to the ILEA(NS) as proposed in the paper:

- (1) There can be only one authority formally employing staff with the ultimate power to appoint, dismiss, deploy, settle conditions of service; that authority must, under the Bowden scheme approach be the borough.
- (2) The main responsibility for in-service training goes with responsibility for employing teachers and for the curriculum. It must therefore be allocated to the boroughs.
- (3) School inspectors need to be answerable to the authority which controls the schools ie the boroughs.

Moreover since responsibility for allocating the resources made available to the borough by the ILEA(NS) must rest with the borough, it is more convenient that the borough should pay the bills for which it is responsible, including the staff salary bill (a mechanical operation which is readily integrated with the borough's other payroll functions).

3. The scheme entails two awkward discontinuities between the boroughs and ILEA(NS):

- (1) Practical and educational arguments are against putting special and other schools under different authorities. Special arrangements would be needed to mitigate, for example, the professional isolation of the special schools.
- (2) The boroughs would have to exercise their duty to provide further education for those aged 16-18 by the purchase of places but without any direct control over the provision made. Policy liaison between boroughs and ILEA(NS) might be difficult on this.

4. The financial proposals solve a familiar difficulty of breaking up ILEA by maintaining the very important mechanism for equalising rateable resources in inner London created by the existence of a uniform education rate for inner London. But they entail certain controversial consequences:

- (1) The authority which spends the rate is not the one which determines and levies it; the body of ratepayers affected by the spending authority's policies and performance is different from the body of ratepayers on whom the rate would be levied (eg a borough's "education rebate" would benefit only a small fraction of the ratepayers who paid the rate originally). Moreover, the rate spending authority cannot ask its own ratepayers to contribute more to education than it receives from the rate-levying authority if it thinks extra money is needed and can be justified. (It may be impossible to enforce a prohibition on applying to education rates levied by the borough.) In some, the normal mechanism by which a local authority is financially accountable to its ratepayers no longer operates either in respect of ILEA(NS) or the boroughs.

- (2) The minimum and maximum share of the budget of the ILEA(NS) which it has to hand over to the borough is determined by the Government, and, given rate-capping, the balance of the budget will be similarly subject to central control.
- (3) The Government also determines how much of that share ILEA(NS) has to give to each borough, since the statutory formula (using for example the same factors as for the distribution of rate support grant) determines precisely the distribution of the sum allotted by the ILEA(NS) for borough purposes.

5. By itself the scheme does not reduce administrative costs, but multiplying the responsible authorities could increase them:

- (1) Common services eg legal, architectural and financial now centralised on County Hall would remain to be performed but would need to be separately provided both by the boroughs and by ILEA(NS).
- (2) The administration of schools functions such as school meals and transport, buildings' maintenance and repair; staffing; and resource allocation is presently carried out wholly by County Hall, not by the ILEA divisions. These functions will need to be split up between the boroughs with the risk of losing any economies of scale.

6. The educational benefits of breaking up the present single schools authority are uncertain. The performance of the schools may improve in some boroughs, but is likely to become worse in others. The disruption of transferring important educational responsibilities to authorities with no experience of them is likely to impair school performance for several years.

7. Since there will be so little linkage between the functions of ILEA's successor authorities, the issue of how they might be constituted is, in principle, simple.

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- (1) The natural course for ILEA(NS) is to make it either a joint board, consisting of borough nominees, as proposed for the joint board in "Streamlining the Cities"; or to make it consist of directly elected members; or to adopt a combination of these two methods.
- (2) The boroughs would have to discharge their responsibilities for school education in the same way as they discharge all their functions viz through the borough's council. But it would be natural to require the boroughs, who would have many of the functions of a LEA, to operate through an Education Committee in respect of their education functions in the manner of a LEA.
- (3) Joint education committees for all school functions have no precedent: where they exist to run major institutions they have often proved a source of friction. If individual boroughs are left to decide whether to come together for education purpose (and if they do, whether subsequently to revert to "independent" status) the system could prove unstable. An alternative is to legislate ab initio for certain boroughs to be permanently combined for education purposes, any subsequent changes requiring further legislation.

8. The proposed reallocation of ILEA' functions is intended to be radical and to give to the boroughs those functions on which the debate about ILEA has focused over the last few years. Certain consequences follow:-

- (1) The proposals differ so much from the Government's hitherto published ones that substantial new consultation is needed.
- (2) Since the proposals entail breaking up ILEA in respect of those of its responsibilities which teachers, parents and others most care about, the controversy about breaking up ILEA will be revived.

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- (3) The legislation, while readily avoiding hybridity, will be complex.
- (4) Because the abolition of the GLC entails the abolition of ILEA, it seems inescapable that those parts of the Abolition Bill which will deal with them would have to be put back a year ie until the 1985/6 Session to accommodate the resolution of certain difficulties in the scheme (for example the financial mechanism issues in para 4 above), fresh consultation and working out the details of the break-up of ILEA. In consequence the transition period between the expiry of the mandate of the GLC and ILEA in May 1985 and the establishment of the permanent new regime will be lengthened from one to two years.

5 MAR 1984



C O N F I D E N T I A L

Direct election of the members of the successor authority to ILEA

1. If the members of the education authority for inner London replacing ILEA were to be directly elected, the authority would not be a joint board, as now proposed, but would be something like the School Boards which existed before 1902.

2. The main considerations for preferring direct election to a nominated joint board are:-

- (a) It is favoured by the great majority of responses to the White Paper (246 to 3 out of specific comments received up to 10 February) including the ILEA Conservative Group and 10 of the 12 inner London boroughs. At least 6 of the 12 inner London Conservative MPs are in favour.
- (b) Accountability to the electorate would be beyond question.
- (c) Members could not be overburdened or distracted by their additional role as borough councillors.
- (d) There would be less risk of "second eleven" councillors: in choosing appointees to the joint board the boroughs might wish to keep their best people back for borough work. (But good people determined to serve on the joint board could probably get their way.)
- (e) The simplicity and wide acceptability of direct elections should ease the passage of the Abolition Bill.

3. The considerations against direct elections are:

- (a) There would not be the discipline of balancing the competing claims of services on what ratepayers might



be asked to pay (but rate-capping and statutory consultation with boroughs on the budget weakens this argument).

- (b) Elections on a separate day from borough elections involve extra cost; but if they were held on the same day, voters might be less likely to be guided by their judgment of the education authority's performance.
- (c) Elections held on a separate day might produce a very low turn-out, with bizarre results, eg leading to a hung authority incapable of consistent and resolute action.
- (d) Direct elections for ILEA might lead to requests for direct elections to the other single service joint boards (fire in London, and fire, police and public transport in the MCCs). We would have to argue that education was a special case and that the White Paper had not elicited the same pressure for direct elections for other services.

4. If we adopted direct elections, problems of timing arise. If we legislate in the main abolition Bill, the directly elected authority could not take over until April 1986 following elections in the autumn of 1985, leaving a transitional ILEA appointed by the boroughs between May 1985 and April 1986. If we could legislate this session we could hold elections in May 1985 and do away with the transitional ILEA. But this would greatly complicate the abolition paving legislation and prejudice introduction before Easter. An alternative would be separate legislation brought forward on its merits, irrespective of abolition. This would have the very great merit of reducing further the GLC's role and hence the case for its continued existence.

5. One member per inner London parliamentary constituency would yield too small an authority (29) for the work to be done.

Double-member constituencies, though weakening accountability, might be preferable. Creating new constituencies involves timing problems with the Local Government Boundary Commission.

6. One possibility would be a mixed arrangement eg on the lines of ILEA's present composition, with a majority of directly elected members and one member nominated by each borough (plus up to 3 from the City of London to reflect its large financial contribution to inner London education).



9

PRIME MINISTER

Inner London Education Authority  
(ILEA)

BACKGROUND

The Government's Election Manifesto said, in the context of abolition of the Greater London Council and the metropolitan county councils, that:

'Services which need to be administered over a wider area - such as police and fire, and education in inner London - will be run by joint boards of borough or district representatives'.

2. The Government's plans were set out in more detail in the White Paper 'Streamlining the Cities' (Cmnd. 9063), paragraph 2.20 of which said:

'Education in inner London is the responsibility of the Inner London Education Authority, a special committee of the GLC. The Government consider that a unitary education service, administered by a single education authority, offers at present the best prospect of meeting the educational needs of inner London and improving the standards and cost-effectiveness of the service. Whether that prospect will in practice be realised depends upon the performance of the new single authority; and the Government therefore propose to make the authority subject to review in the light of experience. In order to secure that education policies are developed within the context of the totality of demands being made on inner London ratepayers, the Government propose that the new single authority should be a



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joint board composed of elected representatives nominated by the inner London borough councils and the Common Council. The new authority will thus be based on the boroughs; and the Government will consider whether, within these general arrangements, ways can be found to increase the involvement of the individual borough councils in the educational provision made for their areas.'

3. It has been suggested that these proposals do not go far enough in the direction of giving powers over education to the London boroughs. You are holding a meeting tomorrow to discuss a paper by three London MPs which proposes to give the boroughs extensive powers over nursery, primary and secondary education in inner London. It also raises the question of the constitution of ILEA and borough education committees.

Powers of ILEA and London boroughs

4. Not all the details of the proposals by the three MPs are clear from their paper; but the broad outlines are as follows.

(a) ILEA would remain responsible for higher, further and adult education and for special schools; for certain financial services (including payment of staff); for the central inspectorate; for most aspects of in-service training; and for support services.

(b) The boroughs would become individually responsible for nursery, primary and secondary education. This responsibility would extend to the organisation of schools; the appointment, promotion and dismissal of staff (including head teachers), and the release of staff for in-service training;



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articles and instruments of Government and the appointment of governors; curriculum, administration and discipline; most services other than teaching; and the funding of voluntary schools.

(c) At least the bulk of finance for education would continue to be raised by ILEA, which would set its budget (subject to rate-capping) and decide how large a proportion of that budget should be devoted to normal under-19 education. This would be distributed to the boroughs according to a statutory formula. Each borough would be entitled to spend less than its allocation and to distribute the savings to its rate-payers. (It is not clear to what extent, if at all, the boroughs could supplement their allocations from ILEA). The boroughs would reimburse ILEA for all salaries and redundancy payments (since ILEA would be responsible for paying staff). The boroughs would own the schools for which they were responsible and be entitled to retain the proceeds of any disposals. (It is not clear whether they would also be responsible for financing new school building.)

#### Constitution of ILEA and borough education committees

5. Paragraph 3.5 of Cmnd. 9063 proposed that the smallest inner London borough council should nominate three members, and that the others should nominate additional members in proportion to the size of their electorate. The Common Council should also appoint three members. This would result in a board of about 50 members: the White Paper argued that a body of about the size of the present ILEA (48 members) was needed to cope with the workload.

6. The three MPs appear to regard an approach on these lines as acceptable. But they suggest as an alternative direct election of persons to serve both as members of ILEA and as members of their borough's education committee.



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MAIN ISSUES

7. As the three MPs recognise, their proposals are a radical departure from Cmnd. 9063 (and indeed, the Manifesto). They could clearly not be accepted without full consideration by Ministers collectively. The main purpose of tomorrow's meeting will therefore be to consider whether they are sufficiently promising for further work on them to be commissioned.

8. The main relevant considerations seem to be as follows.

(i) What are the educational merits of the proposed new organisation?

(ii) Does the proposed new organisation seem likely to be workable?

(iii) Would it have significant implications for the Government's other abolition proposals?

Educational merits

9. This is an aspect on which the Secretary of State for Education and Science and Mr Dunn will be able to give detailed advice. However, the proposal appears to meet some of the main concerns that have been expressed in previous discussions.

(a) Higher and further education in London would continue to be organised on a basis wider than the individual boroughs.

(b) There would be explicit provision for cooperative arrangements between more than one borough.



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(c) The financial arrangements would offer incentives to cost-effectiveness.

Organisational aspects

10. The meeting will wish to explore a number of questions here.

(a) Would it be reasonable to make ILEA responsible for raising at least the great bulk of the finance for nursery, primary and secondary education when it would have virtually no control of their management? Would ILEA, for example, have to find the money to fund a new way of organising schools that was significantly higher than the average, or a curriculum with higher unit costs? (Both matters would be for the boroughs). Would the division of responsibility for appointment and management of staff and responsibility for paying them be viable: you will recall that somewhat similar proposals for making the Exchequer responsible for teachers' pay have previously been rejected as unworkable.

(b) One of the advantages of the proposals is that they would retain the ILEA precept and so reduce the burden that would otherwise probably fall on the London rates equalisation scheme (cf. paragraphs 5.5 and 5.6 of Cmnd. 9063). Indeed, so far as nursery, primary and secondary education were concerned, ILEA would have little of substance to do except act as a machine for financial redistribution. But would the richer London boroughs accept the system if its proceeds could be used to enable other boroughs to pay a 'dividend' to their ratepayers? Similarly, would it be accepted that individual boroughs should be entitled to the proceeds of disposing of property the purchase of which had been funded by all inner London ratepayers?



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(c) There would be obvious objections to allowing ILEA to decide on the distribution of funds between individual boroughs: as the three MPs imply, the distribution formula would probably have to be laid down in statute (or perhaps it might be determined by, or subject to the approval of, the Secretary of State). But this would be a novel constitutional arrangement: central Government or Parliament laying down in detail how a local body (either directly elected or appointed from persons directly elected) and raising all its funds locally, should spend those funds on a service for which neither central Government nor Parliament had any direct managerial responsibility or involvement.

#### Implications for other abolition proposals

11. Education in inner London is sui generis; and transferring further powers to the boroughs would be fully in accordance with the spirit of the Government's proposals on abolition of the GLC and the metropolitan county councils. Nevertheless, Ministers will wish to consider whether abandoning the proposal to run education in inner London through a joint board might be thought to indicate doubts about the ability of joint boards to run services such as fire and the police.

#### Timetable

12. The meeting will also need to bear in mind the constraints of the legislative timetable. Parliamentary Counsel has already expressed concern that many policy decisions necessary for the abolition legislation have yet to be taken. The legislation is bound to be long, complicated and controversial; and it should be introduced as early as possible in the 1984-85 Session of Parliament. If policy on education in inner London is thrown into the melting pot, there could be a serious threat to the timetable.





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13. One possibility, if Ministers regarded the proposals as attractive, but not so compelling as to merit immediate adoption, would be to have them worked out as a possible input to the review of the working of ILEA to which the Government is committed under paragraph 2.20 of Cmnd. 9063.

#### Constitution of ILEA

14. As noted earlier, one of the approaches suggested by the three MPs seems to coincide quite closely with the Government's existing proposals. Ministers have previously considered and rejected the alternative of direct elections to ILEA. As the MPs say, if the Government's proposals relating to the powers and future of ILEA are to be significantly changed, it may be better to defer decisions on constitution and appointments until decisions have been taken on powers and functions. But there is one point that Ministers may wish to consider in any event. If the Government were to modify its proposals in the direction of giving ILEA fewer powers and responsibilities, it might seem odd to give ILEA the additional authority that would presumably attach to appointment by direct election. It would seem more logical to maintain broadly the existing approach to appointments.

#### HANDLING

15. It will probably be convenient to divide the meeting into two main parts:

- (i) organisation of nursery, primary and secondary education in inner London; and
- (ii) constitution of ILEA.

The Secretary of State for Education and Science might be invited to open each part of the discussion; Mr Dunn will



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no doubt be able to give further details of the three MPs' proposals. The Secretary of State for the Environment will wish to comment from the standpoint of the Government's general proposals on abolition; he may also wish to draw attention to possible consequences for the legislative timetable of any big change of plan.

Mr Jenkins is in  
to House; N. Woldegrant  
is coming instead.

#### CONCLUSIONS

16. You will wish the meeting to decide whether the proposals from the three MPs seem worth pursuing as a basis for further work as regards either or both of:

(i) the organisation of education in inner London;  
and

(ii) the constitution of ILEA.

If they are considered worth pursuing, it is likely to be appropriate to ask the Secretary of State for Education and Science to take the lead in arranging for further work. The appropriate forum for collective discussion, at least initially, seems to be the Ministerial Group on the Abolition of the GLC and the Metropolitan County Councils (MISC 95).

*M.S.B.*

M S BUCKLEY  
Cabinet Office.

5 March, 1984



8  
✓  
cc Mr Lehin

10 DOWNING STREET

From the Private Secretary

27 February 1984

ILEA

Three London MPs came to see the Prime Minister recently to urge that, within ILEA, more power be devolved to the boroughs. The Prime Minister asked them to set out their views on paper and at greater length. This they have now done and you already have a copy of their paper. Before deciding whether to pursue their ideas, the Prime Minister would like to hold a meeting with your Secretary of State and Mr. Dunn.

She has suggested that such a meeting could also consider the related question of the way in which the Board of ILEA is constituted. I understand that this is principally a matter for the Secretary of State for the Environment. I would be grateful, therefore, if John Ballard, to whom I am copying the Bowden/Stevens/Wheeler paper, could let me know whether his Secretary of State is content with a joint meeting and, if so, whether a short note can be produced setting out the issues on direct election versus nomination of ILEA councillors.

A meeting has been arranged for 6 March. <sup>yes</sup> Could you and John Ballard confirm that this is acceptable? In view of the sensitivity of these issues, I would be grateful if the MPs' paper could be made available only to those officials who need to know of it.

I am copying this letter to John Ballard (Department of the Environment).

Andrew Turnbull

Miss Elizabeth Hodkinson  
Department of Education and Science.

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PRIME MINISTER

c.c. Oliver Letwin

ILEA: DEVOLUTION TO BOROUGHES

The three London MPs have produced their study on the possibility of devolving more power to the boroughs within the ILEA structure. It was produced with the help of Oliver Letwin and Stuart Sexton in DES.

Though Bob Dunn may feel that the scheme is feasible, the formal view of the Department, as represented by the views of the Secretary of State, is that the earlier consultation paper represents the most that can be achieved.

Before you talk to the MPs again, you will probably want to hold a meeting with Sir Keith and Bob Dunn to decide whether to pursue these ideas.

Yes AS

In addition to the distribution of responsibilities within ILEA, there is the question of the way in which the board of ILEA is constituted. Both Sir Keith and Patrick Jenkin may wish to give further thought to the direct election of ILEA councillors. The responses to the consultation process have revealed substantial support for this. You might, therefore, like the meeting to cover this issue as well and to include Patrick Jenkin.

If time can be found, the Policy Unit would be willing to go through the MPs' paper with you.

Agree:

(i) A meeting with Ministers?

Yes

(ii) Both responsibilities within ILEA and the constitution of ILEA be on the agenda?

Yes

Do you want an internal briefing first?

Yes

AS

AS



SECRET AND PERSONAL

PRIME MINISTER

ILEA: DEVOLUTION TO BOROUGHES

At our recent meeting in the House of Commons, we discussed the future of the ILEA. You asked us to consult with Bob Dunn about the feasibility of devolving power over inner London schools to the boroughs.

We have now considered the matter, and have concluded that it would be feasible to devolve effective powers over schools to the boroughs, whilst leaving some central services and other powers in the hands of the new ILEA.

Though we talk, throughout, of the 'boroughs', we assume that each borough would be entitled, if it so wished, to combine with its neighbour or neighbours to form a joint education committee. This would be particularly likely to occur in Fulham & Hammersmith, and Kensington & Chelsea, which are already combined to form a single ILEA division. Given this permission to combine, the boroughs or combinations of boroughs would, in almost all cases, be able to take over most of the ILEA divisional officers, and could thereby avoid the need for massive redundancies or wholly new bureaucratic structures.

1. POWERS REMAINING WITH THE ILEA

Our aim is to reap the maximum political benefit with the minimum political fuss. We therefore recommend that a single Inner London Education Authority should remain, under its present name, and that it should be allowed to retain those of its powers and duties that are least politically sensitive. The new ILEA would continue to control:

- higher education;
- further education;
- adult education;
- the youth service;
- special schools;
- central financial services, including payment systems for staff;
- the central inspectorate;

(2)

- in-service training,  
(subject to conditions given below);
- support services, including statistics,  
libraries and transport;  
(subject to conditions given below).

## 2. POWERS DEVOLVED TO THE BOROUGHES

Finance for Schools. Our aim is to ensure that the boroughs can exercise effective control over their own nursery, primary and secondary schools. To this end, we should give them real financial power.

The ILEA would apply a rate by direct billing, and would set its total budget, subject to rate-capping. It would then determine the proportion of that budget, and the share of the reserve fund, to be devoted to normal under-19 education. (To avoid any chance of the authority abusing the power, it might be wise to set upper and lower limits on the proportion devoted to such education in statutory regulations.)

The ILEA would distribute the allocated funds to the boroughs, according to a statutory formula, taking into account GRE factors. The boroughs would then be free to spend these funds as they saw fit. (Pupils belonging to one borough, but educated in another, would be covered by the normal recoupment procedures.)

To provide the boroughs with a real incentive to be cost-effective, we suggest that they should be allowed to save as much of their allotted education funds as they are able, and that they should have the right to distribute these saved funds to their own borough's ratepayers in the form of an 'education rebate'.

Ownership of Schools. The ownership of functioning schools and related property, and of any disused schools not being employed for other purposes, would be statutorily transferred to the boroughs. The recipient boroughs would be entitled to sell off any unnecessary property, and would be allowed either to retain the proceeds or to distribute them in the form of a 'capital rebate' to ratepayers. (This would give the sensible boroughs an incentive to sell off the unwanted assets more rapidly than the ILEA has been willing to do.)

(3)

Specific Powers. The boroughs would control:

- (i) The organization of schools. A borough would have authority to propose changes in the size and type of its schools, subject only to the Secretary of State - who would, of course, consider all proposals on their educational merits. The ILEA would have no veto.
- (ii) Appointment and in-service training of staff. The ILEA would remain the nominal employer and paymaster of its staff, but a borough would be given the statutory authority that a normal LEA at present possesses to appoint, promote and dismiss all staff in its nursery, primary and secondary schools, though ILEA inspectors might be consulted as at present. (The most important effect of the change would be to give the boroughs power over the appointment and dismissal of heads.) The borough would be compelled to reimburse the ILEA for all salaries and redundancy payments. The borough would decide which, if any, of its teachers should be released for ILEA in-service training; and it would have a power, though not a duty, to provide additional or replacement training of its own.
- (iii) Articles and Instruments of Government. The borough would have the same responsibility for providing articles and instruments of school government in its area that a LEA normally has.
- (iv) Appointment of Governors. All but one of the LEA-nominated governors would be appointed by the borough, which would be statutorily obliged to ensure that the numbers of LEA governors representing political parties were proportional to the political composition of the borough council. The remaining one governor would be appointed by the ILEA. (We believe that this last move would be a fairly harmless and politically astute concession.)
- (v) Curriculum, Admissions and Discipline. The borough would take on the ILEA's powers over curriculum, admissions, and discipline, subject only to present statutory procedures and to the powers of governors and head teachers.
- (vi) 16-19 Education. The borough would provide education for 16-19 year olds, either in borough schools or by purchasing places in FE colleges run by the ILEA or other education authorities.



(4)

- (vii) Other Services. The borough would also finance and statutorily be responsible for: meals, milk, repairs, maintenance, cleaning, welfare benefits, the careers service, enforcement of attendance via the EWS, and transport. But a borough might well choose to contract with the ILEA or with private firms to provide any or all of these services.
- (viii) Funding of Voluntary Schools. Voluntary schools - both aided and controlled - would be maintained by the borough. (This would enable sensible boroughs to end the ILEA's present policy of antagonism to the voluntary sector.)

