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SUBJECT cc MASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

15 October 1986

Dear Bob,

## EDUCATION OF NO AREA PUPILS - FUNDING ARRANGEMENTS

The Prime Minister this evening discussed with your Secretary of State the proposals in his letter of 2 October about the funding arrangements for no area pupils. The Lord President, the Secretary of State for the Environment and Mr. Chris Brearley (DOE) were also present.

The discussion ranged widely over the question of the distribution of this year's rate support grant, and over the difficulties caused for some authorities by their lack of control over pay rates set for large groups of local authority employees. This discussion need not be recorded in detail.

It was agreed that the proposed change in funding arrangements for no area pupils should go ahead.

I am copying this letter to the Private Secretaries to the members of E(LA) and to Sir Robert Armstrong.

Yours,  
David.

DAVID NORGROVE

R. L. Smith, Esq.,  
Department of Education and Science

SPW