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PRIME MINISTER

cc: Professor Griffiths

EDUCATION WITHOUT LEAs

This meeting is a continuation of your earlier meeting. There are no new papers, quite deliberately: the aim at this meeting should be to finish discussing all the questions raised in Mr. Baker's paper and then to commission further work.

I enclose a copy of my record of the last meeting. Its main conclusions were that the Secretary of State should have responsibility for establishing a core syllabus at both the primary and the secondary level, on advice from a group of distinguished head teachers. The Secretary of State's powers in other respects would also need to be increased, and there would need to be an administrative tier between the schools and the DES, among other things to set per capita grants and to manage the contraction of particular schools. This new tier might be "metamorphosed" from the existing LEAs. The form of the metamorphosis was not discussed.

I suggest you turn first to paragraph 20 of the paper, LEA functions not exercisable by schools and local authorities. Items 1-7 and 9 have already been discussed in one form or another. Item 8, pay, pensions and training, comes up elsewhere. Support services, item 10, can then be dismissed quite quickly: some of these functions can be contracted out: others will fall to the intermediate tier.

*Para 21.
How*
The question discussed in paragraph 21 should be the main purpose for the meeting, namely how the Secretary of State would exercise his much increased functions. The Chancellor at the last meeting said that he favoured creating a new regional/area organisation for the DES. There are at present around 100,000 people involved in LEAs other than teachers and support staff employed in schools.

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I suggest you then return to the list of questions directly below Mr. Baker's covering minute. You will by then have addressed the first five questions.

Note that the decision on responsibilities for further and higher education, adult education and the youth service (paragraph 7) is also important to the next question (question 8) about the implications for local government finance and central taxation. // If further education and other functions have to be treated in the same way as schools, the difficulty of achieving the Chancellor's simple split of local from central finance is increased. // This is because more money has then to be found from central government rather than from local government. The table in paragraph 26 assumes that further education and other functions do go with schools. On this basis, and taking account of specific grants, the finance can only be made to work if central government channels non-domestic rates back to local authorities in the form of needs grant and specific grants rather than on a per capita basis as the Green Paper proposed.

Terry Heiser has had people in DOE working on question 9, the implications for local government structure.

Conclusions of the meeting

I suggest you commission further more detailed work on some of the major areas, in particular:

(i)

(a) LEA functions not exercisable by schools and colleges: how would a DES regional organisation be structured, how many people would be involved, and what functions would they inevitably need to exercise, taking account of the discussions at the meeting;

(b) local authority finance and structure;

(c) the transition (does it have to be a big bang?)

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(ii) Would you also at this stage want to widen the group of people involved in the discussion to include for example Mr. Tebbit and Mr. Edwards? Mr. Rifkind also has a strong interest.

Mr. Baker did not want Rhodes Boyson to be invited.

Dh

David Norgrove

31 October 1986

JALBBT