#### 4. CONSTITUTION OF THE ILEA AND BOROUGH EDUCATION COMMITTEES

The new ILEA could be constituted in two ways:

- either as an authority composed of persons specifically elected on a constituency basis both as the members of their borough education committee and as their borough's representatives on the ILEA;
- or as a joint board composed of delegated borough councillors.

If the joint board solution is preferred, the boroughs could:

- either be equally represented (eg by three members each);
- or be represented proportionally to population.

Under any of these arrangements, the boroughs would have their own education committees, which might be composed:

- either of those who had been specifically elected to serve both as the borough's education councillors and as its representatives on the ILEA, together with co-opted members;
- or of a full complement of borough councillors.

We believe that decisions between these constitutional options could be left until a decision has been made about the principle of devolution.

(5)

In either case, the Borough's education committee would comprise the same individuals who, together, form the ILEA. Whereas, at present, the ILEA Schools Committee - dealing with 1,000 schools - relies unduly on officers' advice, we would be devolving responsibility for their local areas to those ILEA members most familiar with them. This can rightly be presented as a move towards greater democracy.

If ILEA members are to be elected - ordinarily on the same date as Borough Council elections - they can be made ex officio voting members of their Borough Councils, and thus subject to the conflicting demands of other spending committees.

5. TRANSITIONAL ARRANGEMENTS

Since the GLC will be under the control of the boroughs from the end of the present administration in 1985 until the new arrangements come into effect in 1986, it will be natural, during the same period, to leave the present ILEA administrative structure intact and to give the transitional GLC administration control over it.

In 1986, the devolved system of school administration could be introduced; and the ILEA could be transformed either into a joint board or into an authority composed of members specifically elected to serve as their borough's education committee members as ILEA representatives.

The transitional administration would have responsibility, through its Staff Commission, for ensuring that any ILEA officers made redundant by the devolution of control over the schools, were properly looked after.

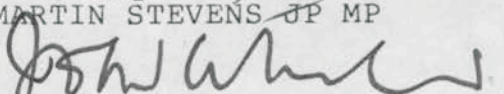
6. A NEW CONSULTATIVE PAPER

The proposals outlined in this minute are too radical a departure from the White Paper to be presented as the Government's response to the present consultation exercise. They would have to be announced in a new Consultative Paper, in which the Government would need to describe the reasons for its change of heart. This would, of course, present problems of presentation; but we consider that, with skilful drafting, such problems could be overcome.

P.P. B.B.

GERRY BOWDEN MP

  
MARTIN STEVENS JP MP

  
JOHN WHEELER JP MP

21st February, 1984.

Prime Minister

MEETING WITH MARTIN STEVENS AND JOHN  
WHEELER - TUESDAY 31ST JANUARY 1984  
AT 4.00 P.M.

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I attach a copy of a letter which Martin  
Stevens and John Wheeler sent to the  
Chief Whip in December. They are coming  
tomorrow to put their views about ILEA  
to you.

Bob Dann will also be coming to the  
meeting, but there will be no officials  
present, and the meeting will be an  
informal one.

MICHAEL ALISON  
30.1.84



HOUSE OF COMMONS  
LONDON SW1A 0AA

21st December, 1983.

Inner London Education Authority

You asked for a written note on our case for the direct election - on a constituency basis - of future members of the ILEA.

Inner London has been a single education authority since 1870. There is a strong case, which the Government have accepted, for maintaining the ILEA as a unitary authority, incorporating the inspectorate; research and statistics; Teachers Centres; negotiating responsibilities, for example, with the Diocesan Boards; special schools; further and higher education; adult education; property management; procurement; finance and inter-borough equalisation schemes; and indoor and outdoor sports facilities.

What is needed is greater accountability, and - for teachers, no less than pupils - an end to the imposition of a single Far Left educational philosophy on the thousand-odd schools in the area.

Under the present arrangements, where GLC representatives for the Inner London Boroughs form the majority of the ILEA's membership, it is a matter of luck whether or not they have a special interest in Education. Bryn Davies, ILEA Leader 1981-1983, stated in his election campaign that he 'disliked children and knew nothing of education'. But would things be better with an all-Borough-Council membership? Councillors are already overworked, and face new burdens with the ending of the GLC. The best among them will be Committee Chairmen. Those allocated to the ILEA are likely to include a high proportion of duds - and Left-Wing duds at that.

The direct election of one or more ILEA members per constituency will mean:

1. that candidates will be likely to have special knowledge of, and interest in, education.
2. they will be less likely to have conflicting local government responsibilities.

(2)

3. they will include a higher proportion of Conservatives than would be the case if they were to be nominated by the Boroughs.
4. they would be more accountable, since we would expect their rate demands to be distributed independently of Borough and Police rates.

We also believe strongly that day-to-day responsibility for running Secondary, Primary and Nursery schools - including the appointment of Heads - should be divolved to the Boroughs, who could form partnerships with other Boroughs if they choose. (e.g. Kensington & Chelsea plus Hammersmith & Fulham already comprise Division 1, one of the ILEA's ten fully-staffed Divisions.)

We have reason to believe that parents and the teachers' unions would accept this. In addition:

1. Three or four of the local bodies would be Conservative-dominated, thus giving a real choice to teachers and parents alike.
2. Better results, at lower costs, from Conservative areas would gradually force Labour boroughs to move towards more effective (and therefore more popular) educational methods.
3. Disciplinary decisions, in Conservative areas, would once again be matters for individual heads. It would also be for each Borough to decide whether it wished to recommend pupils for grant-aid to attend independent schools. We would like to see the Careers Officers appointed locally, to reduce their present negative attitude towards employment.
4. In Conservative boroughs, we could begin the long fight back towards the concept of teaching as a vocation (from which unsuitable individuals could be ejected.) We could also seek to re-establish the Work Ethic.
5. Decisions affecting individual schools and pupils would be taken locally, and not duplicated - slowly and expensively - by interference, as at present, from County Hall.

(3)

We have discussed these issues several times with Keith Joseph, and have also asked Michael Alison to arrange for us to see the Prime Minister. We have the support of members of the Inner London Group of Conservative MP's, the Conservative GLC Councillors and the Conservative Inner London Boroughs, for these two suggestions.

We must tell you that many of us would find it difficult to support the Government's present proposals.

Best wishes.



John Wheeler

Martin Stevens

The Rt. Hon. John Wakeham, M.P.

Peter Brooke  
Bob Inman

OR

MICHAEL

Sorry - did we  
take first,  
please?  
Five lines  
development!  
Ten

Could you possibly have  
a word with David Barclay?  
He would like to know whether  
a DES Minister should be  
present at the meeting  
tomorrow. Originally you  
said that there would be  
no need. Is it purely  
political? Will the PM  
need any form of briefing?

30/1

← No. →

31/1/84

✓  
Fr House of Commons.

10th January 1984

Thank you for your letter of 19th December, asking whether you and John Wheeler could come to see the Prime Minister. Would 4.00 p.m. on Tuesday, 31st January, be convenient for you both?

Perhaps you could kindly let me know by telephoning my secretary, Mrs Tessa Gaisman, on 930-4433.

MICHAEL ALISON

Martin Stevens Esq JP MP



B/F.

~~Thes or Thuss~~  
~~with Jan~~  
Thes. 31st

28th December 1983

I am just writing to acknowledge your letter of 19th December, addressed to Mr Michael Alison.

Mr Alison is, as present, away from the office. However, I will make sure that he sees your letter, and its enclosure, as soon as he returns, and I know that he will be in touch with you about the possibility of your coming to see the Prime Minister.

Tessa Gaisman (Mrs)  
Political Office

Martin Stevens Esq JP MP

From: Martin Stevens, J.P., M.P.



House of Commons  
London SW1A 0AA  
Private Secretary: 01- 219 5476

19th December, 1983.

Our ref: GOV/83

*See Michael*

Inner London Education Authority

With reference to my request for a meeting with the Prime Minister last October, you may like to see the attached copy of the letter John Wheeler and I have today sent to the Chief Whip.

We take the matters discussed very seriously, and shall be grateful for an opportunity to present our arguments to the Prime Minister.

All best wishes.

*Yours  
Martin*

The Rt. Hon. Michael Alison, MP

Prime Minister (with circled cross)  
Agree X?

25 November 1983  
Policy Unit

PRIME MINISTER

Yes no

INVOLVING THE BOROUGHES IN INNER LONDON EDUCATION

You will recall that at your meeting to clear up the details of the GLC/MMCs White Paper on 3 October, it was agreed that Keith should pursue ways of involving individual boroughs in the running of their schools within the overall control of the new joint-board ILEA.

See attached consultation paper.

The DES has now come up with a formula which envisages three-quarters of the local authority governors of county and voluntary controlled schools in Inner London being nominated by the individual boroughs. Since roughly two-thirds of the governors of these schools are appointed by the local authority, in future roughly half the governors would be nominated by the individual boroughs (three-quarters x two-thirds = one half).

This would be a great step forward in giving the boroughs a real say in the day-to-day administration of their schools. And it also offers a handy precedent for getting rid of monolithic political control of county schools. After all, if we are to allow Tory Westminster to nominate a majority of governors in its schools within a Labour ILEA, why should we not allow parents and other non-political groups all over the country to nominate a majority of governors in their county schools? The DES has in effect abandoned the dogma that to exercise its responsibilities effectively, an LEA must enjoy a majority of the governing body in all its own schools.

X | The DES paper deserves a fair wind.

FERDINAND MOUNT

fm

Ferdie.

I telephoned Sir Keith's office to let them know Prime Minister approved of their proposals.

AF 1/12



Department of Education and Science

Elizabeth House York Road London SE1 7PH

Telegrams Aristides London SE1 Telex 23171

Telephone 01-928 9222 ext

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Your reference

Our reference

Date

21 November 1983

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Dear Sir

STREAMLINING THE CITIES: INVOLVING THE BOROUGHES IN INNER LONDON EDUCATION

You should have received from the Department of the Environment a copy of the White Paper "Streamlining the Cities" (Cmd 9063). Paragraph 2.20 of the White Paper stated that the Government would be considering whether, within the general arrangements proposed, ways could be found to increase the involvement of the individual borough councils in the educational provision made for their areas. The enclosed consultation document sets out proposals to that end.

Copies of this letter and enclosure are being sent to those on the list overleaf. Any comments on the document (or on other educational aspects of the White Paper proposals) should be sent to this Department at the address given in paragraph 10, to arrive not later than 31 January 1984. The Department of the Environment will continue to receive comments on the generality of the White Paper proposals.

Yours faithfully

N W STUART

CONSULTATION LIST

Assistant Masters and Mistresses Association  
Association of Chief Executives of London Boroughs  
Association of Colleges for Further and Higher Education  
Association of County Councils  
Association of Metropolitan Authorities  
Association of Principals of Colleges  
Association of Polytechnic Teachers  
Association of Voluntary Aided Secondary Schools  
Audit Commission  
Catholic Education Council  
Committee of Directors of Polytechnics  
Consultative Council of Jewish Schools  
General Synod Board of Education  
Greater London Council - Director General (Sir James Swaffield)  
Greater London Council - Comptroller of Financial Services (M F Stonefroth)  
Greater London Council - Staff Association  
(12) Inner London Boroughs and the City's Common Council - Chief Executive  
Inner London Education Authority - Clerk to ILEA (Sir James Swaffield)  
Inner London Education Authority - Education Officer (W H Stubbs)  
London Board of Jewish Religious Education  
London Boroughs Association  
Methodist Church Division of Education  
National and Local Government Officers Association  
National Advisory Board for Local Authority Higher Education  
National Association of Governors and Managers  
National Association of Head Teachers  
National Association of Schoolmasters and Union for Women Teachers  
National Association of Teachers in Further and Higher Education  
National Council for Voluntary Organisations  
National Council for Voluntary Youth  
National Union of Public Employees  
National Union of Teachers  
Secondary Heads Association  
Society of Education Officers  
The Free Church Federal Council  
The Professional Association of Teachers  
Trades Union Joint Council for GLC/ILEA Staffs (Staff Side Secretary)  
Workers Educational Association

## INVOLVING THE BOROUGHES IN INNER LONDON EDUCATION

### Introduction

1. The White Paper on the reorganisation of local government in Greater London and the Metropolitan Counties ("Streamlining the Cities", Cmnd. 9063) outlines the Government's proposals for reforming the structure for the administration of education in Inner London. It proposes that education should continue to be administered as a unified service for the whole of the area but by a joint board composed of members drawn from the Councils of the Inner London boroughs and the City of London. Thus the education service will become the collective responsibility of the boroughs and the City acting together within the joint board. Beyond that collective involvement, the Government has also examined ways of increasing the individual involvement of each borough in the arrangements for education in its area. This paper sets out the proposals of the Secretary of State to that end.

### Principles

2. The Secretary of State's starting point is that the new joint board should have all the powers and duties necessary to enable it to perform its functions as the local education authority for Inner London, with a view to improving the standards and cost-effectiveness of Inner London's education service. That responsibility entails that the joint board should be responsible for setting the precept for its area, subject to the approval of the Secretary of State for the first three financial years, and controlling the application of that budget; be able to exercise its powers for ensuring that an adequate standard of educational provision is maintained throughout its area including the determination of the number, size and character of the schools in its area; exercise responsibility for policy on the school curriculum, having regard to the statutory responsibilities of other parties; and be

in a position to determine the number of teachers and other staff to be employed within the resources available, to deploy and redeploy staff in the interests of the quality of the service and to support the teaching force with appropriate in-service training.

#### Devolution of Functions

3. The Secretary of State has considered whether it would be possible and practicable to devolve to the individual boroughs any part of the functions of the education authority in Inner London. The considerations in the previous paragraph preclude the devolution of functions which go beyond day-to-day administration. He has concluded that even such limited devolution would not be in the best interests of increasing the efficiency and cost-effectiveness of the education service for Inner London, for the following reasons:

- i. such devolution would interpose a new and intermediate tier of administrative control between the joint board and the governing bodies of schools, which exercise significant responsibilities. A consequence could be to weaken the position and role of governing bodies in their relationship with schools;
- ii. such a new tier of administration would add to bureaucracy and make it more difficult to secure the Government's policy of streamlining the administration of the metropolitan area;
- iii. whatever budget was allocated to a borough by the joint board would not be determined by the borough, who would be little more than executive agent of the joint board, and would have little incentive to spend the allocated budget cost-effectively since it would have no financial responsibility for the institutions in question.

#### CONSULTATION ARRANGEMENTS

4. The Secretary of State believes that the opportunity should be taken to improve existing arrangements for enabling the boroughs to bring to bear their views about policies and other arrangements affecting their areas. The White Paper envisages that each borough will have representation and be able to express views within the joint board. But the Secretary of State proposes also to provide a statutory requirement for consultation between the joint board and the individual borough.

5. The existing arrangements for consultation are largely non-statutory. Joint liaison committees consisting of elected members of the ILEA and the borough council exist for most boroughs. Borough elected members may also be involved at local level on the ILEA's Area Youth Committees and on the new Tertiary Education Councils. There are also informal arrangements whereby the leaders of the borough councils are consulted on the ILEA budget. The only statutory requirement is that placed on the Secretary of State to consult a borough on any proposals made by the ILEA under Section 12-15 of the Education Act 1980 which affect the provision of schools in its area (Section 31(10) of the London Government Act 1963 as amended by Schedule 3 of the Education Act 1980).

6. The Secretary of State believes that the involvement of the boroughs and the City in the education service of inner London would be helpfully increased if the consultative arrangements between them and the joint board were formalised. To this end he proposes that the joint board should be placed under a duty to consult with each borough. This statutory consultation would be the recognised and established means for consultation at elected member level on all matters relating to the educational provision made for the area concerned.



There might be a requirement for such consultation at least once a term and at such other times as the borough concerned may reasonably request.

7. The Secretary of State proposes that the joint board should be required to consult on the following matters:

(a) the joint board would be required to consult on the education budget and its implications for the precept and to consider any representations made by the boroughs and the City before approving its budget and setting the precept. Such consultation might be on the basis of an initial draft budget prepared by the joint board and should take place before the boroughs come to finalise their own expenditure plans and rates for the financial year.

(b) before the joint board published any proposals under the Education Act 1980 to change the character, enlarge or close existing schools or to establish new schools, it should be required to consult the boroughs which may be affected. Such consultation might form part of the normal consultation procedures with the schools, teachers and parents leading up to the formulation of statutory proposals: it would not affect the Secretary of State's duty to consult the boroughs on any proposals which might be submitted to him;

(c) the statutory arrangements should offer opportunities for discussion of broad policy initiatives proposed by the joint board and of the performance of the system as a whole. As the basis for such discussion the Secretary of State proposes that the joint board should be required to publish annually a report on how it has discharged its functions and to discuss

it with the boroughs. The Secretary of State envisages that the report would be prepared in accordance with the code of practice on local authority annual reports under Part II of the Local Government, Planning and Land Act 1980. It would comprise a description of policies, major developments over the year and plans for the future: it would contain appropriate financial and demographic information as well as aspects of educational performance for each borough such as schools and colleges' examination results, staying-on rates in full-time education post-16, and rates of absence from school. The Secretary of State intends to consider whether the minimum information required to be presented in such an annual report should be specified in Regulations.

#### SCHOOL GOVERNMENT

8. School governing bodies have by law significant responsibility for the general conduct and curriculum of the school; for the selection and appointment of teachers and other staff; and for the allocation of resources within the school. In the Secretary of State's view the involvement of the boroughs in relation to primary and secondary schools could be substantially enhanced, without trenching on the joint board's effective performance of its responsibilities, by giving to each borough a much larger voice in the appointment of the governors of the schools in its area. The Secretary of State proposes to include in legislation provisions which will enable the boroughs to assume the major role in the appointment of those governors at county and voluntary schools which are the responsibility of the ILEA under instruments of government made in accordance with the Education Act, 1980.

9. To achieve this aim the legislation might:

(a) specify that for the purposes of making appointments by the LEA and 'minor authorities' in the case of primary and secondary schools in inner London, the appointments specified in each school's instrument of government to be made by the 'minor authority' (if any) and the LEA should be aggregated. Appointments of this aggregate might then be apportioned 75% to the 'minor authority' and 25% to the joint board;

(b) ensure that the joint board has a minimum of 3 governors on the governing bodies of county and voluntary controlled primary and secondary schools and at least one governor on the governing bodies of voluntary aided schools;

(c) specify how the 'minor authority' for a particular school is to be determined. At present this is the council (or councils) whose area appears to ILEA to be served by the school. It would seem appropriate to adopt a similar approach;

(d) provide that changes in instruments of government which affect the number of 'minor authority' appointments may be proposed by the borough concerned, and, if not so proposed, should be subject to the agreement of the borough concerned, and failing such agreement to the approval of the Secretary of State.

#### CONCLUSION

10. The Department of Education and Science is approaching the ILEA, the boroughs concerned and the City of London to seek their comments on these proposals. Other comments will also be welcome. They should be sent to the Department of Education and Science, Room 3/5, Elizabeth House, York Road, London SE1 7PH, to arrive not later than 31 January 1984.



10 DOWNING STREET

Prime Minister

We now expect Sir Keith Joseph to propose a slightly different approach to ILEA, along the lines suggested on page 3 at X of the Policy Unit brief.

The aim would be to devolve more ~~se~~ responsibility to the boroughs within ILEA.

AT

3/10

Subject cc Master

SECRET AND PERSONAL

cc DOE

5 Hll



P Gregson.

10 DOWNING STREET

*From the Private Secretary*

8 September 1983

Future of the ILEA

The Prime Minister had a brief discussion at Chequers yesterday afternoon with your Secretary of State and the Secretary of State for the Environment about the future of the ILEA.

Your Secretary of State set out the arguments for each of the options identified in paragraph 4 of his minute to the Prime Minister of 4 August. After discussion, the Prime Minister said that she favoured replacing the Authority with a joint Board of Borough representatives, as in the Manifesto. It might be, at a later date, that one or more of the Boroughs might wish to secede from the joint Board. The arrangements setting up the joint Board should be framed so as not to prevent this happening; indeed, there might be a case for requiring the Boroughs to consult, after an interval, with the joint Board about the future of the Board.

I would be grateful if you, and John Ballard in the Secretary of State for the Environment's Office, to whom I am copying this letter, would ensure that it is neither photocopied nor circulated outside your Private Offices and is seen only by those specifically authorised by your Secretary of State to do so.

M. C. SCHOLAR

Mrs. Imogen Wilde,  
Department of Education and Science.

SECRET AND PERSONAL

RWJ

5 September 1983

POLICY UNIT

FUTURE OF THE ILEA

Sir Keith Joseph's letter to the Prime Minister identifies three possible replacements for the ILEA: a permanent Joint Board; a Joint Board from which boroughs would be allowed to secede; or a Directly Elected Authority. Sir Keith says, quite rightly, that each of those solutions has considerable defects; he has not, however, yet decided which of the solutions he considers preferable. We offer below a brief analysis of the various arguments and a recommended course of action.

PERMANENT JOINT BOARD

The creation of a permanent Joint Board, composed of representatives of the boroughs, is the "natural" solution, because it is what we promised in the Manifesto and in the House of Commons. But the main argument put forward for such a Board during the last 5 years - viz that borough representatives would bear in mind the need for expenditure on other services besides education, and would therefore be financially responsible - no longer has much force, because rate and expenditure controls will now ensure financial responsibility, regardless of the solution adopted. And there are four strong arguments against a permanent Joint Board:

- Personnel: At present, many of the most irresponsible members of the ILEA are representatives of the boroughs; it is likely that these same people would remain in situ if a Joint Board were set up.
- Lack of Accountability: The boroughs have consistently failed to impose any control upon their representatives, and have thereby failed to ensure that those representatives are either efficient or properly accountable to the electorate. The establishment of a Joint Board would do nothing to remedy the situation.
- Educational Irresponsibility: The character of many of the borough representatives and their lack of accountability have led them to vote consistently for massive expenditure, for the enlargement of the bureaucracy, and for educational policies to

which this Government and the Conservative Party are wholly opposed. There is little reason to suppose that the same people, similarly unaccountable, would act in a different spirit if they were described as members of a Joint Board.

- Political Opposition: The creation of a permanent Joint Board is opposed both by Conservatives on the ILEA and by almost all London back-benchers. If the Government proceeds with the plan as announced, it is likely to face considerable opposition from within the Party.

### SECESSION

There are a number of good arguments for secession:

- Small is beautiful.
- Great gains in some areas: There is little doubt that Westminster, Kensington and Chelsea, Wandsworth, and Hammersmith and Fulham would run their schools considerably better than a Joint Board or directly elected authority. Only secession offers hope of any dramatic improvement in educational standards.
- Competition in excellence: Improved standards in sensible boroughs might well draw pupils from elsewhere and thereby provide a stimulus for the laggard boroughs to compete.

Several unconvincing technical arguments have been made against secession: these were analysed in Oliver Letwin's minute of 27 July. There is, however, one serious danger:

- Disaster areas: The secession of responsible boroughs from the Joint Board would leave parents in the remaining boroughs with an Authority that might prove even more educationally perverse than the present ILEA.

This danger alone ought not to be sufficient to deter us from adopting the secession option: the present Government is meant to be willing to take risks. But is it likely that the Government will take the risk, given the amount of political opposition that would undoubtedly be encountered? Secession would be opposed vigorously, not only by teachers' unions and our political opponents, but also within our own Party; and its supporters would be less vocal and less organised

than its critics. We have in the past given way in the face of such opposition: it seems likely that we would be forced to give way once again, leaving ourselves with the unpalatable prospect of a permanent Joint Board.

