

PRIME MINISTER

29 July 1987

cc: B/JP

OPTING OUT OF ILEA

The papers from the DES deal with the mechanics of opting-out in terms of finance, staffing and transfer of assets. They are all fundamentally sound and raise no contentious issues of basic principle.

The following are minor points:-

(i) Timing

The boroughs have argued strongly that they would wish to opt-out in September 1989 rather than April 1990. The detailed case put forward by Wandsworth is in Appendix I.

I have had a further talk with Paul Beresford on the matter and I must confess to being rather sceptical about the weight of their arguments. ILEA will certainly mount an attack on opting-out boroughs, but I cannot see that either its severity or its effectiveness will be materially affected by whether opting-out takes place in 1989 or 1990.

Wandsworth have a strong case for opting-out. They will be in a powerful situation to present it for the May 1990 election.

(ii) Transfer of Assets

The proposal for boroughs to draw up an inventory of ILEA equipment and assets in their areas well before the transfer is a useful device to prevent asset-stripping by ILEA and should be encouraged.

B.G.

BRIAN GRIFFITHS