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PRIME MINISTER

RATE CAPPING : ILEA

Your Private Secretary sent a note to Patrick Jenkin's Private Secretary on 12 November asking about the consequences of the ILEA's plan to announce a budget and possibly a precept for 1985-86 on 20 November, and how the Government should respond. *attached.* I understand that Patrick's office has responded to you on the legal questions involved and on the strategies of resistance to rate capping being adopted by various authorities.

I saw Frances Morrell, the leader of the ILEA, this morning. I judged from my meeting with her that the authority intends to persist with an intransigent attitude and has no intention of making significant savings despite its manifest extravagance.

I have already taken opportunities in the House, in newspaper interviews and at public meetings to put the Government's case against ILEA's extravagance. Assuming that they go ahead with announcing a budget and concomitant precept level, I would propose, as soon as it is clear what they have said, to answer a Parliamentary Question on the lines of the draft attached. This should make clear the firmness of the Government's line and dispel any illusion on the ILEA's part that we are bluffing.

Copies go to Patrick Jenkin, Peter Rees and Michael Havers.

KJ

19 November 1984

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DRAFT PARLIAMENTARY ANSWER

To ask the Secretary of State for Education and Science, if he will comment on the expenditure plans for 1985-86 of the Inner London Education Authority.

SIR KEITH JOSEPH

I understand that the ILEA [yesterday] proposed a budget of [£965m] which would imply a precept of [84.6p]. ~~(The authority is engaging in a publicity stunt.)~~ My rt hon Friend the Secretary of State for the Environment informed the ILEA in July that under the Rates Act he had determined its expenditure level for 1985-86 at £900m. If the authority had been really concerned about the effects of that expenditure level it could have applied to my rt hon Friend for a redetermination. It has not done so. My rt hon Friend will in due course serve on the ILEA a notice stating the maximum which he proposes to prescribe for that part of the GLC's precept which is attributable to ILEA's spending in 1985-86. Since the authority has not applied for a redetermination he will propose the maximum precept with reference to the expenditure level of £900m. If the authority is not able to agree with my rt hon Friend on a maximum precept he will lay an order before the House specifying the maximum precept level for ILEA. If the House approves that order, any precept issued in excess of the maximum determined by Parliament will be wholly invalid.

It is regrettable that the majority group on the ILEA appear to have deceived themselves as well as others through the ceaseless barrage of misleading propaganda which they have issued. The authority has entirely failed to address the clear fact that its expenditure is out of proportion to that of all other LEAs.

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After allowing for London salary weighting, its expenditure per school pupil is between 29 per cent and 59 per cent higher than that of Inner City Partnership authorities in the rest of England. These authorities have comparable social problems to those of the ILEA, yet they spend much less. ILEA's budget has risen by 20 per cent in two years, twice the rate of inflation and twice the rate of increase for other LEAs, despite falling school rolls. In most areas of the service it employs at least twice the average number of non-teaching staff per pupil or student, yet it actually proposes to increase non-teaching staff numbers in 1985-86.

It is fortunate for the ratepayers of Inner London that the processes of the Rates Act will in due course compel the ILEA to face up to its extravagance and to take steps to curb its excessive spending. Rates in Inner London next year will be lower than they would otherwise have been as a result of the Rates Act. It would of course be better for education in Inner London if the authority were to plan sensible economies now instead of engaging in irrelevant antics.

19 NOV 1984





file kb
cc to Edwin

10 DOWNING STREET
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From the Private Secretary

20 November 1984

RATE CAPPING : ILEA

The Prime Minister has seen your Secretary of State's minute of 19 November. She agrees that the Government should get on record a firm line in response to any announcement from ILEA of a budget in excess of its expenditure level. She has questioned, however, whether it is best to proceed by means of a Parliamentary Answer. She wonders whether the language of the draft is suited for a PQ. She has also noted that use of a PQ means a delay of a day in getting out the Government's response. On both counts she wonders whether a press notice immediately after ILEA's announcement might not be better. She has suggested that the Lord Privy Seal's views on this might be sought.

I am copying this letter to Alan Davis (Department of the Environment), Richard Broadbent (Chief Secretary's Office, H.M. Treasury), David Morris (Lord Privy Seal's Office) and to Henry Steel (Law Officers' Department).

Andrew Turnbull

Miss Elizabeth Hodkinson,
Department of Education and Science.

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10 DOWNING STREET

Prime Minister ①

While it is a good idea
to get the Government's position
on ILGA on record I
have two doubts about
Sir Keith's proposal

(i) the language is
unsuitable for a PQ

(ii) use of a PQ means reply
has to be on the next day.

Surely a Press Notice immediately
after ILGA's announcement is
better on both counts

Agree?

Subject to LPS:

views - yes,

not

AT

19/11