#### DIRECTLY ELECTED AUTHORITY

Given the extreme political difficulty of allowing secession, it is clearly worth considering the possibility of establishing a directly elected Authority.

The arguments in favour of direct elections are clear: public attention might be concentrated upon educational issues; the educational conservatism of many voters might reassert itself; moderate "non-political" candidates might on some occasions be supported by cross-party coalitions; and members with a direct mandate would have no excuse for the laxity manifested by many borough representatives.

The principal arguments that have been advanced against direct elections since 1979 are either unconvincing or outdated:

- "Another ILEA": A directly elected Authority would be an "extra layer" of local government; but so would a permanent Joint Board.
- "Pressure for higher spending": Members of a directly elected school board would not feel constrained by the financial needs of other services, and promises to spend highly make good election speeches; but the new rate and expenditure limits should curb any financial extravagance.
- "The Boundary Commission has no time to make new constituencies": This argument was no doubt valid when it was made in Cabinet (8 January 1981); but the Commission must now be looking for work.
- "No guarantee of suitable political composition": True, but as things now stand, a Joint Board would be dominated by Labour (8:5), whereas an Authority elected on Parliamentary constituencies would contain 15 Labour members, 12 Conservatives and 2 Alliance; past history gives us reason to suppose that



an Authority elected on these lines would rarely, if ever, be less politically favourable than a Joint Board.

- "Administrative disruption and cost of setting up new elections": This argument was valid when it was given (in 1980) as a reason for not altering the status quo; but we are now committed to some administrative disruption, whichever solution we adopt; the cost of setting up direct elections would be small by comparison with the sums spent by the ILEA.
  
- "We said we would have a Joint Board": True, but we could surely defend a shift from one form of Board to another, given both the amount of political support for direct elections and the difficulty of publicly opposing what would seem a thoroughly "democratic" solution.

#### CONCLUSION

The disadvantages of a Joint Board are so great as to make either secession or direct elections preferable. Of these two preferable options, secession (though involving considerable educational risks) offers more hope of real improvement in standards - at least in some of inner London's schools. But it is likely that the political opposition to secession would be so great as to force the Government to retreat. We therefore recommend:

- that the Prime Minister should consider adopting the Directly Elected Authority as a necessary "second best".

FM

MR. SCHOLAR - on return

cc Mr. Flesher

We had originally fixed a meeting with Mr. Jenkin and Sir Keith Joseph about the future of the ILEA for the afternoon of 30 August. Mr. Jenkin's office subsequently telephoned to say that he could not attend this meeting since he would still be on holiday and that they had made a mistake in agreeing to the date.

I have re-fixed this meeting for 1800 hours on Wednesday 14 September. Sir Keith Joseph's office are not entirely happy with this since it is only one day before a meeting of MISC 95 on the same subject.

I have therefore told the offices of both Mr. Jenkin and Sir Keith Joseph that their Secretaries of State should be briefed and prepared to discuss the subject with the Prime Minister at Chequers on Wednesday 7 September should there be time after the unemployment meeting that day. I have however warned them that it is most unlikely that there will be time for such a meeting.

LM

23 August 1983

CONFIDENTIAL

for 25/8 wby

FM



Treasury Chambers, Parliament Street, SW1P 3AG

Sir Keith Joseph  
Secretary of State for Education  
Department of Education & Science  
Elizabeth House  
York Road  
LONDON  
SE1 7PH

August 1983

*Dear Secretary of State,*

EDUCATION IN INNER LONDON

You sent Peter Rees a copy of your letter of 4 August to Patrick Jenkin. I am commenting in Peter's absence.

I am sure there will be considerable pressure from our supporters over the proposed joint board for education in Inner London. You did not refer in your letter to the possibility of individual boroughs opting out of the joint board; I do not know whether this is still favoured by any of the boroughs concerned, and I realise that there are genuine difficulties associated with the idea. Patrick Jenkin's minute of 27 July to the Prime Minister pointed out that the White Paper on abolition of the GLC and the Metropolitan County Councils would make it clear that the Government will consider on their merits proposals from particular district councils to set up separate municipal transport services. I am sure that we could give sympathetic consideration to this idea for education in Inner London, if any boroughs felt that they could achieve greater value for money by opting out of the joint board. We would of course need to weigh carefully the implications of such a move for the boroughs remaining within the joint board.

Turning to the proposals in your letter I am content that there should be 50 seats for the boroughs, and I would have thought it possible to defend giving 3 seats to the City despite their very small electorate. I am much more doubtful about the wisdom of

doubling Westminster's representation; I question whether the difference this would make in practice would be sufficient to justify the political difficulties that the proposal would cause us. Similar considerations make me unenthusiastic about the proposed budget-blocking mechanism, and I doubt whether annual renomination of representatives, or issuing separate rate demands on separate days will get us very far.

It seems to me that the key to instilling financial responsibility into the new joint board will have to be the existence of rate limitation. If this fails I doubt whether your other proposals would succeed; the only effective alternative would be for you to retain in the longer term the budgetary control powers which you will no doubt exercise during the transitional period.

On staffing, I sympathise with your view that it should be for ILEA and its successor to determine what staffing reductions should be made in the light of the financial squeeze that will result from rate limitation and/or direct budgetary controls. I should say, however, that we shall expect to see substantial reductions in the light of the generous staffing levels currently enjoyed by ILEA.

I am copying this to the Prime Minister, to the members of MISC 95 and to Sir Robert Armstrong.

*Yours sincerely*  
*Nicholas Ridley*  
PP NICHOLAS RIDLEY

*seen and approved by  
the financial secretary  
signed on his behalf in his  
absence.*

Educator : LBA Prj

19 AUG 1982

11 12 1 2 3  
8 7 6 5 4  
3 2 1 0 9  
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3 2 1 0 9



WR 5/8 ✓ no

PA  
MS 31/8

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

File with  
Bligh Unit  
1/a.

Your ref:

15 August 1983

Dear Willie,

You asked for a detailed breakdown of the 27,000 direct support staff engaged in ILEA which was referred to in John Ballard's letter of 3 August. The attached table sets out the information. It is based on ILEA's estimates of staff numbers for 1983/84 whereas the table in the MSC 95 paper was based on the 1982 Joint Manpower Watch returns, but they show a similar picture. If you want further details on ILEA, it would probably be best to go direct to DES who have provided the information in the attached table.

Yours sincerely

Helen Ghosh

MRS H F GHOSH  
Private Secretary

ms (v)

WR  
7/8

Willie Rickett Esq

ILEA "DIRECT SUPPORT" STAFF ESTIMATES 1983/4

<b>Staff Analogous to Teaching</b>		
Youth Leaders .. .. .	837	
Play Centre Leaders .. .. .	598	
Research Assistants .. .. .	11	
	<u>1,446</u>	
<b>APTEC</b>		
Administrative, clerical and secretarial staff		
—Schools, colleges etc. .. .. .	2,617	→
—County Hall and other central offices .. .. .	1,212	
—Divisional offices .. .. .	631	
Inspectors .. .. .	135	
Education welfare officers .. .. .	438	
Educational psychologists .. .. .	81	
Media resources officers .. .. .	287	
Library staff .. .. .	451	
Careers officers .. .. .	229	
Bursarial and childcare staff .. .. .	507	
Professional youth officers and play centre organisers .. .. .	65	
Printers .. .. .	73	
*Other staff .. .. .	523	
	<u>7,249</u>	
<b>Technicians</b> .. .. .	<u>1,676</u>	
<b>Nursery Assistants and Students</b> .. .. .	<u>1,289</u>	
<b>Crèche Assistants</b> .. .. .	<u>28</u>	
<b>Schoolkeepers</b> .. .. .	<u>1,944</u>	
<b>NJC (manual workers) and analogous grades</b>		
Cleaners .. .. .	3,866	→
Casual assistants .. .. .	543	
Catering staff .. .. .	4,878	→
Meals supervisors .. .. .	981	
Primary helpers .. .. .	739	
Resident domestic and maintenance staff .. .. .	1,133	
Drivers and porters .. .. .	500	
General attendants .. .. .	288	
Bus attendants and guides .. .. .	238	
Gardeners .. .. .	87	
Labourers .. .. .	34	
	<u>13,287</u>	
<b>JNC</b>		
Craftsmen .. .. .	<u>31</u>	
<b>Staff in GLC Departments charged direct to the Authority</b>		
Education Architect—contract supervision staff in maintenance branch .. .. .	186	
DMEC—Engineering staff .. .. .	39	
Recreation and Arts—groundsmen at sports centres and playing fields .. .. .	169	
Recreation and Arts—transport management staff .. .. .	2	
Medical Adviser—social workers and APTEC staff largely for child guidance units and health education staff .. .. .	141	
	<u>537</u>	

Total 'direct support' staff 27,487

Edwe : ILEA PT3



CONFIDENTIAL

For 1430  
30/2 mtg

*ce fm*

11



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Patrick Jenkin MP  
Secretary of State for the Environment  
2 Marsham Street  
LONDON SW1 3EB

4 August 1983

*Len Patrick,*

Education in Inner London

Following our discussion of the financial arrangements for police and fire joint boards in MISC 95 I was invited to consider the implications of the points made for Inner London education. We also need to settle the size and composition of the proposed education joint board.

We already face considerable difficulty over the joint board proposal for education in inner London. As you know our supporters on ILEA and many of our London Members are convinced that our proposal for a representative joint board will totally fail to achieve our purposes - financial or educational. Even though ILEA's overall expenditure will be controlled by the rate limitation scheme, they do not believe that a joint board constituted exclusively of Borough nominees would change anything: they argue that the coterie decision of the boroughs will lead to a joint board made up of either party fanatics or the second-rate so that the education authority would be dominated by party objectives and not by educational values; ILEA's tendency to profligacy and to adopt unsound education policies would remain and might even be reinforced.

These Conservatives have therefore urged on me the advantages of a directly elected board for inner London education. They argue that such direct elections would oblige the members of the authority to explain and defend their educational policies to the parents and to the public at large. I recognise that a directly elected board would not be consistent with our manifesto and might be seen as a precedent for other joint boards. Moreover, I realise that it might

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not result in a board that would be any more ready to pursue policies that we desired. But, even if it does not prove possible to go as far in that direction as some of our supporters might wish, I am sure that we need to find some further range of measures which will make the new arrangements more generally acceptable.

First, the composition and size of the proposed joint board. The 36 member board as suggested in MISC 95(83)1 was based on giving two seats on the joint board to the smallest borough with more to the others in proportion to the size of the electorate but with only 1 seat for the City. We need a larger joint board because it would be substantially the largest local education authority in England in terms of the commitment of member time. We also need sufficient numbers to ensure that the joint board's education committee, whose composition I must approve under the Education Acts, can include both a majority of elected members and an adequate representation by cooption for such essential interests as the voluntary bodies, industry and commerce as well as teachers. Another factor is how far the composition of the joint board should reflect the special position of the City and Westminster whose ratepayers would provide about half of the joint board's rate-borne income.

In the light of these considerations I think that we should consider the following steps:

- i. Increasing the minimum representation for the smallest borough to 3 seats with more to others in proportion to the relative size of their electorates. This would produce 50 seats for the boroughs.
- ii. In order to secure a somewhat stronger voice for the City, its representation should be brought into line with the minimum number of seats available to the smallest borough. Thus 3 seats for the City.
- iii. There is much more difficulty about taking account explicitly of Westminster's contribution. I have considered, for example, weighting borough representation according to rateable value rather than size of electorate but this would be a radical departure from normal electoral principles; would produce a very unbalanced outcome in London; and, by the precedent it would set, would have difficult implications for other joint boards. The only other course seems to be to single out Westminster for special treatment, as in effect we would be doing for the City if we adopt my proposal above. We might for example simply double Westminster's

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representation from 4 to 8 seats. Such a formula is necessarily arbitrary: it reflects but does not match the scale of Westminster's financial contribution; and it will inevitably be attacked in Parliament and outside on political grounds.

Beyond this, and in the light of the Cabinet decision in favour of all joint boards receiving grant directly so that the selective scheme of rate control can bear directly on them, it seems to me that three, admittedly rather flimsy, constraints may also be worth examining in respect of inner London education:

i. A blocking or retarding mechanism for approval of the budget. A qualified majority of the boroughs might be required to approve the board's budget. Failing such approval, a revised budget might be referred to the boroughs after one or two months, and be subject to approval by a simple majority of boroughs. Such an arrangement would of course be novel; but it would boost the voice and influence of the Conservative boroughs, and might encourage moderation in educational as well as financial matters.

ii. Annual Re-Nomination of representatives to the joint board. A certain and fixed 4 year tenure for joint board representatives weakens accountability. It might be preferable to require that members of the joint board could be renominated only after they had made a written annual report on their stewardship to the nominating borough. Such a procedure would tie board members more closely to the boroughs. But while it would improve accountability, there would be a risk of instability if such arrangements led to a constantly shifting membership.

iii. The issuing of separate rate demands on separate days. The draft White Paper on Rate Reform proposes that ratepayers should receive a separate notice of the poundage and amounts being levied by each major precepting authority. The awareness of the particular demand of the joint board would be increased if it were actually issued on a separate day from those of the boroughs, although there might be additional costs.

Plainly, difficulties would be associated with any of these measures, and there may be implications for other joint boards and precepting authorities. I would however be grateful for colleagues' views on whether any of them are worth further more detailed consideration at this stage.

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One other option for control discussed at MISC 95 was control over staffing to which you refer in your letter of 29 July to Leon Brittan. You may find it helpful if I record my views here. ILEA employs about 62,500 staff (corresponding to the 58,000 full-time equivalents in your table), of whom 57% are teachers, 40% are support staff in schools and colleges (laboratory assistants, caretaking, cleaning staff and so on) and 3% are administrative and secretarial staff in County Hall and the divisional offices. It is not in my view practicable, as you have asked, to specify a reduction in these numbers at the point of transfer: we are simply not in a position to make judgments in the detail necessary to ensure satisfactory deployment of the staff in schools and colleges, and to become involved in decisions of this sort would enable our opponents to hold us responsible for every real or perceived shortcoming in the curriculum.

However, both ILEA and its successor will, as we have now agreed, be subject to rate limitation. Since 76% of ILEA's current expenditure is accounted for by staffing costs, any significant reduction implied by the rating limit will necessarily involve reductions in the Authority's staff: but it will be for the Authority rather than the Government to say where the reductions should be made. For much the same reasons that you mention in relation to the 68 lower tier authorities, a separate, direct, control over staffing would in my view be impossible to operate satisfactorily, and would add nothing to the effectiveness of the weapon which we shall already have - rather the reverse.

I am copying this to the Prime Minister, to the members of MISC 95 and to Sir Robert Armstrong.

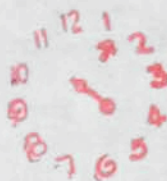
*Y. Cameron,*

*Keir*

CONFIDENTIAL

EDUCATION: TLEA P3

F 5 AUG 1985



SECRET AND PERSONAL

cc Policy  
Unit 4  
Meeting

2:30 w  
30/8.

PRIME MINISTER

FUTURE OF ILEA

Your Private Secretary's letter of 25 July records our discussion about the future of ILEA with London members before the Election. The outcome of that meeting was that I circulated a paper for Cabinet discussion which, with your agreement, did not refer to the option of secession from a joint board, but concentrated on the idea of a single educational body for Inner London made up exclusively of representatives drawn from the elected Councillors of the Boroughs and the City.

2. The position we have now reached presents the Government with a difficult problem. You may wish to discuss it with Patrick Jenkin and me before any instructions are given to officials that would affect the drafting of the White Paper.

The Nature of the Problem

3. Our purpose is to improve the quality of education in Inner London and, at the same time, to put an end to the extravagance of the present Labour-dominated authority and protect the pupils from political bias. The present arrangements enable a group of Labour elected members to spend money derived from the high rateable values in the City and Westminster in a manner of which the Government disapproves. Given our manifesto commitment to replace the authority by a joint board of borough representatives, we could only take another course by stating that we had changed our minds. London Members for their part evidently want a single education authority but by direct election.

SECRET AND PERSONAL

4. There are, it seems to me, five options, each of which has its difficulties:-

- i. a joint board of representatives of the boroughs;
- ii. direct elections to a single authority based either on (a) borough or (b) parliamentary constituencies;
- iii. the creation of two or more education authorities by forming groups of boroughs;
- iv. the "secession option".

Options iii and iv would have to be accompanied by some new set of financial arrangements to ensure that the poorer boroughs received adequate funding. In the case of secession, for example, we would either have to tax the City and Westminster directly or through the normal operation of the block grant arrangements, or secure the transfer of over £400m from local authorities outside London (an extra 7p on the rates for all authorities including the Conservative-held Shire Counties) to the low income London boroughs.

#### A Representative Joint Board

5. This was the proposal included, with your agreement, in my Cabinet paper before the election. The idea is a single education body made up exclusively of representatives drawn from the elected Councillors of the boroughs and the City. There would be no co-opted members on the Joint Board itself but, as an LEA, the Joint Board would, under education legislation, need to constitute with my approval an education committee containing co-opted members.

6. In order to ensure that the Joint Board secured our objective of financial prudence, we would need to rely on the powers for selective rate controls. The controls

would bear directly on ILEA from 1985 onwards even before the Joint Board was set up, and should secure reductions in overall expenditure, force reductions in staffing levels and, as a result, bear on education policies.

7. As I have explained in my letter of 4 August to Patrick Jenkin, we already face considerable difficulty over the joint board proposal for education in Inner London. As you know, our supporters on ILEA and many of our London Members are convinced that our proposal for a representative Joint Board will totally fail to achieve our purposes - financial or educational. They do not believe that a Joint Board constituted exclusively of Borough nominees would change anything: they argue that the coterie decision of the boroughs will lead to a Joint Board made up of either party fanatics or the second-rate so that the education authority would be dominated by party objectives and not by educational values; ILEA's tendency to profligacy and to adopt unsound educational policies would remain and might even be reinforced.

8. In my letter to Patrick, I have described a number of constraints that we might consider building into the arrangements for the joint board. These might slightly increase the chances of moderation and good sense; but they would be by no means sufficient to allay the justified fears of our supporters.

9. A further step would be to include in our legislation a power analogous to Section 30(6) of the London Government Act 1963. That provision (now spent) required the Secretary of State to review the administration of inner London education within a specified period "for the purpose of determining whether...all or any of the functions of ILEA should be transferred" to the Inner London Boroughs. We could offer a review within (say) four years of the establishment of



the Joint Board in 1986. The idea of a review was part of the London Government Act because ILEA was a unique arrangement. To repeat such a provision now could be justified on the same basis and might be a means of keeping pressure on the Joint Board to stay in line with our aims. This provision would not, however, take full effect until 1990.

#### Direct Elections

10. Conservatives on ILEA have consistently supported this option, which has now also been pressed on me by our London Members. It is argued that direct elections would oblige the members of the authority to explain and defend their educational policies to the parents and to the public at large, thereby reducing the likelihood of these members being either fanatical or uninterested in their work.

11. Direct elections could be conducted on the basis either of borough or of parliamentary constituencies. Parliamentary constituencies are to be preferred: under the new boundaries, they would be of more equal size and might well yield a significantly more moderate membership than a joint board of borough representatives.

12. On the other hand, direct elections would be a departure from our manifesto, and would raise a major issue of principle - namely, why a directly elected board should be permitted for the provision of this one service in one part of the country only. Nor are the results predictable: the politics of choice are the politics of risk. The single-issue education enthusiasts might or might not defeat the rate-conscious general public.

#### Groups of Boroughs

13. Another possibility is to divide ILEA between a small number of substantial new education authorities. While

various combinations could be contemplated, one obvious solution would be to create two authorities north of the river and one south. Such authorities would be large enough to provide the whole range of education, but they would vary sharply in their approach and capacity. Although Westminster and the City could support financially two groupings north of the Thames, the Southern group would be permanently poor, necessitating overt and politically difficult arrangements to equalise the rate burden. Whether or not we were able to construct a sensible enclave around Westminster and Kensington and Chelsea, other groupings would leave our supporters isolated and at the mercy of extremist policies. The disruption of the service entailed is likely to affect adversely the quality of education within individual schools.

Secession Option

14. The final possibility is secession. This would, as your Private Secretary's letter makes clear, be intended to lead to the partial break-up of ILEA. The problem is that it could lead to a total break-up in a disorderly and unpredictable fashion. It seems probable that the Conservative boroughs, including those with high rateable values, namely Westminster and the City, would decide to secede sooner or later. (The City has in any case said it does not wish to be a separate education authority). It may well be that other boroughs would quickly follow.

New financial arrangements would be required and there would be other administrative difficulties if only some boroughs retained joint arrangements.

15. If we were now to decide to go for partial break-up either via a secession option or by grouping boroughs in our legislation abolishing the GLC, we would have to say so in the White Paper. The publication of the White Paper would focus attention on the potential financial problem and the effects of disruption. It would also stimulate a strong campaign of opposition, coupled with the charge

that our manifesto had deceived the electors of London. We would risk opposition from a range of interests who would otherwise have supported the abolition of the GLC.

Conclusion

16. I am not enthusiastic about any of these options. Each presents problems. A choice has to be made before the White Paper is drafted. I hope that you will enable us to discuss the options with you.

17. I am sending a copy of this minute to Patrick Jenkin.

N

4 AUGUST 1983

CF / Please BF these papers with the response to Mrs's letter of 22/7, or if there is a mtg at which Sir



10 DOWNING STREET Keim is

My I see X present  
WM 1/8  
WM 1/8

Willie / Robin 1/8



Pl put this in

if occasion arises

(see my letter to

X (margin write & record of  
(22/7)

mtg in April)  
(14/4)

MUS 27/9

3

MR. SCHOLARFUTURE OF ILEA

I understand that the Prime Minister will shortly be meeting Sir Keith Joseph to discuss the future of the ILEA. In the course of this meeting, the Prime Minister may wish to bear in mind the following points:

1. DES officials appear to have persuaded Ministers that 'opting out' would present insuperable technical difficulties. There is no reason to suppose that this view is correct: I attach replies to the 'official' DES arguments (cf Annex).
2. It is dangerous to imagine that we can afford to remain silent about 'opting out' until after the new Board has been working (or not working) for a year or so. By then, we shall be near to another election, and there will be strong political arguments against altering the status quo. The best way to achieve the Prime Minister's aim within the lifetime of this Parliament is to build provisions for secession into the White Paper.
3. The Prime Minister will be aware that there is, within the Cabinet, considerable opposition to 'opting out'. It is extremely important that there should be a fall-back position in case this opposition once again prevails. I therefore urge that the Prime Minister should reconsider the constraints outlined in my minute of 19 July. Those constraints are designed to bring disputes about London's educational policies and expenditure into public view, and to make them a matter for public debate. Such debate would create public pressure for the sane boroughs to 'opt out' and might thereby enable the Prime Minister to achieve her aim even if no provision for secession were made in the White Paper.

OL.

OLIVER LETWIN  
27 July 1983

DES 'OFFICIAL' ARGUMENTS AGAINST SECESSION

DES officials put forward six arguments against allowing the boroughs to 'opt out':

Argument I:            The proposal "represents an unprecedented approach to the organisation and structure of local government".

Reply:                    The ILEA is an unprecedented monstrosity; unprecedented measures may well be needed to deal with it. The Government is in any case already proposing to take several unprecedented steps in relation to local authorities.

