

PRIME MINISTER

MEETING OF E(EP)

The meeting will start after Cabinet, so the time available is uncertain. There are now three items on the agenda.

You saw last weekend the main papers on items 1 and 2 - the financial implications of, and contingency plans for, ILEA abolition.

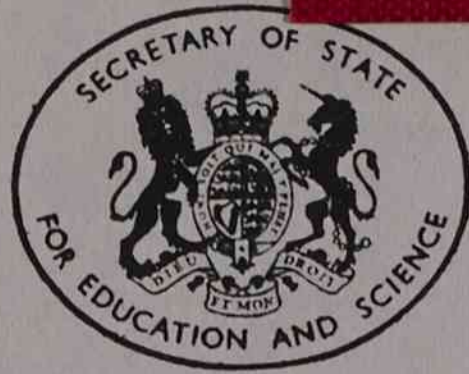
The new papers are:

- for item 3, on membership of the NUS, Mr. Baker's minute of 15 March and a Cabinet Office brief
- for all three items, Policy Unit comments, which are at the front of the folder
- as background for item 1, you may also want to note that Messrs. Ridley and Baker have now reached a slightly amended solution to the problem of ILEA redundancy payments and County Hall from the approach set out in Mr. Baker's letter of 8 March which you saw last weekend
- papers at the end of the item 1 folder.

PaCG.

Paul Gray

16 March 1988



cc BG ✓

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1 3EB

16 March 1988

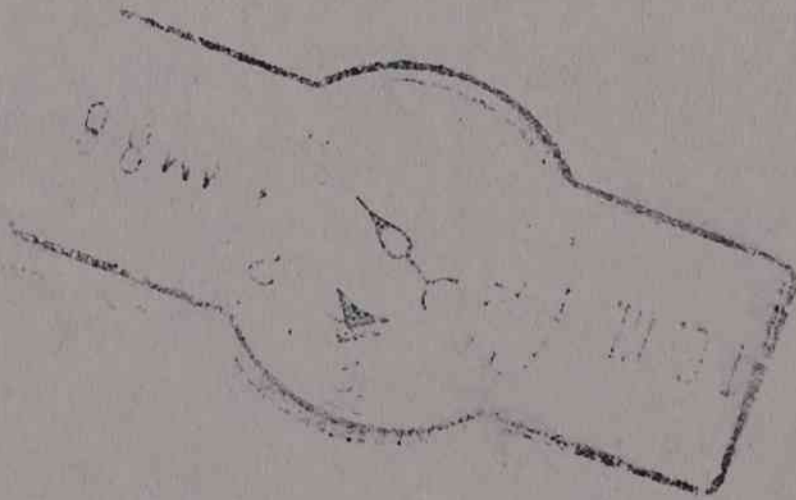
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ILEA Redundancy Payments and County Hall

Thank you for your letter of 15 March *with PG?*
commenting on the proposals I put to you on 8
March. I am happy, subject to any comments
from other colleagues, to proceed with these
on the basis you set out in your
letter.

Copies of this letter go to other members of
E(EP) and to Sir Robin Butler.

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PRIME MINISTER

16 March 1988

E(EP): THURSDAY 17 MARCH

Item 1

Abolition of ILEA: Financial Implications

The two key issues in the paper on the financial implications of the abolition of ILEA are:

- Whether ILEA expenditure can be reduced by more than the 10% in real terms before abolition suggested in the paper.
- Whether there should be new grant to meet approved costs incurred by the Boroughs in setting up an education service. This would cost £3m in 1988/89 and £10m in 1989/90.

Ratecapping in 1988/89 should reduce ILEA's expenditure by about 4½% in real terms. This is a tough target and a similar reduction will be needed in 1989/90 to meet the 10% target. We therefore see little scope for further reductions before abolition. What happens thereafter will depend on the Boroughs' performance but we shall have available community charge capping powers if necessary.

Now that we have agreed on abolition we need to ensure that the Boroughs make adequate preparations: otherwise we run the risk that some Boroughs will not do the job properly. According to DoE, the alternative of increasing Rate Support Grant and the GREs for these Boroughs is not sufficient because, under the present system, much of the extra money would be directed to other areas.

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Item 2

Abolition of ILEA: Contingency Plans

Kenneth Baker's paper makes a number of recommendations designed to:

- ensure that the new education services in each Borough are properly managed by responsible individuals;
- deal with possible financial collapse either of ILEA before abolition or of one of the Boroughs after abolition;
- deal with an unacceptable deterioration in the quality of education in a Borough not associated with financial collapse.

On the first of these, the paper proposes taking a power to approve the new Chief Education Officers and the proposed management structure of each Borough's Education Department. Although this gives increased power to the DES, the track record of some of these Boroughs (especially Lambeth, Hackney and Southwark) in providing other services suggests that this is vital. But in order to prevent a permanent increase in control by the DES, you should insist that the power should lapse after five years.

We also agree with the suggestion that the LRB might take over the ILEA's education function in the event of a collapse before abolition and that the Commissioner and/or Overseer options being developed more generally are appropriate in the event of financial collapse of one or more of the Boroughs.

The third recommendation is least developed. The hope is that the various mechanisms being introduced under the

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Education Bill - opting out, financial delegation, open enrolment and the national curriculum as well as the new measures referred to above - will increase consumer and other pressure on the Boroughs to run an acceptable education service. But it is always possible that these Boroughs will be unwilling or unable to do so. In particular, because of their poor reputation, they may be unable to recruit or retain good administrative and teaching staff.

