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Prime Minister



Mr Whitelaw reports the H decision to keep a single authority, but to ask Lady Young's Cttee to do more work on possible changes in financial mechanisms. He proposes to bring this to Cabinet for final decision. Content?

PRIME MINISTER

Yes no

FUTURE OF I.L.E.A.

H Committee considered on Tuesday the report of the Ministerial Committee on the future of the Inner London Education Authority (H(80) 76).

We readily endorsed that Committee's view that the present arrangements are less than satisfactory. I.L.E.A. is constituted by a complex and ill-understood mixture of election and nomination. It spends and precepts without regard to the claims of other services on the available resources. Its unit costs for schools are by far the highest in England. Performance - particularly in secondary education - is patchy and by no means commensurate with expenditure.

As the report of the Ministerial Committee made clear, there are, however, strong arguments against the break up of I.L.E.A. and the transfer of any or all of its functions to the boroughs. A single authority is needed for higher, further and special education and the careers service. It is in the interests of both young people and employers not to separate these functions from primary and secondary education. Many of the Inner London boroughs would be too small to provide adequate schooling when school rolls are falling, especially since school catchment areas bear no relation to borough boundaries. Moreover, the performance of some Inner London boroughs in providing other services at reasonable cost leaves much to be desired.

There would also be difficult problems of financing smaller education authorities. The very large contribution now made by rate-payers in the City and Westminster would have to be found either by English rate-payers generally through the block grant or by the tax-payer.

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A majority of the members of H Committee therefore concluded that a single education authority had to be retained for Inner London. We were reluctant to come to this conclusion and were conscious of the political difficulties. We were reminded, however, that our predecessors in the McMillan Government had reached the same view. We recognise that the decision will require careful handling and full explanation to the Party, not least because of the recommendations made by Kenneth Baker's Committee earlier this year.

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The report of the Ministerial Committee indicated that there were already some pressures on I.L.E.A. to improve its performance. H.M. Inspectorate of Education's report has now been published. Under the new block grant arrangements I.L.E.A. will, for the first time, receive its share of grant direct. The arrangements are designed to bring pressure to bear on high spenders and the relationship between needs assessment and actual expenditure will be known. Rate-payers will know more clearly just how much of their rate is due to I.L.E.A.'s precept.

H Committee then considered whether, given the very real faults of the present arrangements, and the almost inbuilt Labour majority of a single London authority, there was need for other changes. We looked at possible changes in the electoral arrangements. Transfer of I.L.E.A. to the G.L.C. as a whole can be ruled out. It would be effective only if outer London members were able to speak and vote. This could not be justified when their boroughs were not paying for the relevant education service. We also ruled out a directly-elected education authority.

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The alternative is to transfer responsibility for appointments to I.L.E.A. exclusively to the Inner London boroughs. Such a proposal was first put forward in a slightly different form by Lord Marshall in his report to the G.L.C. in 1978. This "Marshall Option" has its

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attractions in terms of greater financial responsibility and its disadvantages, not least that the minority party could well do worse than at present, even if guaranteed some representation by statute.

The Ministerial Committee drew attention to a number of ways in which financial controls in I.L.E.A. might be strengthened. (These changes need not necessarily be linked with changes in the way that members of the authority are elected.) It is possible, for example, that a scheme of qualified majority voting on major financial issues could be devised. We have asked the Ministerial Committee to look further at these various possibilities before we come to a view on the relative merits of the "Marshall Option" on the one hand and retaining I.L.E.A. as at present constituted on the other.

I expect H Committee to give further consideration to these matters next month. We shall need to announce the Government's decision well in advance of the G.L.C. elections and, given the importance and difficulty of the issues, I am sure that Cabinet should have a chance to consider them. I suggest, however, that we do so only when the full range of possibilities has been identified.

I will report further to you after the resumed H discussion.

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

BSLB.

21. November 1980

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