Argument II:           Allowing inner London Boroughs to secede might create pressure for other non-educational local authorities (such as "Bristol or Leicester") to take over educational functions from their county-councils.

Reply:                    This seems to be a recommendation for allowing 'opting out', rather than a reason for opposing it. A general move towards smaller, more locally accountable LEAs would be thoroughly in line with this Government's policies.

Argument III:          "There would be inevitable uncertainty which would be bad for education and local government."

Reply:                    This is like the Socialist who argues that the market economy cannot be efficient because it is 'uncertain'. A degree of uncertainty about education in inner London might well stimulate improvements, and would (at least) be preferable to the certainty of a Joint Board continuing the ILEA's manner of administering education.

/Argument IV:

Argument IV:            "The option [to secede] could well be taken up by Labour-controlled as well as by Conservative-controlled boroughs"

Reply:                    True: but Islington on its own would be no worse than the ILEA is now; and Westminster would be a great deal better. We would have achieved a net gain.

Argument V:            "New arrangements would have to be made for Further and Higher Education in London, which would be less cost-effective and efficient"

Reply:                    If this is true, why not retain a compulsory Joint Board for FHE? At least the schools would have been freed.

Argument VI:           "The Government would .... have to [create] a rate equalisation arrangement. There is no obvious basis on which such a scheme could rest"

Reply:                    i. In the long-term, why should there be special rate-equalisation arrangements for London. The general GRE/RSG system provides sufficient rate-equalisation.

ii. In the short-term, the rich seceding Boroughs would undoubtedly have to help the rest - since the reduction in funding would otherwise be too abrupt. If Elizabeth House cannot devise the requisite machinery, we can do so for them.

SUBJECT

SECRET AND PERSONAL

CF/PI P.A. TFCP  
Education

cc Markes



file

(Note) The PM  
agreed I should  
send a letter

10 DOWNING STREET

Copy given to Sir Robert Armstrong  
2

From the Private Secretary on these lines, because  
otherwise nothing would happen.

22 July 1983

Dear Imogen,

MCS.]

Copy shown to Sir Robert  
Armstrong and  
has destroyed

FUTURE OF THE ILEA

In the course of a discussion with the Secretary of State  
for the Environment yesterday about the consequences of the  
abolition of the GLC and the Metropolitan County Councils,  
the issue of the future of the ILEA was raised.

The Prime Minister recalled that, at the meeting in the  
House of Commons on 14 April with your Secretary of State and  
a number of London Members of Parliament, it was agreed that the  
ILEA would be replaced by a joint committee of elected  
representatives of the boroughs without the 17 co-opted members;  
but that after the election there would be consultation with  
this joint committee and with the boroughs about the future  
of the committee. The Prime Minister particularly recalls  
that it was envisaged that, at that stage, the committee, or  
some of its members, would request that boroughs be permitted  
to opt out of the committee. Thus the ILEA would be abolished  
but the decision would be taken in stages. It was also agreed,  
after that meeting, that none of this should appear in  
Sir Keith's Cabinet paper which was to be circulated shortly  
thereafter.

The Prime Minister enquires what steps are envisaged to  
implement this course of action. I would be grateful if you  
would let me have a note.

I would be grateful if you, and John Ballard in the Secretary  
of State for the Environment's Office to whom I am copying this  
letter, will ensure that it is neither photocopied nor circulated  
outside your Private Offices, and seen only by those specifically  
authorised by your Secretary of State to do so.

This  
Copy  
now  
retrieved

and destroyed (no copies of it were  
MCS 9/9 taken in DOE)

Yours sincerely,

Michael Scholar

Letter to Imogen Wilde (original)  
now shredded MCS 14/9

Mrs. Imogen Wilde,  
Department of Education and Science.

SECRET AND PERSONAL



CONFIDENTIAL

Prime Minister ①

PRIME MINISTER

Shouldn't we revive the

FUTURE OF THE ILEA

secession decision rather than

Concern is growing - particularly among London Tory MPs - that, after the abolition of the GLC, ILEA will continue, unrestrained, to destroy education in inner London.

(i) - yip in Mr Letwin's note? Should

Earlier DES plans envisaged government control over excessive expenditure in ILEA but offered the London boroughs no prospect of being able to influence ILEA's educational policies.

I write a

secret or personal

I attach a paper by Oliver Letwin with some appealing ideas for constraining capricious and far-left behaviour by the socialist majority.

note to

Sir K

Joseph's

private

Keith is attracted by these ideas and his officials too have sympathy with some of them. He is asking MISC 95 for leave to include in his White Paper some such proposals for consultation.

If you think these ideas are worth making as firm as possible, we let the DES know of your interest?

secretary reminding

him of that

decision?

MLL 19/7

but this is inconsistent with

see my meeting note, at flag A

what you agreed at your meeting with Sir K Joseph and London

Members: which was that, after the

Election there would be consultation with the Joint Board and the Boroughs

about the future of the Board; and that

at that stage the Board or some of its

CONFIDENTIAL members would want Boroughs to be

able to secede.

FERDINAND MOUNT  
19 July 1983

fm

19 July 1983

FUTURE OF THE ILEA

On Wednesday 20 July, MISC 95 will be considering the financing of the new Joint Boards. One of the most important of these Boards is the replacement for the ILEA. The establishment of this Board poses special problems which deserve special attention.

The ILEA dwarfs all other London services: its planned expenditure for 1983/84 is £869 m, compared with c.£120 m for the fire service. The ILEA is also woefully extravagant: expenditure per pupil is c.40% higher than the national average. In addition to its profligacy, its educational policies have been disastrous; its examination record has been amongst the very worst, even when allowances are made for the home background of the children, the number of immigrants etc. Moreover, it has made every effort to bring political bias into the classroom, and has frequently succeeded in so doing. These deficiencies are widely known, and widely deplored. It is consequently not only right but also politically important that the new Joint Board should offer hope of distinct improvement.

The Government's resolve to impose direct controls on expenditure will help solve the problem of financial extravagance, but will do little or nothing to improve the Board's educational and "ideological" policies. Nor will the financial controls be sufficient to ensure a rapid reduction in the bureaucracy; an obstructive Board might well choose to make the children rather than the hierarchs suffer. We must therefore ensure that constraints on financial, administrative and educational irresponsibility are built into the constitution of the Board itself.

The proposals at present being discussed are not likely to achieve this desirable result. For many years, the representatives of the Boroughs have been amongst the most irresponsible members of the ILEA; many of them have acted virtually as independent agents, and have not - in any practical sense - been held accountable to their home-Councils or to the electorates of their Boroughs. Indeed, some of the "representatives" have never formally reported to their Councils and have failed to take an interest in complaints made by parents living outside their own ward. There is no reason

to suppose that this situation would be changed by the establishment of a Joint Board on the lines proposed: it is altogether probable that the Board would levy its precept with an ILEA-like disregard for the financial and educational interests of the electorate, and that the "representatives" would remain aloof, unresponsive and unaccountable.

The situation could be improved by opening the workings of the Board to greater public scrutiny and by giving the Borough Councils the power and the duty to exercise real control - both educational and financial - over the Board. The means of achieving this need to be studied in detail by officials. But, as a start, it would be worth considering:

(i) whether two-thirds of the Boroughs should have to approve the Board's budget, in full Council, before the Board could proceed with its expenditure;

(ii) whether the Secretary of State/<sup>for Education</sup> should be given the power to arbitrate between the Board and the Boroughs in the case of a dispute about the budget;

(iii) whether any major policy changes proposed by the Board should have to be approved by two-thirds of the Councils of the Boroughs; (the definition of "major changes" could be laid down in regulations, and made the subject of appeal to the Secretary of State for Education);

(iv) whether the representatives on the Boroughs should have to report frequently (eg quarterly), in writing, to their Councils;

→ (v) whether the representatives of a Borough should be subject to periodic re-election by the Council;

(vi) whether every Borough Councillor should have the right to demand sight of any of the Board's papers, including especially those concerned with education in his Borough; (Councillors are often at present unable to obtain such information);

(vii) whether the representative of a Borough should have the duty to appear in person, and hear complaints, at any meeting called by a specified number of parents in the Borough; (this would be in line with our general attempt to increase the scope for parental influence).

If these measures are not thought suitable, others should be devised. Some form of internal constitutional restraint is urgently needed if we are to allay the considerable and justified anxieties felt both by Conservatives on the ILEA and by many home counties backbenchers.

*o.*

OLIVER LETWIN

1 : A

NOTE FOR THE FILE (not for circulation)

cc. Mr. Butler  
Mr. Mount

FUTURE OF THE INNER LONDON EDUCATION AUTHORITY

At a meeting this afternoon with a number of London Members of Parliament, the Prime Minister decided that there should be no commitment to the abolition of the ILEA before the General Election. We should, at a (late) suitable moment announce the break up of the GLC, and that as a consequence of this the ILEA would be replaced by a Joint Committee of elected representatives from the Boroughs, without the 17 co-opted members. After the Election, there would be consultation with this Joint Committee and with the Boroughs about the future of the Committee. It might be at that stage that the Committee, or some of its members, would request that <sup>Boroughs</sup> ~~they~~ be permitted to opt out from the Committee. Thus the ILEA would be abolished, but the decision would be taken in stages.

Sir Keith Joseph was invited to revise his Cabinet paper, as necessary, to clear it with No. 10, and to recirculate it for discussion, probably within the next month.

It was agreed that the conclusion about the abolition of the ILEA and the requirement to consult with the Joint Committee about this, should not appear in Sir Keith's paper; and that nothing should be said about it before the General Election, whenever that would be.

Mcs

14 April 1983

Q3. **Mr. Proctor** asked the Prime Minister if she will list her official engagements for Tuesday 10 May.

**The Prime Minister:** I refer my hon. Friend to the reply I gave some moments ago.

**Mr. Proctor:** Has my right hon. Friend read the letter from the Opposition to the Kremlin—[HON. MEMBERS: "Reading".]—asking what its response would be to the United Kingdom doing away with its nuclear weaponry? Does my right hon. Friend—

**Mr. Canavan:** Speak up.

**Mr. Speaker:** Order. There is no excuse, even with all the excitement, for not allowing an hon. Member to speak—

**Mr. William Hamilton:** He should not read.

**Mr. Speaker:** Order. The sands of time are running out.

**Mr. Proctor:** Does my right hon. Friend agree that the Soviet response would be to accept the Labour party's naivety in this matter and continue with nuclear weapons and, in addition, increase its nuclear capability?

**The Prime Minister:** I agree with my hon. Friend that the Opposition's defence policy is the most misguided and dangerous ever put before the British people. It puts in doubt our security and the defence of our traditional way of life. I hope that it will be firmly rejected. As regards the letter to Mr. Andropov, I notice that it was Mr. Andropov who was reported as saying:

"Let no one expect unilateral disarmament from us. We are not a naive people."

**Mr. Foot:** If the right hon. Lady was so interested in discussing disarmament, why did she cut and run and abandon that debate? If we had had our way it would have been debated in the House today. It was the right hon. Lady and her Government who ran away from it.

**The Prime Minister:** Never has a party been more reluctant to enter a general election, having asked for it in the House month after month. I am only too delighted to discuss defence. There will be no more important subject for the next four and a half weeks and beyond.

### Engagements

Q4. **Mr. Stanbrook** asked the Prime Minister if she will list her official engagements for Tuesday 10 May.

**The Prime Minister:** I refer my hon. Friend to the reply that I gave some moments ago.

**Mr. Stanbrook:** Has my right hon. Friend seen that the CBI has called for the abolition of the GLC and the other metropolitan county councils, describing them as inefficient and overspending? Would not a single tier of multi-purpose local government be more efficient and closer to the needs of the people? Will my right hon. Friend therefore give it high priority in her second term of office?

**The Prime Minister:** I am not convinced of the need for a wholesale shift to single tier authorities. I certainly agree with my hon. Friend and the CBI and the GLC and some metropolitan counties. The GLC and ILEA are high-spending authorities. They place immense burdens upon the rates. We shall consider what the CBI and my hon. Friend have said about them.

**Mr. Clinton Davis:** Will the Prime Minister—instead of "Tebbiting" on consistently as she does about everyone else being responsible for unemployment except herself—take time today to tell the 1,040 youngsters in Hackney between the ages of 16 and 24, who are scrambling pathetically after 58 jobs, what they have to thank her for?

**The Prime Minister:** The hon. Gentleman will be aware that there is one way only to create new jobs.

**Mr. Graham:** Change the Government.

**The Prime Minister:** It is by producing good products at the right price, on time and with good services. When we can do that sufficiently well we shall have many more jobs. There is a need for greater co-operation between management and work force to ensure that we do not have restrictive practices but a higher standard of industrial efficiency. One of the causes of unemployment is the fact that the hon. Gentleman and some of his supporters will not accept that.

**Mr. Maxwell-Hyslop:** Has my right hon. Friend time today to read the transcript of a broadcast in English by Radio Prague, in a Communist country, commending the speech in Sweden by the Leader of the Opposition running down this country?

**The Prime Minister:** I have no knowledge of such a broadcast, but I make the point strongly that the Leader of the Opposition's defence policy would bring rejoicing only in the Kremlin.

**Mr. Donald Stewart:** Will the Prime Minister include in the items to be proclaimed from the housetops the failure to fulfil the promises to abolish rates, to reduce unemployment, to reduce public expenditure and so on, and, in the Scottish context, the promise made by her right hon. Friend Lord Home that he would produce better legislation for Scotland, coupled with her expression that devolution was not finished? All those promises have been broken during the period of office of the right hon. Lady's Government.

**The Prime Minister:** The right hon. Gentleman will not find in that last manifesto a promise to abolish rates.

**Mr. John Evans:** The one before.

**The Prime Minister:** The right hon. Gentleman may go to the manifesto but he will not find it. We fought the last election on the last manifesto. The right hon. Gentleman will remember that, unfortunately, we lost the 1974 election. History might have been different, had we won it. With regard to unemployment, the right hon. Gentleman knows the recipe and the strategy for jobs, but he consistently refuses to accept it. With regard to public expenditure, I rather thought that right hon. and hon. Members in the Opposition had been urging me to increase it. It is welcome that the right hon. Gentleman urges me to reduce it. With regard to Scotland, we have the best Secretary of State for Scotland ever.

**BILL PRESENTED****CHILD ABDUCTION (CRIMINAL OFFENCE)**

Mr. Robert Rhodes James, supported by Dr. Brian Mawhinney and Mr. Tim Sainsbury, presented a Bill to make child abduction a criminal offence; and for connected purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 17 June and to be printed [Bill 152.]

**BUSINESS OF THE HOUSE***Ordered,*

That in respect of the Importation of Milk Bill, if the Bill be committed to a Committee of the whole House, further

proceedings on the Bill shall stand postponed and that as soon as the proceedings on any Money Resolution come to by the House in relation to the Bill have been concluded, this House will immediately resolve itself into a Committee on the Bill—[*Mr. Cope.*]



Ref. A083/1308

PRIME MINISTER

Future of the Inner London Education Authority

C(83)12

## BACKGROUND

1. The Government has long been dissatisfied with the performance of the Inner London Education Authority (ILEA), and in 1981 considered, but did not decide on, possible ways of replacing it. The Ministerial Group on Local Government Organisation and Finance (MISC 79) recommended the abolition of the Greater London Council (GLC). Since the ILEA is technically a special committee of the GLC, abolition of the GLC would entail reorganising the ILEA. Views in MISC 79 were divided: a majority favoured retaining a single body, but reconstituted as a joint board of the inner London boroughs; but a minority considered that education should become the responsibility of the individual inner London boroughs. When the Cabinet discussed MISC 79's recommendations views were similarly divided (CC(83)1st Conclusions, Minute 7).

*Flag A*

2. The Secretary of State for Education and Science circulated a memorandum to the Cabinet in March (C(83)7) discussing at some length the future of the ILEA and arguing in favour of a single authority, constituted as a joint board, to run education in inner London. It also argued that the Government should consider making the joint board's precept subject to direct control.

*Flag C*

3. You decided that discussion of this memorandum should be held over until you had been able to explore the issues with the Secretary of State and others. The previous memorandum has been replaced by C(83)12. Its recommendations are much the same as those in C(83)7; but it also suggests that, in recognition of the exceptionally large contribution from the City of London and Westminster to meeting the costs of inner London education, those two local authorities might be given greater weight of representation on the joint board than the other inner London boroughs.

*Flag D*





## MAIN ISSUES

4. You will wish the Cabinet to concentrate on the essential issues for decision. These are:

- (i) Should the ILEA be replaced?
- (ii) If so, what should replace it?
- (iii) If there is a single replacement body, should the City and Westminster be given additional representation on it?
- (iv) Should the precept of any single authority be subject to direct Government control?
- (v) How should the Government's decisions be announced?

Should the ILEA be replaced?

5. If the GLC is to be abolished, there is no argument: since the ILEA is a special committee of the GLC it will have to be reconstituted. Even if the GLC were to remain, it seems unlikely that your colleagues would wish to leave the ILEA simply as it is.

What should replace the ILEA?

6. If there is to be a replacement body the main choices are:

- (a) creating a new single body; and
- (b) giving responsibility to the individual inner London boroughs.

Other approaches are possible (for example, the creation of, say, two or three replacement bodies rather than one); but they command little support, and you will want the discussion to concentrate on the two front runners.

7. The essential arguments which you will wish the Cabinet to consider are as follows.

(i) For a single body

Most professional educational opinion is in favour of retaining a single body; and it is widely accepted that, at the very least, catchment areas limited to single boroughs would not be satisfactory. It is also certain that a decision to break up the ILEA would arouse a lively campaign of opposition from London school teachers and others. Such campaigns have been effective in the past.

(ii) For returning responsibility to the boroughs

If individual boroughs were responsible for education they would be likely to be financially more prudent than a



single body; and they would need to weigh the claims of educational expenditure against other claims in a way that a single-purpose authority obviously will not. The districts are responsible for education in the metropolitan counties; and this arrangement works perfectly well. Even if some individual boroughs provide too small a catchment area, there is nothing to stop voluntary arrangements between two or more boroughs to pool education resources.

8. The Cabinet may conclude that the Government should decide at this stage in favour of keeping a single body; but that it should explicitly reserve the right to set up other arrangements if that body fails to behave responsibly.

#### The City and Westminster

9. There is obviously a good deal of justification for giving the City and Westminster, so to speak, a 'weighted vote' on any single body, since they will be providing about half of its income. But a 'weighted vote' according to financial contribution would be a novel arrangement in this sort of matter; and there would be a good deal of argument about both the principle and the details (eg should the City and Westminster have about half the total votes, or something less? If so, how much less, and why?) It may well be that similar claims could be made by the richer districts in the metropolitan counties if the metropolitan county councils were abolished and joint boards set up there to run certain services. Ministers might prefer to take no final decisions now, but simply to indicate publicly that they see a case for a 'weighted vote' and intend to consult the interested parties on its merits.

#### Control of precept

10. If the Cabinet decide in favour of a scheme of control by central government of local authority rates or expenditure, it would presumably be possible to extend it to cover the precept of the ILEA or its successor (the question does not, of course arise if the individual boroughs are made responsible for education). If not - and especially if it is decided to give the City and Westminster,



who will be any single body's main paymasters, a 'weighted vote' - it might be hard to justify singling out this one local authority organisation for direct Government control. Direct Government control would, in fact, leave little for local government in London, since the Home Secretary is the police authority; and responsibility for public transport is to be transferred to a new Metropolitan Transport Authority. And it would be hard for the Government to argue that its own creation was likely to be so extravagant as to require a special scheme of control.

#### Announcements

11. It would be natural to set any announcement of the Government's decisions on the future of the ILEA in the context of whatever may be decided about the future of the GLC.

#### HANDLING

12. You will wish to invite the Secretary of State for Education and Science to introduce his memorandum. You might then invite the Secretary of State for the Environment to comment, both generally and from the standpoint of the other work on local government organisation. Other members of the Cabinet with a particular departmental interest are the Home Secretary (because of his position as police authority for Greater London, and as Chairman of MISC 79); the Chief Secretary, Treasury (because of the ILEA's excessive expenditure); and the Secretary of State for Employment (because of his responsibility for the careers service). The Secretary of State for Employment, like the Secretary of State for Industry and yourself, also has a particular constituency interest as a London Member.

#### CONCLUSIONS

13. You will wish the Cabinet to reach conclusions on the following:

- (i) Is the ILEA to be replaced?
- (ii) If so, should the replacement be a single body; or should responsibility for education be given to the individual inner London boroughs?



- (iii) If a single body is to retain responsibility for education in inner London -
  - (a) should the City of London and Westminster be given a 'weighted vote' in its decisions?
  - (b) Should its precept be subject to direct control by the Government?
- (iv) How should the Government's decisions be announced?

RA

ROBERT ARMSTRONG

9 May 1983

CONQUEROR

CONFIDENTIAL



JWP  
K. W. Owen  
Edwe.

10 DOWNING STREET

*From the Private Secretary*

9 May 1983

FUTURE OF THE ILEA

The Prime Minister has seen your Secretary of State's Cabinet paper C(83)12 on the future of the ILEA.

The Prime Minister has commented that we must leave open the option of secession from the joint board for any local authority if it turns out that the joint board does not work.

M. C. SCHOLAR

Mrs. Imogen Wilde,  
Department of Education and Science.

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cc CO

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10 DOWNING STREET

*From the Private Secretary*

22 April 1983

Future of ILEA

Thank you for your letter of 19 April, and the attached draft paper on ILEA.

The Prime Minister agrees to its circulation, and to a Cabinet discussion of this issue. I believe that the most likely date for a discussion at Cabinet will be Thursday 12 May, and I imagine therefore that you will be circulating the paper sometime on or after Friday 6 May.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Mrs. Imogen Wilde,  
Department of Education and Science.

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DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

①

Prime Minister

This seems fine.

Agree to its circulation

and to the issue

going on the Cabinet agenda?

To expedite the

19 April 1983

local gov't / rates work

This should be as soon as possible.

But would you wish circulation

and discussion

delayed

until

after May 5?

MCS 20/4

*Handwritten initials: MS*

M Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

Dear Michael,

FUTURE OF ILEA

Following the meeting with the Prime Minister last week my Secretary of State has revised his paper for Cabinet on the future of ILEA. I attach a copy of the revised version for consideration by the Prime Minister.

I should point out that paragraph 4 opens up the issue of more favourable representation on a Joint Board for Westminster and the City, which would involve a departure from a well-entrenched electoral principle. This is of course a matter in which the Home Secretary would have a close interest.

Yours ever

Inogen Wilde

Mrs I Wilde  
Private Secretary

**CONFIDENTIAL****DRAFT**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(83)

COPY NO

19 April 1983

CABINET

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FUTURE OF THE ILEA

Memorandum by the Secretary of State for Education and Science

- 
1. The Inner London Education Authority (ILEA) - details at Annex A - is legally a special committee of the Greater London Council (GLC). The abolition of the GLC would open the way for improving the arrangements for education in inner London. I recommend a scheme which retains the advantages of what exists and removes its worst defects.
  2. A single education authority for the whole of inner London has proved advantageous in two important respects:
    1. it has secured further and higher education, much of it serving students from far beyond inner London, which is - despite some notorious blemishes - in general good and economically run;
    2. it serves, much more than the GLC, as an instrument for redistributing for local government purposes the exceptionally high rateable resources of Westminster and the City of London: some £400m a year, which could otherwise be obtainable only from a Government-imposed levy on these 2 authorities, or from the Exchequer or other, poorer, local authorities outside London, is made automatically available through the education precept for inner London.
- A better single authority
3. But as now constituted the single authority has shown glaring weaknesses. In particular its schools, notably the secondary schools, are not performing well despite very high expenditure and much waste. To tackle this problem I propose that the ILEA should

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# CONFIDENTIAL

be replaced by a Joint Board, consisting entirely of nominees of the 12 inner London boroughs and the City of London. The authorities whose ratepayers pay the education precept would then in effect be responsible also for the education element in their rate levy. This bringing together of managerial and financial responsibility is bound to encourage a greater degree of financial prudence.

4. Although the representatives of each borough would collectively determine an education precept which would be the same for all ratepayers, the ratepayers of Westminster and the City would provide about half of the Joint Board's rate-borne income. It is a well-established electoral principle that each elector's vote should be given as nearly as possible equal weight; but the wholly exceptional incidence of the Joint Board's power to tax might justify an arrangement which allowed the City and Westminster a more generous representation on the Board than would follow from the strict application of this principle.

5. If the principle underlying this approach were acceptable, further work would be necessary to devise a satisfactory scheme.

6. If it turned out that the Joint Board did not budget more prudently than the ILEA now does, it would be open to us to consider making its precept subject to control by the holder of my office, whether or not we decide to introduce controls on local authority rates or expenditure. This exceptional measure could be justified on the ground that the Joint Board would be a uniquely large single-purpose precepting authority which was not directly elected and ought therefore to be subject to an appropriate wholly exceptional external control.

## Conclusion

7. I invite my colleagues to agree that, if the GLC is abolished, the legislation should establish a single local education authority constituted as a Joint Board on the lines set out in paragraphs 3 and 4, to run education in inner London.

Department of Education and Science

KJ

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CONSTITUTION AND FUNCTIONS OF ILEA

1. ILEA is the local education authority for the area covered by the City of London and the 12 inner London Boroughs. It is a special committee of the GLC, its membership consisting of:

- i. all of the (35) councillors elected to the GLC from the inner London area;
- ii. one member appointed by each of the 12 Boroughs and the City from amongst their own members.

2. In January 1981 ILEA was providing primary and secondary education for 314,000 pupils (Essex, the next largest LEA, had 257,000 pupils) and further and higher education for 140,000 full and part-time students. Like other LEAs it makes provision for special education, adult education (300,000 students), the youth service and the careers service.

3. ILEA maintains 45 nursery schools, 812 primary schools, 179 secondary schools, 112 special schools, 27 colleges of further and higher education, 30 adult education institutes, 116 youth centres and clubs, residential sports and outdoor centres, 2 museums, 54 teachers' centres and 24 careers offices. It also grant-aids the 5 London polytechnics and gives financial assistance to 8 specialist establishments of further education.

4. In 1980/81 full-time equivalent staffing levels in ILEA (including staff in the polytechnics) were:

teaching staff	33,500
others	32,200

5. ILEA determines its own budget and fixes its own precept (which the GLC has to levy on its behalf). Its net budgeted expenditure in 1982/83 is around £775m, financed largely on the basis of a precept of 71p. This compared with a GRE of £514m. Block grant is not paid direct to ILEA. In 1982/83 the inner London Boroughs received, after hold-back, no block grant in respect of education.

Education  
IEEA, A3

CONFIDENTIAL

*[Faint, illegible text]*

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CONFIDENTIAL



Meeting 16 IS  
Re Abolition of ILEA  
HOME OFFICE  
QUEEN ANNE'S GATE Edve.  
LONDON SW1H 9AT

5 April 1983

Dear Miss Stephens

Thank you for your letter of 31 March setting out the arrangements for the 14th April.

Mr Mellor is looking forward to this opportunity to discuss local government in London.

Yours sincerely,  
Kenneth N. Sutton.

K D SUTTON  
Private Secretary

Caroline Stephens

CONFIDENTIAL

✓  
21/4  
1. Fine  
2. William 700 so  
much.  
Jan.  
6/4/1983

MR. GOW  

---

cc. Mr. Scholar

ABOLITION OF THE ILEA

I have set up this meeting for Thursday 14 April at 1615 in the House. This is the first available date that I could get Sir Keith. Kenneth Baker will be in the Far East until the 20th but the Department of Education say that the meeting should take place before that date.

So the batting order now looks like:

Secretary of State for Education  
Dr. Rhodes Boyson  
~~Mr. Kenneth Baker~~  
Mr. William Shelton  
The Hon. Peter Brooke  
Mr. David Mellor  
Mr. John Wheeler

31 March 1983

31 March 1983

The Prime Minister wishes to hold a meeting at the House to have an informal discussion on local government in London. Mrs. Thatcher would be grateful if you could be present at 1615 on Thursday 14 April. The other participants will be Mr. David Mellor, MP and Mr. John Wheeler MP.

The Hon. Peter Brooke, MP.

31 March 1983

The Prime Minister wishes to hold a meeting at the House to have an informal discussion on local government in London. Mrs. Thatcher would be grateful if you could be present at 1615 on Thursday 14 April. The other participants will be the Hon. Peter Brooke, MP and Mr. John Wheeler, MP.

David Mellor, Esq., MP.

31 March 1983

The Prime Minister wishes to hold a meeting at the House to have an informal discussion on local government in London. Mrs. Thatcher would be grateful if you could be present at 1615 on Thursday 14 April. The other participants will be the Hon. Peter Brooke, MP and Mr. David Mellor, MP.

John Wheeler, Esq., MP.



PLEASE INVITE THOSE TICKED TO MEETING

→ MORGAN



HERE WITH THE PRIME MINISTER AND SIR KEITH.

10 DOWNING STREET

*[Handwritten scribbles]*

lan/ Sir Keith Joseph's office

have let me have these nominees of Sir Keith for the ILEA mtg. Over to you.

Geoffrey Tibsbury

MCS 30/3

✓ Rhodes Boyson

✓ Kenneth Baker

✓ Wm Shelton

✓ Peter Brook

Nicholas Scott

Sir Brandon Rhys Williams

✓ David Mellow

Markin Stevens

[Peter Bottomley

✓ John Wheeler]

all these people are thought to have views on the issue.

But we are not

instructed to

invite all of

them

MCS

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① MR. GOW      ② *Miss Stephens*

Abolition of the ILEA

At a meeting this morning with the Prime Minister, Sir Keith Joseph undertook to bring a selected number of London Members of Parliament to see the Prime Minister, to run over the history of the last attempt to abolish the ILEA and consider the political advantages and disadvantages of a second proposal to this end.

I have asked Sir Keith's office to make proposals to us about the names of suitable Members. May I hand this matter over to you now, please? I should be grateful if you would let me know nearer the date that the occasion is about to happen. We should arrange it as soon as possible; and if the Prime Minister is persuaded of Sir Keith's view that there is a powerful case against proposing abolition, Sir Keith should be reminded to seek her agreement to the circulation of a paper to Cabinet colleagues with proposals for the future of the ILEA once the GLC is abolished.

*particularly  
anxious  
that* } You will need no reminding from me that the Prime Minister <sup>should</sup> ~~is~~ wishes consideration of these matters ~~to~~ be conducted in secret.

*MCS*

29 March, 1983.

CONFIDENTIAL

28 March 1983  
Policy Unit

PRIME MINISTER

THE FUTURE OF ILEA

I understand that you are having a word with Keith about his plan to replace the present structure with a joint board after the GLC is abolished.

We would all much prefer to abolish or split up ILEA - or at least to allow opting out. ILEA is extravagant, arrogant and controlled by far-Left dogmatists who care little about educational results. But is this the moment to take the plunge? Many of our supporters in London ran away when abolition was last mooted. They would run away again. MISC 79 was hopelessly split on the issue.

There is a risk of public opinion confusing the abolition of the GLC - basically a popular move - with the abolition of ILEA, which the teachers' lobby could misrepresent as harming the education of children.

I do believe that the borough representatives are likely to be more biased towards economy, since they have to raise the rates to find the cash. And we can argue that since this would be a unique arrangement, a unique system of expenditure control would be acceptable.

We are recommending Joint Boards for other services following the disappearance of the GLC. And it would be much easier to follow the same logical pattern for education - particularly in view of the complications of further and higher education.

We might not be seen to be attacking ILEA but rather giving it a last chance to perform better within the new system of local government in London. The fatal drawback of ILEA - its lack of direct accountability to ratepayers - would lessen.

If ILEA continued to perform poorly under the new arrangements, we would be even more justified in breaking it up. And it would be much easier to do so then, since the Joint Boards would be more borough-oriented in any case.

We therefore recommend - rather reluctantly - that the Government follows the course proposed by Keith.

FERDINAND MOUNT *fm*

CONFIDENTIAL



*Top Copy on Education  
Local Govt, Relations,  
P415*

10 DOWNING STREET

*From the Private Secretary*

1 March, 1983.

Greater London Council and Metropolitan County Councils

The Prime Minister was grateful for your Secretary of State's minute of 24 February.

Timetable

The Prime Minister agrees with the timetable proposed by Mr. King. She also agrees (see the Secretary of State for Transport's minute of 28 February) that a separate announcement of the MTA may well be desirable if the Environment Secretary's timetable slips. The timing of eventual announcements will, of course, be a matter for decision by the Cabinet in due course.

Future Work

The Prime Minister hopes that your Secretary of State will try, so far as possible, to resolve any problems informally with the Ministers chiefly concerned. But if there should be issues which need collective Ministerial discussion, the Prime Minister agrees that MISC 79 would be an appropriate forum. It would naturally be for the Home Secretary to decide at the appropriate time which issues should be discussed by MISC 79.

ILEA

The Prime Minister notes your Secretary of State's view that an early decision on the future of the ILEA is necessary. She would be grateful if the Secretary of State for Education and Science would circulate a paper in the near future so that the Cabinet may reach a decision on this matter.

I am sending copies of this letter to the Private Secretaries to Members of the Cabinet, to Gerry Spence (CPRS) and to Richard Hatfield (Cabinet Office).

David Edmonds, Esq.,  
Department of the Environment.

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of sv



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222

(2)

Prime Minister

FROM THE SECRETARY OF STATE

Mus 28/7

*ms*

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

27 July 1982

MISC 79(82)12: THE FUTURE OF ILEA

*Dear Michael,*

Thank you for sending me a copy of your letter of 19 July to John Halliday conveying the Prime Minister's comments on my Secretary of State's paper for MISC 79 about the future of the ILEA.

In presenting his paper to MISC 79 my Secretary of State will enlarge upon the arguments related to an option for the partial break-up of ILEA by allowing local authorities the right to opt out of ILEA. In the light of the discussion, he will then consider what further work might be needed in relation to this and other options.

I am sending copies of this letter to those who received yours.

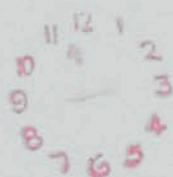
*Yours ever,*

*Inogen Wilde*

Mrs I Wilde  
Private Secretary

CONFIDENTIAL

28 JUL 1982





## 10 DOWNING STREET

From the Private Secretary

19 July, 1982.

The Prime Minister has seen the Secretary of State for Education and Science's paper on the future of the Inner London Education Authority (Misc 79(82)12).

She has minuted that she is strongly opposed to the retention of a single authority for Inner London's education. She has further minuted that she believes that the right solution would be to allow local authorities to opt out of the ILEA.

The Prime Minister would like this solution to be considered further. She has noted that the last time this issue arose the Government was given wrong information by the boroughs; especially by Westminster.

I am sending copies of this letter to the Private Secretaries to the other members of Misc 79: Imogen Wilde (Department of Education and Science), David Edmonds (Department of the Environment), Muir Russell (Scottish Office), Adam Peat (Welsh Office), David Heyhoe (Lord President's Office), Anthony Mayer (Department of Transport), David Clark (Department of Health and Social Security), Terry Mathews (Office of the Chief Secretary, HMT Treasury), Keith Long (Office of the Chancellor of the Duchy of Lancaster), Lester Hicks (Office of the Minister for Local Government and Environmental Services, Department of the Environment), and to David Wright (Cabinet Office), *Kim Benson Dept of Industry, Scotland Office.*

M. G. SCHOLAR

John Halliday, Esq.,  
Home Office.

CONFIDENTIAL

CR to chase



289  
Education

10 DOWNING STREET

*From the Private Secretary*

16 March 1982

Thank you for your letter of 11 March, enclosing a copy of one from your Secretary of State to Lord Hailsham about the Polytechnic of Central London.

*repeated* The Prime Minister was interested to see this correspondence.

MAP

Mrs. Imogen Wilde,  
Department of Education and Science.

JWP





Prime Minister

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

M. A. Pattison Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

11 March 1982

Dear Mike,

I thought the Prime Minister would be interested to see the enclosed copy of a letter which my Secretary of State has today sent to Lord Hailsham about the Polytechnic of Central London. A copy of Lord Hailsham's letter of 1 March is also enclosed.

Yours ever,

Inogen Wilde

MRS I WILDE  
Private Secretary

IN CONFIDENCE



## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Lord Hailsham of  
St Marylebone CH FRS DCL  
House of Lords  
LONDON SW1

11 March 1982

*Jan Quintin,*

Thank you for your letter of 1 March about the Polytechnic of Central London.

I can well understand your disquiet. I do not know all the details but as I understand it the Inner London Education Authority have become extremely concerned about the financial management of the Polytechnic, particularly the seeming lack of accountability and control. The alleged deficit of £600,000 to which you refer was first mentioned in the press when the ILEA sent in a team of auditors towards the end of last year, and there have been subsequent references to it.

I gather that although the Polytechnic's own auditors (you will know that as a limited company they have to have independent auditors) reported in adverse terms on a number of aspects of the financial management two years or so ago, none of this was reported to the Polytechnic Court. Moreover, last summer, when faced with cash flow difficulties, the Polytechnic borrowed a considerable sum from a bank, incurring substantial bank charges, without involving the ILEA.

So seriously do the ILEA view the state of affairs that when they announce on 12 March their grant-in-aid to the London Polytechnics for the next academic year I understand that it is likely that PCL will not appear in the list of bodies receiving grants, and that it will be indicated that the Polytechnic's financial procedures are not adequate to manage any grant they receive. This will be followed by an announcement at the next meeting of the Court that the ILEA are to set up a joint committee with the Polytechnic Court to examine the affairs of the Polytechnic.

The ILEA have already strengthened their membership on the Court and have arranged for PCL's Finance and General Purposes Committee to be attended and advised by the Authority's Education Officer, Chief Finance Officer and the Head of Audit (or their representatives) who will be proceeding to introduce proper financial regulations for the management of the institution. The officers in fact attended the meeting of that Committee on 8 March.

The ILEA decision to deny grant-in-aid to the Polytechnic will doubtless attract a certain amount of publicity, and I thought you should be forewarned. But that should not in itself be a cause for alarm. It will not mean that resources are withdrawn for the educational provision at PCL; they will be released as deemed appropriate by the Authority's officers if matters are not regularised by that time (ie before the beginning of the next academic year). In effect, ILEA will be taking over direct financial control until they are satisfied that adequate financial procedures have been instituted.

Let me assure you, however, that none of this action with regard to the Polytechnic's financial management is in any way intended to cast doubts on the quality of the education provided by PCL, which is regarded by HMI (and more generally) in many parts as among the stronger higher education institutions, with particular strength in engineering and other vocational fields.

I hope that this will help to give you the background as I understand it.

Yours ever,

Kear



*With the Private Secretary's Compliments*

**DEPARTMENT OF EDUCATION AND SCIENCE**

Elizabeth House  
York Road  
London SE1 7PH

*Telephone 01-928 9222*

FROM:

SS/15417/H

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



HOUSE OF LORDS,  
SW1A 0PW

1st March, 1982

The Right Honourable  
Sir Keith Joseph, Bt., MP  
Secretary of State for  
Education & Science,  
Elizabeth House,  
York Road,  
London,  
SE1 7PH.

*Please circulate  
me a reply.  
W 3/3*

*My dear Keith:*

Polytechnic of Central London

I hope you will not think I am guilty of an impropriety in writing this letter. It is about the Polytechnic of Central London. As you may be aware, this institution was founded by my grandfather and I am still a member of the Court. During my many years in Office I have always been given leave of absence, and I am at present on leave of absence from the Court. Nevertheless I receive the papers and they are becoming increasingly alarming. What is going on there?

Only today I had an extraordinary letter addressed to the Chairman at his private home from a man called Bala Gnanapragasam at County Hall. I have also been circularised by various trade unions, and by the Chairman, and there have been notices about a £600,000 deficit in the newspapers.

I should be very sorry if anything happened to what is for me a family tradition. Could you possibly let me know discreetly what is going on, and if there is anything I can do to assist?

*Yrs:*

1. Secs Clerks

*Pl. circulate a refer to  
Mr Forester for draft  
S/S reply*

2. Mr Forester

*We are still awaiting a  
further report on PCL following  
Mrs Alexander's minute last week  
W 3/3*

PRIME MINISTER

---

ILEA STATEMENT

cc Mr Gow  
Education  
[Signature]

Mr. Carlisle's statement passed off quietly in a sparsely populated House. Opposition Members generally welcomed the decision, argued that it had been reached by the wrong route, and complained that Mr. Carlisle was being ungracious on the better aspects of ILEA's educational performance, and threatening about its future finances. Government Members welcomed the decision as the result of a balanced process of review, but expressed varying degrees of concern about the financial outlook.

Mr. Kinnock's righteous indignation was out of tune with the mood of the House. He wanted to know whether the exercise had been fired by Tory prejudice or simply by your obsessional dislike of ILEA and determination to break it up. He sought to justify ILEA's specially high level of expenditure, and commended the Authority for its valiant resistance to Government cuts. Ron Brown felt that the closure of three schools in his constituency showed that ILEA was adjusting to falling rolls. Douglas Jay asked how much time and money had been wasted on the exercise - the reply was "not much, I think". Christopher Price congratulated Mr. Carlisle on his success in defeating a combination of you and his Parliamentary Under-Secretary, and suggested that the Inspectorate would find similar problems if it studied educational performance in any other inner city area. At the end of the exchanges, Tom Cox, Frank Dobson, Alf Dubs and Martin Flannery successively tried to raise the temperature, and argued that the exercise had been damaging to morale and involved prejudiced bullying.

From the Government side, Brandon Rhys Williams welcomed the decision but asked for an immediate ceiling on the ILEA budget, given the reports of spending intentions for 1981/82.

/David Mellor

David Mellor and William Shelton were alarmed by reports of the draft Labour Manifesto. Martin Stevens wanted the appointment of head teachers to be devolved to the ILEA sub-regions.

Alan Beith briefly suggested that direct elections would be the correct answer to the accountability problems. Mr. Carlisle replied that a directly-elected ILEA would not be in a position requiring its members to assess the relative value of more money for education against alternative claims.

The ILEA structure issue is now likely to drop out of sight in Parliamentary terms. Both sides of the House may come back on its finances, and the Opposition may from time to time attempt to recall this as an occasion where your views have not prevailed within Government. But I doubt whether there will be any great continuing interest.

MAP

4 February 1981

*Education*

STATEMENT ON THE FUTURE OF THE ILEA

1. WITH PERMISSION, I WISH TO MAKE A STATEMENT ON THE OUTCOME OF THE GOVERNMENT'S ENQUIRY INTO THE FUTURE OF THE INNER LONDON EDUCATION AUTHORITY.
  
2. THE ILEA IS THE LARGEST LOCAL EDUCATION AUTHORITY IN ENGLAND. AMONG SUCH AUTHORITIES ITS COMPOSITION IS UNIQUE. IT PRECEPTS FREELY AND WITHOUT RESTRAINT ON THE RATEPAYERS OF THE INNER LONDON BOROUGHS AND THE CITY OF LONDON. IN PRACTICE IT SPENDS MUCH MORE MONEY PER PUPIL THAN ANY OTHER ENGLISH AUTHORITY WITHOUT THEREBY ACHIEVING A SATISFACTORY PERFORMANCE FOR MANY OF ITS SCHOOLS, PARTICULARLY ITS SECONDARY SCHOOLS AS WAS SHOWN IN THE HMI REPORT ON ILEA. THE PURPOSE OF THE ENQUIRY WAS TO SEE WHETHER THIS SITUATION COULD BE IMPROVED BY ALTERING THE CONSTITUTIONAL ARRANGEMENTS FOR PROVIDING EDUCATION IN INNER LONDON.
  
3. THE FUNDAMENTAL ISSUE FOR THE ENQUIRY WAS WHETHER ILEA SHOULD BE BROKEN UP. THERE IS A CASE FOR GIVING SOME RESPONSIBILITY FOR EDUCATION TO THE INNER LONDON BOROUGHS. THERE IS ALSO A CASE FOR RETAINING A SINGLE AUTHORITY IN THE LIGHT OF LONDON'S PAST DEVELOPMENT AND ITS SYSTEM OF LOCAL GOVERNMENT. BUT THE OVERRIDING FACTORS ARE EDUCATIONAL AND FINANCIAL. THE WEIGHT OF EDUCATIONAL OPINION, INCLUDING THE VOLUNTARY BODIES AND THE CHURCHES, IS THAT THE PROBLEMS OF INNER LONDON CALL FOR A SINGLE AUTHORITY OF ADEQUATE SIZE AND WITH ADEQUATE RESOURCES TO ADMINISTER ITS SCHOOLS AS WELL AS FURTHER AND HIGHER EDUCATION, AND THE CAREERS SERVICE; AND THAT RESPONSIBILITY FOR THE SCHOOLS SHOULD NOT BE SEPARATED FROM THE REST OF EDUCATION. THE GOVERNMENT SHARE THAT VIEW.
  
4. THIS DOES NOT MEAN THAT THE SINGLE AUTHORITY HAS TO BE EXTRAVAGANT. THAT WAS ONE OF THE LESSONS TO BE <sup>learnt</sup> ~~drawn~~ FROM THE HMI REPORT. THE GOVERNMENT'S PUBLIC EXPENDITURE PLANS REQUIRE LOCAL AUTHORITY CURRENT EXPENDITURE ON EDUCATION IN ENGLAND TO GO DOWN



BY ABOUT 7% IN REAL TERMS BETWEEN 1978/79 AND 1981/82. ILEA HAS NOT MADE THE RESPONSE WHICH COULD REASONABLY HAVE BEEN EXPECTED FROM AN AUTHORITY WHOSE EXPENDITURE EXCEEDS ITS NEEDS BY FAR MORE THAN ANY OTHER EDUCATION AUTHORITY, ON THE BASIS OF ASSESSMENT USED FOR THE DISTRIBUTION OF BLOCK GRANT. IT IS APPARENTLY PLANNING TO SPEND NEXT YEAR ALMOST AS MUCH IN REAL TERMS AS IT DID IN 1978/9 ALTHOUGH BETWEEN 1978/9 AND 1981/2 ILEA'S PUPIL NUMBERS WILL FALL BY SOME 13%.

5. IN THAT EVENT ILEA WOULD BE LIKELY TO RECEIVE VERY LITTLE GRANT IN 1981/82. THE REASON IS SIMPLE. THE BLOCK GRANT SYSTEM ENSURES THAT AN AUTHORITY WHICH ACTS IRRESPONSIBLY CANNOT DO SO AT THE EXPENSE EITHER OF THE TAXPAYER OR OF THE RATEPAYERS OF AUTHORITIES BEYOND ITS BOUNDARIES.

6. THE LONG-TERM RETENTION OF THE SINGLE EDUCATION AUTHORITY FOR INNER LONDON IS JUSTIFIED ONLY IF THE AUTHORITY SHOWS THAT IT CAN GIVE THE CHILDREN AND STUDENTS OF INNER LONDON A GOOD SERVICE IN ALL PHASES OF EDUCATION AT AN ACCEPTABLE COST. IT IS UP TO ILEA TO PUT ITS HOUSE IN ORDER. IT MUST RECOGNISE THAT THE RIGHT TO PRECEPT ENTAILS THE OBLIGATION TO SPEND RESPONSIBLY. IF ILEA SYSTEMATICALLY ABUSES THE RATING SYSTEM BY UNCHECKED EXTRAVAGANCE, ADDITIONAL FINANCIAL CONTROLS WILL BE NEEDED. THE GOVERNMENT ARE NOW CONSIDERING WHAT FURTHER MEASURES THEY WOULD TAKE TO MEET THAT SITUATION.

1861 F. 4





FROM THE SECRETARY OF STATE

✓ cc Press  
Mr Sanders

ELIZABETH HOUSE,  
YORK ROAD,  
LONDON SE1 7PH  
01-928 9222

~~MS~~  
na MAP

Robin Birch Esq  
Private Secretary to the Chancellor  
of the Duchy of Lancaster  
Cabinet Office  
Whitehall  
London SW1A 2AS

3 February 1981

Dear Robin

THE FUTURE OF THE ILEA

At Cabinet on 22 January my Secretary of State was invited in consultation with the Chancellor of the Exchequer and the Secretary of State for the Environment, to prepare an oral statement announcing the outcome of the Government's review of ILEA. A copy of the statement which has been agreed with the Prime Minister is attached. It will be made tomorrow (Wednesday) afternoon.

This letter is copied to the private secretaries to the Prime Minister, each member of the Cabinet, the Chief Whips in both Houses and Sir Robert Armstrong.

Yours sincerely

Pete Shaw

P A SHAW  
Private Secretary

## STATEMENT ON THE FUTURE OF THE ILEA

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3 FEB 1964



CONFIDENTIAL

MFJ



Mr Sanders - to see

File

MS

10 DOWNING STREET

*Education*

*From the Private Secretary*

2 February 1981

*Dear Peter*

The Prime Minister has considered the draft statement on ILEA enclosed with your letter to me of 29 January.

As I told you on the 'phone, she would like to amend the final sentence of paragraph 5, so that it concludes:-

".... or of the ratepayers of authorities beyond its boundaries"

She has agreed that Mr. Carlisle should make this amended oral statement on Wednesday.

The Cabinet conclusions recorded that the Prime Minister would consult Sir Horace Culter about the handling and timing of the statement, and that Cabinet would be informed of the decisions reached. The Prime Minister would therefore like Mr Carlisle to circulate his text to Cabinet colleagues. She has already touched on the question in a recent private conversation with Sir Horace Cutler. As your Secretary of State will know, he has wanted the Government to make a statement with two main points: first, that the unitary authority is to be retained; and secondly, that the decision will be subject to review after a certain period of time, as it was in the Act which originally created ILEA. The Prime Minister is satisfied that the draft statement makes no irrevocable long term commitment to the present structure or financial powers of ILEA and is content that the issue should be handled in this way rather than by a specific commitment to review the matter again at a certain point in the future. She would nevertheless like your Secretary of State to let Sir Horace know of the decision reached by Ministers, and the timing of the statement.

/I am sending

CONFIDENTIAL

-2-

I am sending copies of this letter to Stephen Boys-Smith (Home Office), Peter Jenkins (HM Treasury), Robin Birch (Chancellor of the Duchy of Lancaster's office), David Edmonds (Department of the Environment), Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

*Yours ever*

*Mike Pattison*

P.A. Shaw, Esq.,  
Department of Education and Science.



PRIME MINISTER

Mr. Carlisle has amended his proposed draft statement on ILEA, to deal with your point about paragraph 5 of the earlier draft (Flag A). I understand that he is very keen to retain a reference to block grant, as included in this new text. But this is still likely to be criticised, because Wandsworth, Westminster, and the other Inner London Boroughs, are all, in a sense, "other Authorities". If he wanted to keep it in, I suppose one could say "or ratepayers elsewhere in the country". The case for keeping in some reference to block grant is strengthened by ILEA's recent claim that they were to be deprived of grant next year by "a Whitehall accounting blunder". Papers at Flag B.

The Cabinet conclusions on ILEA record that you would consult Horace Cutler about handling and timing of the statement and inform Cabinet of the decisions.

*- 1 saw Horace - he wants a statement to the effect that: 1) we retain a unitary authority; and*

1. Content with the statement in its present form or do you wish to amend paragraph 5?

*Suggest "authorities beyond its boundaries" to deal with your Wandsworth/Westminster.*

2. Agree that Mr. Carlisle should make an oral statement on Wednesday? *Yes*

*2) that the decision will be subject to review in N years as it was in the Act which needed UGA (1968?)*

3. Do you want to make further contact with Horace Cutler - either personally or through Mark Carlisle? (You may have touched on this in your private meeting). *Please let him know decision & progress.*

4. Agree that the commitment to inform Cabinet can be discharged by Mr. Carlisle circulating the approved text of his statement the day before he makes it? *Yes not*

30 January 1981



B  
ELIZABETH HOUSE,  
YORK ROAD,  
LONDON SE1 7PH  
01-928 9222

FROM THE SECRETARY OF STATE

Mike Pattison Esq  
10 Downing Street  
LONDON SW1

29 January 1981

*Dear Mike*

ILEA 1981-82 BUDGET AND GRANT ENTITLEMENT

I attach as requested a note on the article in last night's Evening Standard entitled 'School sums wrong'.

*Yours sincerely*

*P A Shaw*

P A SHAW  
Private Secretary

ILEA: 1981-82 BUDGET AND GRANT ENTITLEMENT

1. What grant ILEA receive in support of their expenditure in 1981-82 will depend on their actual level of expenditure - the decisions they are now about to take. The more they can bring their expenditure down towards their assessed grant-related expenditure (GRE), the higher their grant entitlement. Thus, if the ILEA were to spend at their GRE (£468m at 1981-82 assumed outturn prices), they would be entitled to £142m worth of grant. If they finally spend as much as their currently planned figure of £694m, their grant entitlement will be only £7m or so. This is brought out in the graph attached (which was annexed to C(81)6).

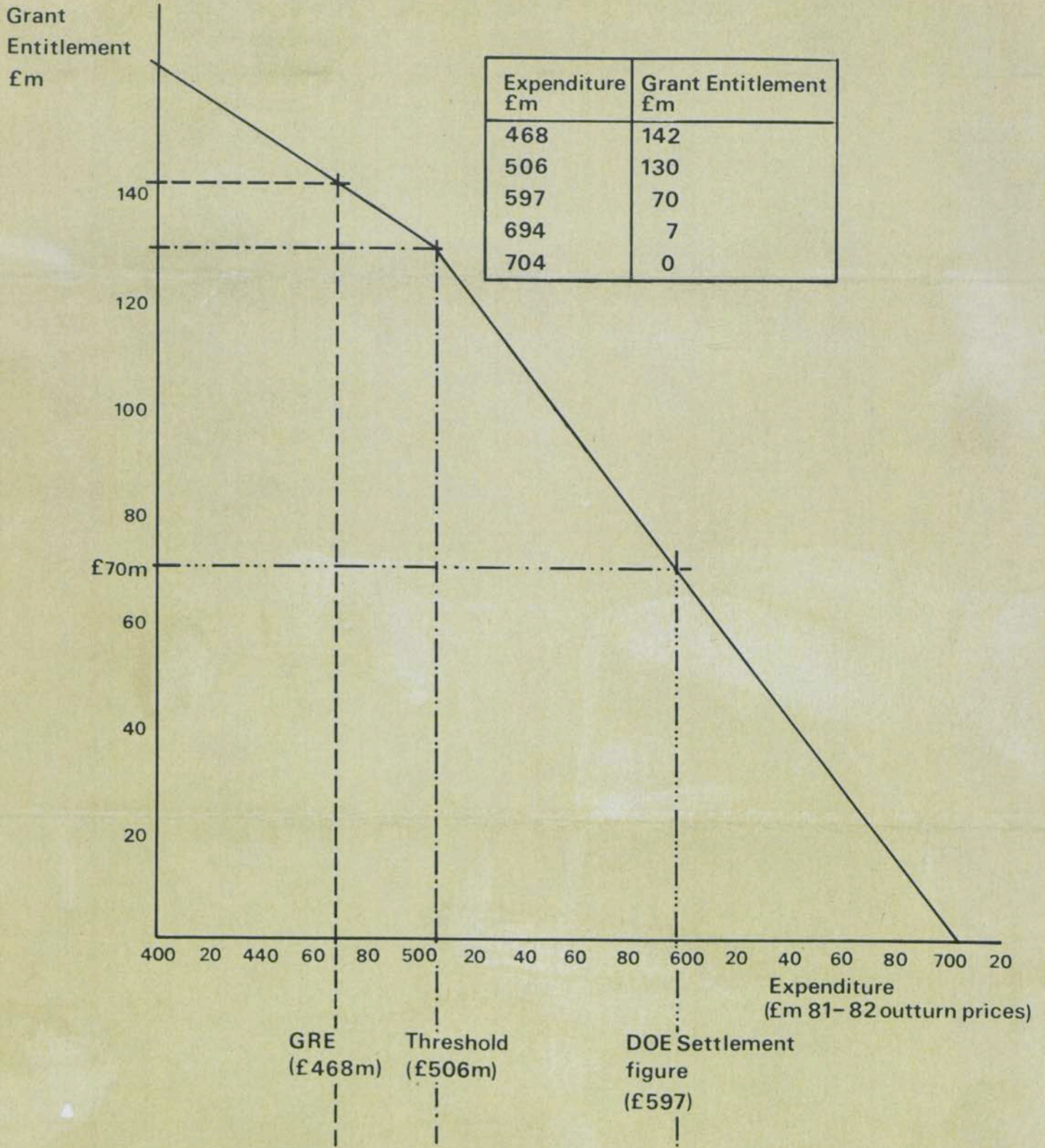
2. Yesterday's Evening Standard, drawing from a statement by Sir Ashley Brammall, claimed that ILEA (and London rate payers) are being robbed of £54m worth of grant in 1981-82 because of a "Whitehall accounting blunder". We have been unable to check the precise basis for ILEA's statement. But it seems to rest on a misunderstanding about the nature of what it described on the attached graph as the "DOE settlement" figure of £597m - a figure which determines ILEA's multiplier, and therefore the rate at which its grant reduces as its expenditure increases.

3. This figure of £597m represents the level of expenditure that we calculate the authority would need to incur in 1981-82 if it were to reduce its expenditure between its 1980-81 budget level and 1981-82 outturn in line with the Government's target of a 3.1% aggregate reduction in local authority current expenditure between the two years. ILEA appear to think that this "target" figure should have been related to their 1978-79 actual expenditure (this may be based in part on a misunderstanding of something said by the Minister for Local Government and Environmental Services in winding up the debate on the RSG report on 14 January.) Having checked the figures underlying RSG settlement, officials are satisfied that they are correct; and that ILEA's claim cannot be substantiated.

4. There are however uncertainties about some of the inflation adjustment to be made with regard to ILEA's figures. We are looking further into these; but any adjustments to be made should relate not to ILEA's grant entitlement for 1981-82, but to a view of how its planned level of expenditure in that year compares with its actual expenditure in years before 1980-81.

# RSG Settlement 1981-82

## ILEA: Grant entitlement at different expenditure levels



CMA



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Mike Pattison Esq  
10 Downing Street  
LONDON  
SW1

29 January 1981

*Dear Mike,*

THE FUTURE OF THE INNER LONDON EDUCATION AUTHORITY

Thank you for your letter of 29 January about the proposed oral statement on the future of ILEA.

My Secretary of State fully accepts the point made by the Prime Minister on paragraph 5 on the draft statement. I attach a further draft of the statement in which amendments have been made to paragraphs 5 and 6 which he believes meet the Prime Minister's concern. The amended draft does however retain the sentence on block grant. My Secretary of State believes this is important in explaining that it is the fault of ILEA rather than the fault of the Government that they are likely to receive such little financial support in this coming year.

I am sending copies of this letter to Stephen Boys-Smith (Home Office), Peter Jenkins (HM Treasury), Robin Birch (Office of the Chancellor of the Duchy of Lancaster), David Edmonds (Department of the Environment) Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

*Yours sincerely*  
*Peter Shaw*

P A SHAW  
Private Secretary

1. With permission, I wish to make a Statement on the outcome of the Government's enquiry into the future of the Inner London Education Authority.

2. The ILEA is the largest local education authority in England. Among such authorities its composition is unique. It precepts freely and without restraint on the ratepayers of the inner London Boroughs and the City of London. In practice it spends much more money per pupil than any other English authority without thereby achieving a satisfactory performance for many of its schools, particularly its secondary schools as was shown in the HMI report on ILEA. The purpose of the enquiry was to see whether this situation could be improved by altering the constitutional arrangements for providing education in inner London.

3. The fundamental issue for the enquiry was whether ILEA should be broken up. There is a case for giving some responsibility for education to the inner London Boroughs. There is also a case for retaining a single authority in the light of London's past development and its system of local government. But the overriding factors are educational and financial. The weight of educational opinion, including the voluntary bodies and the churches, is that the problems of inner London call for a single authority of adequate size and with adequate resources to administer its schools as well as further and higher education, and the careers service; and that responsibility for the schools should not be separated from the rest of education. The Government share that view.

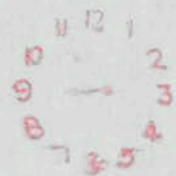
4. This does not mean that the single authority has to be extravagant. That was one of the lessons to be drawn from the HMI report. The Government's public expenditure plans require local authority current expenditure on education in England to go down by about 7% in real terms between 1978/79 and 1981/82. ILEA has not made the response which could reasonably have been expected from an authority whose expenditure exceeds its needs by far more than any other education authority, on the basis of assessment used for the distribution of block grant. It is apparently planning to spend next year almost as much in real terms as it did in 1978/9 although between 1978/9 and 1981/2 ILEA's pupil numbers will fall by some 13%.

5. In that event ILEA would be likely to receive very little grant in 1981/82. The reason is simple. The block grant system ensures that an authority which acts irresponsibly cannot do so at the expense either of the taxpayer or of the ratepayers of ~~other~~ authorities. *beyond its boundaries.*

6. The long-term retention of the single education authority for inner London is justified only if the authority shows that it can give the children and students of inner London a good service in all phases of education at an acceptable cost. It is up to ILEA to put its house in order. It must recognise that the right to precept entails the obligation to spend responsibly. If ILEA systematically abuses the rating system by unchecked extravagance, additional financial controls will be needed. The Government are now considering what further measures they would take to meet that situation.



29 JAN 1981





*Education*  
*file 1/b*

10 DOWNING STREET

*From the Private Secretary*

29 January 1981

*2/F.9-2-81.*

ILEA

The Prime Minister has seen your Secretary of State's minute of 28 January, with which he enclosed the draft of a proposed oral statement on the future of ILEA.

The Prime Minister is concerned about paragraph 5 of the draft. This makes it clear that ratepayers of an irresponsible authority will be the sufferers: ILEA happens to be the one authority where the ratepayers have no come-back through the ballot box. The Prime Minister feels that the inclusion of this paragraph will only spur demands for a promise of future action to correct this, as is contained in respect of central government's control of finance in paragraph 6. She has asked whether paragraph 5 might be deleted.

I am sending copies of this letter to Stephen Boys-Smith (Home Office), Peter Jenkins (H.M. Treasury), Robin Birch (Office of the Chancellor of the Duchy of Lancaster), David Edmonds (Department of the Environment) Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

M. A. PATTISON

Peter Shaw, Esq.,  
Department of Education and Science.

*PS*

cc Mr Ingham  
Mr Sanders

A



Prime Minister

You wanted to see a draft ILEA statement before confirming that there should be one.

Paras 3 & 6 cover what Cabinet concluded; but para 5 leaves government wide open - the unfortunate ILEA ratepayers have no democratic vote back.

79 Dec. I am worried about para 5. It will leave feeling anyone we should be expected to take some remedial action

PRIME MINISTER

THE FUTURE OF THE INNER LONDON EDUCATION AUTHORITY

At the Cabinet last Thursday I was invited to prepare a draft of an oral statement announcing the outcome of the Government's review of the ILEA. The attached draft statement has been prepared in consultation with the Chancellor of the Exchequer and the Secretary of State for the Environment.

Agree that there should be a statement, made by Mr Carlisle early next week?

As the ILEA is likely to settle its budget for 1981-82 on 10 February I think it would be very desirable for the statement to be made early next week.

MC 28/1

Copies of this minute go to the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for the Environment, the Chief Whip and Sir Robert Armstrong.

M.C.

MARK CARLISLE

28 January 1981

1. With permission, I wish to make a Statement on the outcome of the Government's enquiry into the future of the Inner London Education Authority.

2. The ILEA is the largest local education authority in England. Among such authorities its composition is unique. It precepts freely and without restraint on the ratepayers of the inner London Boroughs and the City of London. In practice it spends much more money per pupil than any other English authority without thereby achieving a satisfactory performance for many of its schools, particularly its secondary schools as was shown in the HMI report on ILEA. The purpose of the enquiry was to see whether this situation could be improved by altering the constitutional arrangements for providing education in inner London.

3. The fundamental issue for the enquiry was whether ILEA should be broken up. There is a case for giving some responsibility for education to the inner London Boroughs. There is also a case for retaining a single authority in the light of London's past development and its system of local government. But the overriding factors are educational and financial. The weight of educational opinion, including the voluntary bodies and the churches, is that the problems of inner London call for a single authority of adequate size and with adequate resources to administer its schools as well as further and higher education, and the careers service; and that responsibility for the schools should not be separated from the rest of education. The Government share that view.

4. This does not mean that the single authority has to be extravagant. That was one of the lessons to be drawn from the HMI report. The Government's public expenditure plans require local authority current expenditure on education in England to go down by about 7% in real terms between 1978/9 and 1981/2. ILEA

has not made the response which could reasonably have been expected from an authority whose expenditure exceeds its needs by far more than any other education authority, on the basis of assessment used for the distribution of block grant. [It is apparently planning to spend next year almost as much in real terms as it did in 1978/9 although between 1978/9 and 1981/2 ILEA's pupil numbers will fall by some 13%. ]

*11.11.81  
P. 05/1/81  
to 11/11/81*

5. The upshot is that ILEA is likely to receive practically no block grant for 1981/2. The reason is simple. ILEA has refused to make the reasonable economies that so many other educational authorities have made. The block grant system ensures that an authority which acts irresponsibly cannot do so at the expense either of the taxpayer or of the ratepayers of those authorities who act responsibly. The penalty falls on the ratepayers of the irresponsible authority. ]

6. For 1981/2 this is a matter for inner London's ratepayers and for ILEA itself. The long-term retention of the single education authority for inner London is justified only if the authority shows that it can give the children and students of inner London a good service in all phases of education at an acceptable cost. It is up to ILEA to put its house in order. It must recognise that the right to precept entails the obligation to spend responsibly. If ILEA systematically abuses the rating system by unchecked extravagance, additional financial controls will be needed. The Government are now considering what possible further measures they would take to meet that situation.

REF: A04052

PRIME MINISTER

Prime Minister  
 Lady Young has been  
 invited.

MAP

FUTURE OF THE INNER LONDON EDUCATION AUTHORITY  
 (C(81) 6)

BACKGROUND

1. Cabinet on 8 January invited the Secretary of State for Education and Science, in consultation with the Home Secretary, the Chancellor of the Exchequer and the Secretary of State for the Environment, to give urgent consideration to ways in which control of the ILEA might be strengthened, and to other changes which might be made in the structure and financing of the education service in London (CC(81) 1st Conclusions, Minute 4). Since then, two meetings have been held under the Chancellor's Chairmanship.
2. In C(81) 6, the Secretary of State recommends against the total breakup of the ILEA, a view now shared by the Government's supporters on the Authority. Partial breakup, allowing individual boroughs to secede by a given date and then to operate either individually or conjointly, and with responsibility either for schools alone or for all LEA functions, would still have educational disadvantages. It would create damaging uncertainty for education and local government. Fundamental changes in the London equalisation arrangements would be required if support through block grant were not to be increased to compensate for the probable secession of Westminster and the City. Other devices to reduce the power and increase the accountability of the ILEA might be to allow individual boroughs to assume responsibility for, say, schools; to give each borough a veto over major changes in its area; or to give the boroughs primary responsibility, leaving a co-ordinating role to the ILEA. All these would involve divided responsibility and an extra layer of bureaucracy. They would not necessarily save money and they would not add to the Secretary of State's powers, for example to protect



church schools. Constitutional change as recommended by IL Committee (the Marshall Option) would tend to leave the majority on the ILEA in a stronger position. Direct elections would be unpredictable in their outcome, and a single service authority would have little incentive to economy. The Secretary of State concludes that none of the alternatives to the status quo offers sufficient prospect of improved educational performance and financial responsibility to justify the controversy and disruption involved in bringing it about.

3. Further financial controls on the ILEA would require legislation. This could not be achieved for 1981/82. Under block grant, the overspending boroughs grant loss is redistributed to other authorities. In 1981-1982, the ILEA will in this way lose some £70 million in grant. The problem is not confined to the ILEA. For the future, there are strong arguments against proposals to limit individual authorities' expenditure or rate income directly because of the dangers of a Clay Cross-type confrontation. But there are possibilities for improving control indirectly, in particular differential precepting by population above a threshold or a maximum level of precept on non-domestic ratepayers. The Secretary of State for the Environment will be putting a paper to colleagues shortly on measures which might be taken in 1982-1983 if the block grant arrangements prove not to have the intended effect on the ILEA and other authorities.

4. The Leader of the GLC broadly endorses the views of the Education Secretary and agrees that an early announcement on the central issue of the review would be advantageous. The Secretary of State suggests that this should be made before 10 February, when the ILEA is due to approve its budget and precept for 1981-1982. Timing points to an oral statement rather than a White Paper, perhaps supplemented by explanatory material circulated in Hansard. A Green Paper would not be appropriate.

Not want break up  
ILEA

Leds

Tr. Sec.  
Ind. Sec.  
AP. Sec.

HANDLING

5. You will wish to invite the Secretary of State for Education and Science to introduce the discussion. The Cabinet might then look separately at structure, financial controls, and the form and timing of an announcement.

i. Structure

The arguments against the Marshall Option, direct elections and other devices short of break-up or secession appear strong. You will wish to press the Secretary of State for Education and Science on the strength of the arguments against break-up. Are there individual boroughs or groups of boroughs which could assume responsibility for at least part of the education service? Would they wish to do so? Could satisfactory financial arrangements be devised? You will want the views of the Secretary of State for the Environment (neither he nor Mr Kenneth Baker favour retention of the status quo), the Chancellor of the Exchequer and the Home Secretary.

Green or white Paper

ii. Financial Controls

Does the Cabinet agree that it is too late to legislate in respect of 1981/1982? The Chancellor of the Duchy of Lancaster and the Chief Whip will wish to comment. It would seem sensible to look at the problem of future years in the context of local authority expenditure generally. Presumably the Secretary of State for the Environment's proposals will be considered first by E Committee. How soon does he expect to put a paper forward?

Limitation  
other things

iii. Timing

The Cabinet was previously inclined to favour an early announcement. It would be possible to confine this to the structure of the ILEA, making clear that the Government was considering separately what might be done about overspending local authorities. The Chancellor of the Duchy of Lancaster and the Chief Whip may wish to comment on the case for an oral statement. It is not clear why considerations of timing should rule out a White Paper published at the same time, drawing on the extensive work done by the Committee of junior Ministers under the Minister of State, Department of Education and Science.



CONCLUSIONS

6. The Cabinet will need to reach a clear decision on whether to retain a single education authority. You will want to record specific conclusions on the merits of the Marshall Option, direct elections, and the other devices identified by the Secretary of State for Education and Science and his colleagues. The Cabinet might agree that the question of further financial controls should be considered in the context of overspending local authorities generally and invite the Secretary of State for the Environment to bring early proposals to E Committee. The Cabinet might agree that their decisions should be announced in an oral statement by the Secretary of State for Education and Science, which might be supported by a White Paper.



ROBERT ARMSTRONG

21 January 1981



10 DOWNING STREET

From the Private Secretary

19 January 1981

*Dear Peter*

The Prime Minister has seen the Secretary of State for Education's minute of 16 January, about the future of the Inner London Education Authority. She has made four comments.

Firstly, in respect of paragraph 4, the Prime Minister takes the view that uncertainty would not be created if the right to secede had to be exercised within a specific time and secession had to last a specific time.

Secondly, the Prime Minister has commented on paragraph 5 that she does not accept that it would be "bad for education" to place responsibility for schools with one authority and for higher education with another. She is still firmly of the view that it is much better from the schools' viewpoint for them to be handled locally. She believes that the argument for management by a single authority might well have led to many more authorities on ILEA lines.

Thirdly, the Prime Minister feels that the conclusion in paragraph 8 only follows if the premises of the previous paragraphs are accepted. As your Secretary of State will know, she does not accept them.

Finally, paragraph 10 refers to the annex: the Prime Minister would like to be reminded of the basis of the calculation of £468m for grant related expenditure.

Your Secretary of State will no doubt wish to take account of these comments in finalising the text of the paper for discussion in Cabinet on Thursday.

I am sending copies of this letter to Stephen Boys-Smith (Home Office), Peter Jenkins (HM Treasury), Terry Mathews (Chief Secretary's Office), Peter Cash (Department of the Environment), Jonathan Hudson (Department of Industry), Sarah Kippax (Home Office) and David Wright (Cabinet Office).

*Yours ever*

*Mike Pittman*

*KKB*

Peter Shaw, Esq.,  
Department of Education and Science.

060

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Prime Minister

Carstairs 1: Preserve structure  
 2: No financial sanction for 81/82, but threats for 82/83  
 3: (Probably) an early oral statement.  
 (Some colleagues have changed their views in discussion, and now support this approach.) Do you regard this as an adequate basis for further discussion? at Cabinet next week?

PRIME MINISTER

THE FUTURE OF THE INNER LONDON EDUCATION AUTHORITY

Yes. \*

1. At Cabinet on 8 January I was invited in consultation with the Home Secretary, the Chancellor of the Exchequer and the Secretary of State for the Environment to re-examine changes which might be made in the structure and financing of the education service in inner London.

MRK  
16/1

2. This problem was considered by a group of Ministers which met twice under the Chancellor's chairmanship. We thought you would find it helpful to see my paper in advance of my circulating it for next Thursday's Cabinet. It reflects the views of the majority of the group and has been cleared with the Chancellor.

3. This minute is copied to the Home Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Chief Secretary, Mr King, Mr Raison, Mr Baker and Sir Robert Armstrong.

M.C.

\* Have following comments on paper

MARK CARLISLE

16 January 1981

① Uncertainty would not be needed if rights to funds had to be exercised within a specific time limit  
 last a specific limit.

② - do not accept that responsibility for schools to one authority for H.E. transfer is "bad for production". It is much better for the schools viewpoint for them to be handled locally. If had accepted the D.E.S. argument we should now have an 'L.E.A.' in every metropolitan county. p.10.

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have an 'L.E.A.' in every metropolitan county. p.10.

③ This conclusion only follows if  
the merits of the previous cases  
are accepted. Personally I don't  
accept them - see previous point.

④ - The Annex does not show (or I can't see  
that it does) the basis of the calculation  
of £468m for fund. related expenditure.  
In that what other authorities would  
spend in similar circumstances. Pages  
3 & 4 are not clear on this point.

not.

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On 8 January I was invited to re-examine urgently the future of the Inner London Education Authority (ILEA) in consultation with colleagues most concerned (CC(81)1st Min 4). We have met twice under the chairmanship of the Chancellor of the Exchequer; and in this paper I reflect their views as far as possible as well as my own.

2. We have considered three issues - the structure of ILEA, financial controls and the timing of an announcement of our decisions.

#### STRUCTURE

3. I recommend against total break-up of ILEA. Our supporters on ILEA now share this view. It makes no educational sense to fragment responsibility for higher, further and special education and the careers service, nor, if only responsibility for primary and secondary schools were to be broken up, to separate schools from further education or ordinary schools from special school. Some of the new borough authorities would be very small, and they would find it very hard both to cope with falling pupil numbers and to improve educational standards. Moreover their expenditure on services for which they are already responsible is often even more extravagant than ILEA's expenditure on education.

4. An alternative would be partial break-up. This might take the form of allowing individual boroughs to secede by a given date, and then to operate as individual LEAs or form a statutory group of LEAs, with responsibility either for primary and secondary schools or for all LEA functions. This option has obvious political attractions to some of our supporters who may want to put it to the electorate at the borough elections in 1982. Presumably at least the Conservative boroughs would take advantage of it and so would the City, but the City would not wish to assume education functions. But it would still have some of the

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① educational disadvantages of total break-up. It would also create uncertainty which would be bad for education and local government. The effect of secession would mean that there would have to be fundamental changes in the London equalisation arrangements or Westminster and the City would cease to put into ILEA some £180m of rate income which in 1981-82 will support education in the rest of inner London. Under block grant this would have to be paid for by English ratepayers generally. As a result the (rump) ILEA would get a bigger share of block grant.

5. We have considered and rejected various devices which fall short of break-up or secession but which might reduce the power and increase the accountability of ILEA. One possibility (a variant of the arrangements for excepted districts between 1944 and 1974 under which certain county districts exercised limited education functions) would be to allow individual boroughs to assume responsibilities for say schools. Another would give each borough the right to veto any major changes the ILEA wanted to make in its area, and a third, the obverse of this, would give primary responsibility to the boroughs, leaving ILEA a co-ordinating role. But all these solutions would involve divided responsibility, which would be bad for education and would require an extra layer of bureaucracy to handle relations between the boroughs and ILEA. They are as likely to waste money as to save it and would not add to my powers to protect church schools from closure.

6. We could reform the constitution of ILEA as a single authority by having all its members nominated by the boroughs and the City, with a provision for minimum representation of minority parties. Like our supporters on ILEA, we are opposed to this solution which would amongst other things generally leave the majority party on ILEA in a stronger position than it is today.

7. They have now swung behind the option of a directly-elected ILEA in the belief that most voters favour education policies similar to ours. But we cannot be sure that sufficient voters holding those beliefs would turn out at an ILEA election or that they would give expression to them rather than follow party lines. Moreover, a directly elected single service authority levying its own precept or rate would have little or no incentive to economy. As one of my colleagues put it, this would be equivalent to giving the glutton the key to the larder door. We could only avoid this by taking powers to control expenditure directly, a course which we advise against in paragraph 11 below.

② 8. In my view, and that of most of the colleagues whom I have consulted, none of the alternatives to the status quo offers a sufficient prospect of improved educational performance and financial responsibility to justify the controversy and disruption involved in bringing it about.

## FINANCIAL CONTROLS

9. There is widespread concern about the reports of ILEA's provisional spending plans for 1981-82. But any control over this expenditure would require legislation. My colleagues and I all judge that it would be impossible to pass legislation in time for it to take effect in 1981-82, when we must rely on block grant to bring home to the ratepayers the consequences of ILEA's actions.

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10. As the Annex shows, block grant is working in ILEA much as was intended. It rests on the principle that individual local authorities are free to spend what they choose, but that the taxpayers' contribution is limited, and in some cases reduced or eliminated, as expenditure rises above the threshold. These authorities then have to justify additional rate demands to their electorate. This is the course on which ILEA and some of the inner London boroughs are set. An incidental result is that the grant that ILEA will in the event lose - up to £70m - will be redistributed to the great majority of other authorities.

11. Looking beyond 1981-82, my colleagues and I are all clear that we should again reject, for the reasons given in Annex A to E(80)63, proposals to limit directly the expenditure or rate income of ILEA and other individual authorities. The power could probably not be taken merely "in terrorem", but would have to be exercised. This might well lead to confrontation of the Clay Cross kind with Government commissioners running the authority, the possibility of sending councillors to prison but without recovering the money they wasted. It is by no means certain that, by making an example of a small and untypical group of authorities, we should secure the compliance of the majority with our expenditure plans. The result would be a severe blow to our relations with our supporters in local government.

12. There may however be ways of achieving our financial objectives by indirect means either generally or in relation to ILEA alone. The Secretary of State for the Environment will be circulating shortly a paper on the measures that we might take generally in 1982-83 if our experience of the first year of block grant shows that it is not working as we had hoped in some areas, including ILEA. Two possibilities are differential precepting by population rather than rateable value above a certain threshold of expenditure and a maximum level of precept on non-domestic ratepayers generally. The technical problems associated with these options need further study.

## TIMING

13. The Leader of the GLC, with whom I have discussed the situation, broadly endorses these views on structure and finance. He also agrees with me that it would be advantageous for us to announce our conclusions on the central issue of the review as soon as possible. Indeed, I believe that we should make our announcement before 10 February, when ILEA is due to approve its budget and precept for next year.

## CONCLUSIONS

14. My conclusions are:-

- i. There are no grounds for thinking that the break-up of ILEA or other less radical changes in its structure would bring any educational advantages;
- ii. There are no further steps we can take to control ILEA's expenditure in 1981-82;

# CONFIDENTIAL

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iii. We should make it clear now that if block grant fails to deter excessive expenditure next year we shall take appropriate steps, either generally or in relation to ILEA alone, to limit excessive expenditure thereafter;

iv. We should make an early announcement.

15. If my colleagues accept these conclusions, I do not think that a Green Paper would be appropriate. The choice lies between a White Paper and an oral statement in both Houses of Parliament. The announcement needs to be full enough to show why we have laboured so long, and to give our supporters in Parliament, ILEA and elsewhere, some of whom may still favour the options we have rejected, the reasons why we have done so. Timing (paragraph 13 above) points to an oral statement in both Houses, perhaps supplemented by explanatory material circulated in Hansard.

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**CONFIDENTIAL**ILEA AND BLOCK GRANT

At present ILEA receives no grant itself, but precepts for all its revenue on the Inner London boroughs, a fact reflected in their grant entitlement.

2. Under the old grant arrangements ILEA would have received £125m in grant in 1981-82 on the assumptions that grant had been paid to each tier, that it was based on the expenditure projections used for block grant and that the grant percentage had been maintained at 61 per cent.

3. By comparison with this, the "base position" described in the Rate Support Grant Report which was approved by the House on 14 January, ILEA's grant in 1981-82 will in fact total £70m if it holds its expenditure to about £600m. This figure is derived from the Government's expenditure targets and inflation assumptions and is close in cash terms to ILEA's likely expenditure in 1980-81, i.e. in real terms it would mean a reduction of 10 per cent between this year and next, compared with a reduction of 4 per cent in the school population.

4. The grant loss of £55m, the equivalent of a 5p rate (the loss limit prescribed by the relevant safety net), would result from expenditure by ILEA well in excess of its grant related expenditure (GRE) of £468m as well as from the reduction in the rate of grant from 61 per cent to 60 per cent and from the general shift of grant away from London. But if, as reported, ILEA plans to spend some £700m in 1981-82 (i.e. an increase of £100m compared with 1980-81), it will lose virtually all the remaining £70m of grant as well. Conversely, for every £ less in expenditure below £700m the rate-payers also gain 60p in grant. This is because authorities like ILEA with very high rateable resources reach a point (through the operation of negative marginal rates of grant) where by applying the deemed rate poundage specified by the Government, they are required to finance all their expenditure from their own resources.

5. Further details are given in the attached table and graph.

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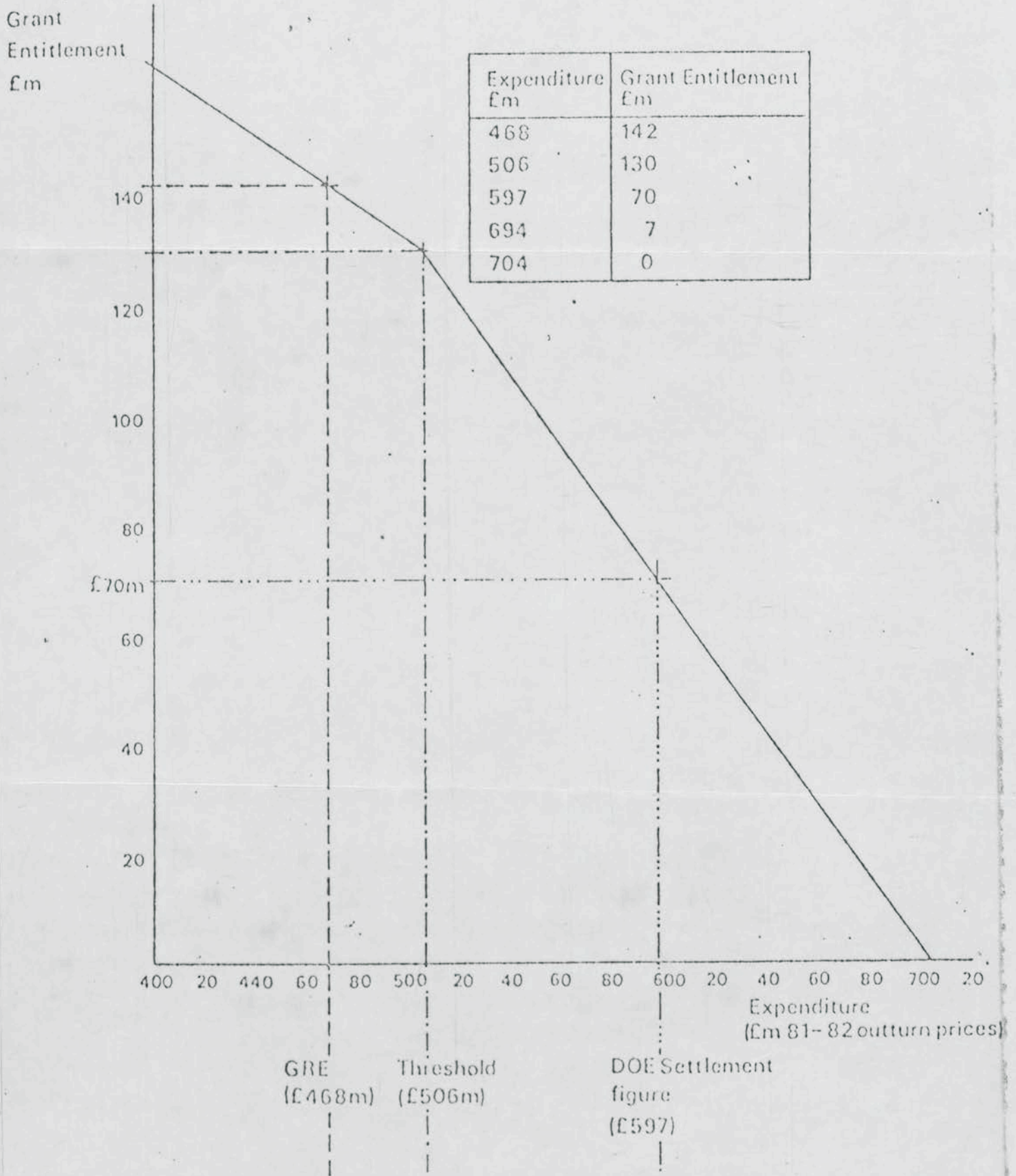
ILEA: RELATIONSHIP BETWEEN EXPENDITURE, PRECEPT AND GRANT ENTITLEMENT IN 1981-82

Expenditure Level	£m	Grant Entitlement £m	Rate-borne Expenditure £m	Equivalent to precept of p	% change in precept from 1980-81*
1) Grant-related expenditure	468	142	326	30	- 30%
2) Threshold	506	130	376	34	- 21%
3) DOE "Settlement figure"	597	70	527	48	+ 12%
4) 10% below ILEA reported planned level	625	52	573	52	+ 21%
5) Maintaining volume permitted by 1980-81 budget (ie 6% below ILEA planned level)	654	33	621	56	+ 30%
6) ILEA reported planned level	694	7	687	62	+ 44%
7) Point at which grant becomes zero	704	0	704	64	+ 49%

\* The 1980-81 precept is taken as 43p: this is the precept ILEA would have needed to levy in 1980-81 if RSG had been paid to them direct (as under the new system) since grant paid on their behalf to the Inner London Boroughs is likely to be £118m, the equivalent of an 11p precept.

RSG Settlement 1981-82

ILEA: Grant entitlement at different expenditure levels



116 JAN 1987





cc W. Hyde  
Cov. Office

1.  
Education.

2 MARSHAM STREET  
LONDON SW1P 3EB

My ref:

Your ref:

7 January 1981

Dear Rike

You asked me for a note about Robin Pauley's interview on the Today Programme yesterday about block grant. Here it is.

Since the future of the ILEA is on the Cabinet agenda tomorrow morning, I am copying this to the Private Secretaries to all Cabinet Ministers and to the Private Secretary to Sir Robert Armstrong.

*Tom [unclear]*  
*Jeff Jacobs*

J JACOBS  
Private Secretary

Prime Minister Hasseng  
MA/sj

I am putting this in the action folder so that you see it before Cabinet - but

Mike Pattison Esq  
No 10

for information only. MA

## ILEA AND BLOCK GRANT

1. Robin Panley of the Financial Times said on the Radio 4 'Today' programme on 6 January that under the new block grant system the Inner London Education Authority would get less and less grant the more it spent until it reached a stage where it got no grant at all. He argued that for a relatively small increase in expenditure ILEA could get to this position and thereafter be immune from any further Government sanction through the grant system to restrain its expenditure.
2. It is true that for a minority of authorities with very high rateable resources (of which ILEA is one) the operation of the grant system means that the more they spend the less grant they get until they reach a point where they get no grant at all. This is because block grant is designed to enable authorities to finance similar levels of expenditure for similar rates in the pound. Authorities with very high rateable resources reach a point where by applying the deemed rate poundage specified by Government, they are able to finance all their expenditure from their own resources and thus receive no further grant.
3. However, to reach a stage of nil grant ILEA has to spend very substantially in excess of the Government's guidelines. If ILEA reduces its expenditure in line with the Government's target reduction for local authority expenditure of 3.1% and applies the pay and price assumptions in the RSG cash limit it will spend £598m in 1981/82, at which level it would receive £70m of block grant. This will enable it to reduce its precept by 6.5p - 12% - because it is receiving grant due to it for the first time; hitherto ILEA's grant was paid to the boroughs. In fact ILEA are saying (see attached press notice) that they plan to spend £694m - 16% more than if they had complied with the Government's targets on the volume of expenditure and on pay and prices, for which they would receive £7m of grant. This would, however, require an increase in the ILEA precept of 7.8p - 14.5% rather than a reduction. [To receive no grant at all ILEA would need to spend £704m - 18% above the level implied by compliance with Government guidelines.]

4. ILEA's press notice says that a budget of £694m is necessary to "maintain existing standards"; but it would appear that there is significant provision for growth in this figure. It is true that once it has exhausted all its grant the Government has no further sanction; but in getting to that position it will have suffered a severe penalty (ie the removal of all its grant) and will have to answer to ratepayers for a substantial increase in its precept.

5. Pauley suggested that a number of other London authorities could follow ILEA down this course. In fact, only Westminster, the City of London and Camden are likely to be in the nil grant position; although a number of inner London authorities will get less grant the more they spend, they are most unlikely to achieve expenditure levels so high as to exhaust all their grant. Pauley also suggested that neither Ministers nor officials had anticipated the possibility of authorities receiving no grant; this is quite untrue. Indeed, the process by which such a situation can arise was the subject of lengthy argument with local government last year.

---

Wycombe

# ileaNews

## Inner London Education Authority

The County Hall, London, SE1 7PB Telephone 01-633 7667, 6177 and 6715  
24 hour service for urgent calls 01-633 7667

80/79

grant 1

31 December 1980

### ILEA'S GOVERNMENT GRANT COULD BE NIL

Detailed work on the effect on London of the Government's block grant settlement for 1981-82 reveals that, unlike the bulk of authorities outside London, the Inner London Education Authority's grant could be reduced to nil.

The Authority estimates that, at 1981-82 out-turn prices, to maintain existing standards its budget next year would need to be £694 million. This figure assumes that the Authority makes all the savings related to falling school rolls and takes in the full effect of savings arising from the 1980-81 budget. It also assumes the level of pay settlement (6%) and inflation on prices (11%) allowed for by the Government.

With an expenditure of £694 million the Authority, under the present settlement, would receive a grant of only £7 million. This is a reduction of £118 million on the £125 million grant which would have applied in 1981-82 under the previous rate support grant arrangements. As a result, virtually the whole burden of maintaining the present level of educational provision would fall on the inner London ratepayers.

A report to the ILEA's finance sub-committee says: "The settlement provides no effective safety net to cushion ratepayers against sharp changes in grant levels and distribution".

Rate support for ILEA in 1981-82 has been determined by two calculations:

- (1) the Government's assessment of the Authority's 'grant related expenditure' (GRE), defined as the Government's estimate of the cost of providing for a common or typical standard of service in authorities with common functions, and
- (2) the Government's calculation of the Authority's 'assumed' budget level, based on projections of total expenditure which assume that local authorities will spend in 1981-82 at the same relative levels as in the current year.



Grant related expenditure (GRE) for the ILEA has been determined as £468 million, which the report describes as "inequitable". For every pound spent above that level, grant is lost.

The report says: "The GRE level of expenditure could not be achieved in 1981-82 even if all recruitment to the Authority ceased and staff numbers were reduced so far as could be achieved while yielding savings during the financial year and even if the only other expenditure incurred was that on rent, rates, heating, lighting and debt charges. There would, for example, be no allowance for books or teaching materials to schools or colleges, no maintenance of premises and no meals service".

On the Government's calculation of the Authority's 'assumed' budget level, the report says: "This figure has not been published in the settlement but has been calculated by us as £598 million, which we consider to be unreasonably low. It would produce grant of £70 million, a loss of £55 million from the £125 million under the old system. This £55 million is the equivalent of a 5p rate which the settlement misleadingly describes as a 'safety net'".

"The Authority, in common with most London authorities, can continue to lose grant indefinitely beyond this point. Unlike the bulk of authorities outside London the Authority's grant could be reduced to nil".

For the Authority to obtain grant of £70 million, payable at the Government's assumed level of expenditure of £598 million, its budget would need to be cut by some £90 million from the existing level of service. A reduction of this order could only be made in areas which would yield financial saving during 1981-82.

Purely for the purposes of illustration, this would require such measures as -

- (i) Leaving unfilled all posts - teaching, non-teaching and administrative - which fall vacant throughout the financial year, no matter how crucial those posts are to the curriculum.
- (ii) Removing 75% of allowances to schools, colleges and other institutions. This would mean 75% less expenditure on books and other teaching materials and part-time teaching and non-teaching staff currently financed from the alternative use of resources scheme (the Authority's cash allocation to schools).
- (iii) Cutting all expenditure on maintaining premises and not replacing any furniture or equipment.
- (iv) Reducing expenditure on other items by, for example, making no new discretionary awards or educational maintenance grants and sharply increasing school meal prices.

End

Education

PRIME MINISTER

The Centre for Policy Studies have today put out a paper on ILEA - by Frederick Naylor and Laurence Norcross. They have delivered copies to all Cabinet Ministers, in preparation for the discussion. It is elsewhere in your box. *(information folder)*

The analysis of ILEA's defects is not new. The recommendations seem very similar to those of Professor David Smith: the authors go for the single authority, direct elections, direct billing of ratepayers, direct RSG for ILEA, review after 10 years, and a Green Paper on all these. Paragraph 5 of the paper is also a useful presentation of the London Labour Party's future plans for ILEA.

MAD

7 January 1981



CONFIDENTIAL

PRIME MINISTER

Future of the Inner London Education Authority  
(C(81) 1)

## BACKGROUND

Following publication of the Baker Report recommending the break up of the Inner London Education Authority (ILEA) you asked the Minister of State, Department of Education and Science, to chair a Committee of Junior Ministers (IL) to look at the future of the Authority.

2. The Home Secretary's minutes circulated with C(81) 1 summarise IL's views and their discussion by H Committee. H Committee endorsed the view that the local government arrangements for education in Inner London were unsatisfactory, but accepted, by a majority, the need to retain a single education authority for all services. They saw considerable objections to a precept more related to population in respect of expenditure above a certain level as well as to the other suggestions that had been made to improve financial control.

H Committee were dubious about the balance of advantage of the "Marshall Option" under which the members of ILEA would be nominated solely by the boroughs, thus encouraging them to balance the financial claims of education against those of other services. They noted that considerable changes were already under way through the introduction of block grant, which will be paid for the first time direct to ILEA, the effects of the 1980-81 rate support grant settlement, the impact of falling school rolls and the publication of HM Inspectorate's report.

3. The majority of H Committee concluded, though without enthusiasm, that it would be best in all the circumstances to maintain the existing electoral and financial arrangements. H and IL Committees deliberately refrained from examining more radical options that went beyond the local government arrangements for education in Inner London.

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4. After you had received the views of H Committee you met Sir Horace Cutler and Professor David Smith. You then asked the Minister of State, DES, to report separately on their suggestion that the outcome of the Government's consideration should be a Green Paper which would rule out the break up of ILEA and canvass the possibility of a directly elected authority (the School Board Option). The Minister of State's views are given in her minute at Annex C to C(81) 1.

5. She points out that although the School Board Option would create a direct link between inner London ratepayers and ILEA, the members of the authority would not have to balance the claims of education against those of other services. It is a matter for judgment whether voters would be more anxious to reduce the call on the rates or to support increased expenditure on education. Neither the implementation nor the political consequences of direct elections are easy or certain. The Minister of State recommends against the School Board Option, as IL had previously done, because it provides less incentive than either the Marshall Option or the status quo to better financial responsibility. She suggests that the case for a Green Paper rests on the Government's willingness to entertain more than one option for the future structure of ILEA. If firm decisions can now be reached a White Paper would be preferable because it would put an end to uncertainty. A further review of ILEA in not less than ten years might, however, be desirable.

#### HANDLING

6. You may wish the Home Secretary, as Chairman of H, to introduce the discussion and then to invite the Secretary of State for Education and Science to add any general comments. The Cabinet might then take in turn the four issues summarised in my note:-

1. A single education authority

Does the Cabinet agree that a single authority should be retained?

Sir Horace Cutler's opposition to a break up of the authority is a new factor. It is possible, however, that the Secretary of State for the Environment, who was one of the minority at the



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H Committee discussion, may argue for a further examination of ways in which boroughs might be grouped together to provide primary and secondary education. IL were unable to identify any satisfactory grouping. The Lord Chancellor will probably remind the Cabinet that the MacMillan Government reached the same conclusion as H Committee that a single authority has to be retained.

2. Constitutional Arrangements

If the Cabinet agree that a single authority should be retained the choice is between the status quo, the Marshall Option and direct elections. There can be no certainty that changes which would require legislation, would promote greater financial discipline. Their political consequences must be a matter of judgment. You may wish to hear the views of the Secretary of State for Education and Science, the Home Secretary, the Chancellor of the Exchequer and the Secretary of State for the Environment.

3. Financial Arrangements

The only change that appears a "starter" is a differential precept as described in paragraph 2 of Annex B. The Chancellor of the Exchequer may support this. The Secretary of State for Education and Science and the Secretary of State for the Environment will want to comment. Would it be possible to confine the concept of a differential precept to ILEA? Is the alternative of allowing block grant and the other changes in progress to work through before contemplating legislation an acceptable course?

4. Green or White Paper?

The choice will depend in part on the outcome of the earlier part of the discussion. If the Cabinet are undecided between the merits of the status quo and financial or constitutional changes, then a Green Paper would be appropriate. How strong

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is the case for allowing further public and parliamentary discussion, and how great the risk of continued uncertainty affecting the work of ILEA even if the Government were publicly committed to retaining a single authority? The Chancellor of the Duchy of Lancaster or the Chief Whip may want to comment on Parliamentary opinion.

#### CONCLUSIONS

7. Subject to the discussion you may wish to guide the Cabinet to agree that a single education authority should be retained and this decision announced. You will want to record specific conclusions on the merits of the Marshall Option and direct elections, as against the status quo, and on differential precepting. The Cabinet will need to decide if their conclusions on these points should be embodied in a White Paper or left for further discussion following publication of a Green Paper. It would be for the Secretary of State for Education and Science to prepare the draft White or Green Paper, in consultation with other Ministers concerned, and to circulate it to the Cabinet for approval. This will need to be done as a matter of some urgency so that an early announcement can be made.

(Robert Armstrong)

7th January 1981



GOVERNMENT OF INDIA

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Faint, mostly illegible text, possibly a letter or official communication, with some words like "The Government" and "is pleased" visible.

*[Faint signature]*  
[Faint text]

[Faint text]



cc CO  
DES  
HO

21

Education

10 DOWNING STREET

From the Private Secretary

5 January 1981

The Prime Minister was grateful for Lady Young's minute of 31 December in which she reported on the suggestion that the outcome of the Government's inquiry into ILEA should be a Green Paper ruling out the break up of ILEA and canvassing the possibility of a direct elections system.

pc 2 The Prime Minister would now like Cabinet to consider the issues which have been raised in the discussions on ILEA. She is content that Cabinet should do so on the basis of the Home Secretary's minutes of 21 November and 18 December and Lady Young's minute of 31 December.

I am sending copies of this letter to John Halliday (Home Office), Peter Shaw (Department of Education and Science) and David Wright (Cabinet Office).

M. A. PATTISON

Miss A.J. Stewart,  
Department of Education and Science.

CS



PRIME MINISTER

Lady Young responds below to the Cutler/Smith proposal for a Green Paper on ILEA, forecasting a continued single authority but canvassing the direct elections option. You will see that Lady Young is not attracted by this approach. She would like Cabinet to reach a firm decision on a single authority and between the Marshall and the status quo. She argues that direct elections are too much of an unknown quantity, and that the preparatory work would be considerable.

This argument is now starting to go in circles. The issues have been worked over thoroughly, and the main points are set out in the Home Secretary's minutes of 21 November (flag A) and 18 December (flag B). The GLC's preferences have been further considered with Lady Young's new paper.

Agree that Cabinet should now be invited to consider the recommendations of H Committee as reported in the Home Secretary's two minutes and that Lady Young's note be taken into account in the discussion?

Y  
ho  
ms.

MAD

2 January 1981

PRIME MINISTER

THE FUTURE OF ILEA

1. You asked me to report on the proposal made by Sir Horace Cutler and Professor David Smith that the outcome of the Government's inquiry should be a Green Paper which would rule out the break-up of ILEA and canvass the possibility of changing its constitution so that its members were directly elected. This would be a modern version of the London School Board which existed between 1870 and 1904. The Herbert Commission of Local Government in Greater London, which reported in 1960, considered and rejected the possibility of reintroducing a School Board for inner London's education system. IL Committee discussed this "School Board Option" in paragraphs 27-28 of its report to H Committee, and recommended against it. H Committee agreed with this judgment.
2. A directly elected ILEA would be an improvement on the present arrangement (and also to some extent on the Marshall Option) insofar as it created a direct and obvious link between inner London ratepayers and the LEA for the area. It would plainly make ILEA directly accountable to those ratepayers. It would put them on a par with other ratepayers in England by enabling them to elect directly all the members of their LEA.
3. It is a matter for judgment whether those who would turn out to vote for a directly elected ILEA would be more concerned to reduce its call on the rates or to support increased expenditure on education. But it is clear that, because ILEA's members would not have to balance the claims of education against those of other services towards which the inner London ratepayers contribute, they would not be subject to a form of financial discipline which is intrinsic to the Marshall Option. This is a serious drawback, since H Committee did not share Professor Smith's confidence that the block grant system and the clear identification of ILEA's precept would provide sufficient incentives to financial responsibility.
4. The implementation and the political consequences of the direct election of ILEA members are by no means easy or certain.
5. We could use the GLC constituencies. This would create an authority with 35 members, soon to be reduced to about 28. Even with some members co-opted to the Education Committee (as is normal) this would almost certainly be too small a membership for the effective discharge of ILEA's responsibilities; it might therefore be necessary to have two members elected from each constituency. Alternatively, the constituencies for direct election could be specially created. This would have to be entrusted to the local Government Boundary Commission, whose other work might thus have to be delayed.

6. Our supporters in ILEA believe that in an election fought on educational issues there would be strong support for our policies which emphasise standards. Educational issues would be most likely to be prominent if elections to ILEA were held in a year in which there were neither GLC nor London borough elections. But there would be a cost of at least £1m per election, and there could also be a low turn-out. We have no experience of elections for a major single-purpose local authority. These could result not in a clear majority for one of the major parties, but in a number of parties, some of them based on local or educational pressure groups, gaining sufficient representation to prevent any clear majority emerging. Local party organisations are likely to be hostile to a change which might have unforeseeable results.

7. Our supporters in ILEA are advocating the retention of a single LEA for inner London based on the School Board Option, because they do not favour the Marshall Option but nevertheless feel that some change in ILEA's constitution is needed. I believe, however, that if the Marshall Option is not to be preferred to the status quo, the School Board Option is even less to be preferred because it provides less incentive to financial responsibility without giving grounds for confidence that it will give rise to a more acceptable composition of the membership.

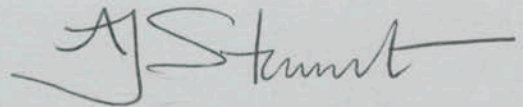
8. The case for a Green Paper rests on our willingness to entertain more than one option for ILEA's future. If, for example, the Cabinet saw merit in both the status quo and the Marshall Option, a Green Paper would be an apt instrument for canvassing both options. It would also be possible to include in a Green Paper the pros and cons of the School Board Option, but if Cabinet agrees with the recommendations made by IL and H Committees it would have to be made clear that these had been considered and the option ruled out. But whatever its contents, a Green Paper would have the disadvantage that it would leave ILEA's future uncertain, and this would make it much harder to achieve our objectives for education in inner London. ILEA is most likely to take effective action to remedy the weaknesses identified in the HMI report, if its members can make longer-term plans in the knowledge that the constitutional issue is settled, and if the teachers, whose co-operation is essential, are not confused by uncertainty about the future arrangements under which they will be working. Even an unequivocal Government statement that ILEA is not to be broken up will leave lingering doubts on that score if the constitution of ILEA remains unsettled.

9. In my view, the alternative to a Green Paper is a White Paper which would explain in detail the reasons for not breaking up ILEA, the reasons why certain options had been rejected, the arguments in favour of the Government's decision and how that decision was designed to improve the education service in inner London. If we felt that, like the original decision to create ILEA, the present

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decision should be subject to review in due course, we should make it clear that this review would not take place before say 10 years had elapsed. That would be sufficiently far ahead to encourage the necessary improvements in inner London's education to be made meanwhile.

10. I am sending copies of this to members of Cabinet, including the Minister of Transport, the Chief Whip and Sir Robert Armstrong.

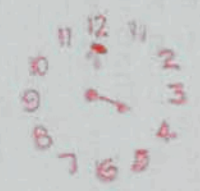


BARONESS YOUNG  
(dictated by Lady Young and  
signed in her absence)

31 DEC 1980

CONFIDENTIAL

31 DEC 1980



jfh

*Edwards*

MR HYDE  
Cabinet Office

The Prime Minister has now considered the Home Secretary's further report on H Committee's discussion of the future of ILGA. She would like Cabinet to consider simultaneously Lady Young's response to the Commission which followed the meeting with Sir Horace Cutler. I propose to send the attached letter reporting this. If you have any comments, perhaps you could let me have them in the course of the day.

MAP

22 December 1980

*do*



HS  
Education

10 DOWNING STREET

From the Private Secretary

22 December 1980

Future of ILEA

The Prime Minister was grateful for the Home Secretary's minute of 18 December, reporting H Committee's further consideration of ILEA.

She agrees that Cabinet should consider the subject before final decisions are taken. The Home Secretary's minutes of 21 November and 18 December cover the issues considered in H.

Since H Committee concluded these discussions, the Prime Minister has had a discussion with Conservative leaders on ILEA about certain aspects of the matter. As a result of that meeting, she has asked Lady Young to consider the format of the announcement of the Government's thinking, and to give further consideration to the possibility of turning ILEA into a directly elected body. She would like Cabinet colleagues to have before them Lady Young's report to her on these issues at the same time as they consider the recommendations of H Committee.

I am sending copies of this letter to the Private Secretary to other members of Cabinet, including the Minister of Transport, the Chief Whip, Minister of State, Department of Education and Science and Sir Robert Armstrong.

MAP

Stephen Boys Smith, Esq.,  
Home Office.

2/10

PRIME MINISTER

I attach the Home Secretary's reports on the two H Committee discussions of ILEA.

The conclusions are as forecast earlier. I am told that H had a poor discussion, with only Lady Young and Tom King displaying understanding of the issues. The others assumed the matter would come to Cabinet, and that they did not therefore need to trouble themselves. !!

Since these discussions took place, you have commissioned Lady Young to consider the possibility of taking consultation forward through a Green Paper, which might indicate the Government's intention to maintain ILEA but to introduce direct elections.

We asked the Home Secretary not to mention your further commission to Lady Young, because his role was to report on the conclusions of his own Committee. But you may think that it would be wasteful to have two discussions at Cabinet on the subject. Would you therefore like me to write around now, saying that you have noted the recommendations of H, but that you have since felt it useful to ask Lady Young to do a little more work in the light of suggestions put to you by the Conservative Group on GLC and ILEA, and that you would like her to circulate a response to colleagues before Cabinet considers the issues?

*Yes please*

*MAJ*

19 December 1980



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B



PRIME MINISTER

SECRET

FUTURE OF I.L.E.A.

*attached*

My minute of 21<sup>st</sup> November reported the outcome of the H Committee discussion on 18th November of the Inner London Education Authority (I.L.E.A.). H Committee agreed then that the present local government arrangements for education in inner London are far from satisfactory but accepted, by a majority, the need to retain a single education authority. H. Committee wished to give further consideration to the possibility identified by the Ministerial Committee on the Future of the Inner London Education Authority (I.L.) of making I.L.E.A. consist solely of members appointed by the inner London boroughs and the City (the Marshall Option), and asked them to look further at ways in which financial controls on I.L.E.A. might be strengthened. (Such changes need not necessarily be linked with changes in the way that members of the authority are appointed.)

H Committee considered I.L.'s further report (H(80) 85) on 15th December. I.L. had concluded that the most attractive (or least unattractive) possibility would be to introduce a system under which the rate precept was more related to population in respect of the authority's expenditure above a certain level. In other words, above that level the precept would be related to the population of each borough and not its rateable value. The effect would be that the rate burden imposed by I.L.E.A. would be redistributed at the margin so that a higher proportion was borne by the rate-payers of those boroughs for which most of the services were provided.

Such an approach would be technically feasible, but there are very considerable objections. It would conflict with the basic rating principle that rate-payers pay a common rate poundage. It would be regressive, but only to the extent that expenditure exceeded the threshold. It would bear hard on industry and on small businesses in the poorer boroughs. And it could set a dangerous precedent that the wealthier parts of other local authorities might use to claim relief. On the other hand it would come into play only if Councillors knowingly and deliberately budgeted for a level of expenditure above the threshold. H Committee accepted I.L.'s view

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that there were very substantial objections to the other possibilities that had been examined. These included a blocking mechanism in voting the authority's budget, a fixed limit on I.L.E.A.'s expenditure, the extension of judicial review of the level of precept, and adjustment of block grant.

H Committee noted that very considerable changes are already under way. Under block grant, grant will be paid for the first time direct to I.L.E.A. The rate support grant settlement has switched grant away from London so that there will be heavy pressure on all London rating boroughs to contain their expenditure. (Experience next year will therefore test the hypothesis that the prospect of high rate increases puts councillors under effective pressure to contain expenditure.) In addition I.L.E.A. has now begun to adjust to falling school rolls which should yield savings and the publication of H.M. Inspectorate's report will focus attention on the steps that the authority needs to take in order to remedy the deficiencies high-lighted by the report.

Against this background, and having regard to our earlier reservations about the balance of advantage of the Marshall Option, the majority of the members of H Committee were dubious about the benefits of possible changes which would, of course, require legislation. The majority considered that it would be best in all the circumstances to maintain the existing arrangements. (We deliberately refrained from examining more radical options that went beyond the local government arrangements for education in Inner London.) Given the political importance of the matter, H Committee were in no doubt that the Cabinet would wish to consider it before any decision was announced.

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I am sending copies of this minute to the other members of the Cabinet, the Minister of Transport, the Chief Whip, the Minister of State, Department of Education and Science and Sir Robert Armstrong.

LSD

18

December, 1980

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10 DOWNING STREET

From the Private Secretary

15 December 1980

*Dear Alex*

*BF 5.1.81*

The Prime Minister today had a meeting with Lady Young, Sir Horace Cutler, and Professor David Smith, to take stock of the consideration of the future of the Inner London Education Authority.

The suggestion was put forward that there should now be a Green Paper on the subject. Sir Horace Cutler and Professor Smith clearly favoured a discussion document which would make clear that retention of ILEA was the preferred option, but that the Government were looking at ways of improving democratic and financial accountability. Sir Horace and Professor Smith also considered that a Green Paper should canvas the possibility of a directly elected authority.

The Prime Minister was attracted by these arguments, and asked Lady Young to give further thought to the possibility of carrying the issues forward by means of a Green Paper.

I understand that H Committee has today decided to invite Cabinet to consider the future of ILEA. It would be helpful if Lady Young could report to the Prime Minister on the Green Paper suggestion very early in the New Year, so that this can also be considered in Cabinet discussion.

I am sending copies of this letter to Stephen Boys-Smith (Home Office), Peter Cash (Department of the Environment) and David Wright (Cabinet Office).

*Yours ever*

*Mike Paterson*

Miss A. J. Stewart,  
Department of Education and Science.

*HL*

PRIME MINISTER

The future of ILEA will be considered further by H Committee on Monday. Here is Lady Young's supplementary report. The report does not positively recommend any of the alternatives for additional financial controls.

I understand that H Committee is likely to decide - not unanimously - against any changes in ILEA on the basis that none of the plausible proposals identified offer sufficient guarantee of meeting the shortcomings identified by Lady Young's group.

I have suggested that it would be useful for Cabinet to take a final decision. The Home Secretary is therefore likely to report to you, in a minute copied to colleagues, about the conclusions reached by H, the divergence of opinions in the Committee and the political importance of the decision finally reached. This will provide a basis for you to have the matter discussed in Cabinet.

Content to handle in this way?

Yes mt,

MAD

Spoke Cabinet office

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12 December 1980

PRIME MINISTER

Horace Cutler (flag A) wrote to tell you that the GLC's election manifesto would advocate direct election for ILEA. Your weekend box includes elsewhere Lady Young's report to H, which will be discussed next week. They are likely to reach a majority view that no change is the least unsatisfactory conclusion.

Lady Young has had a meeting with David Smith, the Conservative Leader of ILEA; note at flag B. Smith has also come out in favour of direct elections, although he seems much more positive about retaining the present form of unitary authority. I believe that Horace Cutler's personal views are not necessarily representative of Conservatives on the GLC.

Lady Young is not happy with Horace Cutler's series of complaints to you about her work on the subject. She made it clear early on that she was at his disposal any time, but he has simply not responded.

At the meeting on Monday, you will need to assess the likelihood of GLC Conservatives running on a platform divergent from the Government decision on the future of ILEA, and see whether Horace Cutler and his colleagues can be persuaded to go slow on this if a clash seems likely.

*GR*  
You might also be interested in the letter at C, from Dick Tracey who has an interest as a school governor, and as a local Conservative with close links with the leaders of Wandsworth Council - which is where the overt move to break up ILEA first developed.

*YAD*

12 December 1980



*Education*

ELIZABETH HOUSE,  
YORK ROAD,  
LONDON SE1 7PH  
01-928 9222

FROM THE MINISTER OF STATE

M A Pattison Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

*BF 12/xii*

*MA*

*5* December 1980

*Dear Michael,*

Your letter of 26 November asked for a note of the conversation to take place between Lady Young and Professor David Smith.

Lady Young met Professor Smith on Wednesday 3 December, and I attach a factual note of the proceedings.

*Yours sincerely*  
*Jimmy*

*h* MISS A J STEWART  
Private Secretary



B

Professor Smith did not believe that the ILEA should be left as it was, particularly since the extreme left wing of the Labour Party was likely to bring about an increasingly leftwards shift in the Authority in future. He was worried too by the present lack of financial accountability. So far as the provision of education was concerned, he felt that some of the anxieties voiced by the Baker Committee in their Report had been justified by the Inspectorate Report on the ILEA, in particular on secondary education.

Professor Smith stressed that he was no longer in favour of the break-up of the Authority. Attendance at many public meetings had impressed upon him that there had been an upsurge in popular opinion in favour of the retention of the ILEA. And he believed that there would be grave political consequences in going for break-up in the period leading up to the May elections.

Professor Smith said that he wanted to see a unified authority, with the possibility of Conservative control at times exercising a moderating influence. He and his colleagues would be in favour of a directly elected authority: there should be an opportunity for direct public involvement in elections. He pointed out that the School Board of the Isle of Man was directly elected. His guess was that an organisation of this type might well have the support of Labour moderates, who shared Conservative concern at the leftward swing of the majority party. He speculated that, under a directly elected system, the Conservatives might have won the 1977 election, and might be expected to do so in 1981. It was interesting to note that public interest in the Water authorities had arisen only since direct billing of water rates.

Professor Smith was not in favour of the Marshall option. Neither did he think that it would be desirable to transfer ultimate responsibility for ILEA to the GLC. In his view, GLC members would be too hard-pressed by this additional responsibility to perform these new functions adequately.

8 DEC 1980



PART 2 ends:-

IL(80) 35

28.11.80

PART 3 begins:-

IL(80) 6m Mtg

5.12.80

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