The option of working up contingency legislation for 'Education Action Trusts' (EATs) modelled on 'Housing Action Trusts' to take over a Borough's schools in these circumstances is preferable to the alternatives of Commissioners or an immediate move to grant-maintained status. The first of these would not be a long term solution and the second might not be practicable. But the aim of these Trusts should be to improve the standard of education, the quality of the teaching staff and the quality of the governing bodies of these schools to the point at which they could transfer to grant-maintained status. The Trusts should have a limited life; once their objectives have been fulfilled they should be wound up.

Recommendation

We support the conclusions of the papers on the financial implications of abolition and on contingency plan provided it is clear that:

- the Secretary of State's powers to approve Chief Executive Officers and management structures are strictly time limited;

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- the contingency plans for Education Action Trusts are drawn up on the basis that the function of these bodies is to improve the education service to the point at which schools can transfer to grant-maintained status.

Item 3

National Union of Students

This note is very thin.

Early Day Motion No 449 - to allow students the right to opt-in to the NUS above and beyond and to make membership of the local Student Union - has attracted over 200 signatures, which is indicative of strong feeling among the Parliamentary party.

The Secretary of State suggests there are "considerable difficulties" in the proposal as it stands and mentions two of these but does not develop the argument. (I attach the Hansard account of last week's debate).

He then goes on to state his preferred option - a "conscience clause" under which students would be able to divert the NUS contribution to other purposes. He does not discuss any weakness of his approach. In practice, it must be doubtful whether it could be enforced, as the local student union could pay all sorts of fancy fees to the NUS in exchange for services.

He then proposes issuing a consultation document along these lines.

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Recommendation

In view of the strength of support for the Early Day Motion it would be far better if Kenneth Baker were to set out the pros and cons of each of the alternatives in some detail. Then the subject could be properly discussed. His present paper is an inadequate basis on which to issue a consultation document.

Peter Stredder

Brian Griffiths

PETER STREDDER

BRIAN GRIFFITHS



The Rt Hon Kenneth Baker MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

2 MARSHAM STREET
LONDON SW1P 3EE
01-212 3434

My ref:

Your ref:

15 March 1988

Dear Kenneth

ILEA REDUNDANCY PAYMENTS AND COUNTY HALL

Thank you for your letter of 8 March about how some of the costs of redundancy compensation and detriment consequent on the abolition of ILEA might be met by the LRB.

Although the first source of funding should be ILEA's final balances and sales of ILEA property I accept that there should be the possibility for LRB to meet some of these costs out of the receipts from the sale of County Hall. This should not however be an open-ended commitment since we have no means of being sure what County Hall will fetch or when it will be sold.

Any abstraction of LRB capital receipts for the purpose of funding ILEA redundancy costs should be confined to receipts from County Hall; this is more publicly defensible as ILEA occupies part of the building. We were prepared, in principle, to divert some of the proceeds of sale to the cost of reaccommodating ILEA. Although this specific argument falls with ILEA's abolition a contribution towards ILEA's redundancy costs could be presented as a consequence of abolition and thus a legitimate call on the higher gross receipts which will be available.

We will not know until mid summer at the earliest how much County Hall could fetch and even then offers are likely to be contingent on further planning permission. Although LRB's agents were talking some time ago in terms of £90-£120m, and the central London prestige hotel market appears to be even more buoyant now, we must plan for the worst eventuality of the sale price falling well below £90 million. I propose that the maximum call on the capital receipts should be expressed as a percentage of the purchase price broadly equal to the floorspace of County Hall currently occupied by ILEA - provisionally estimated at around 40% - and not a fixed sum. If the sale price proves to be at the upper end of the LRB agents' range receipts of just under £50m would be available to fund ILEA redundancy costs, in addition to what is available from ILEA balances and receipts. Since I believe that £50 million is the upper limit of estimated redundancy costs this look fairly comfortable. However if County Hall and ILEA receipts and balances proved inadequate, which is most unlikely, the balance would need to be met by a levy on the



inner London boroughs - which they must meet from their share of the remaining receipts. The only alternative to this would be support from the Exchequer.

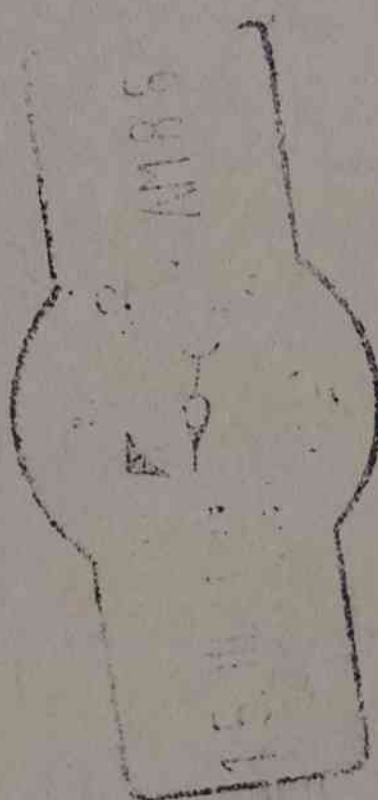
As the 40% would be abstracted from the outer, as well as the inner, London boroughs' notional allocations of receipts from sale there could well be objections from the outer boroughs. These objections would be far more muted if you could indicate that a substantial proportion of the redundancy costs could well be met from ILEA's own balances and property sales. I am therefore asking my officials in liaison with yours to talk to LRB about ILEA's portfolio and its market potential.

If you agree with this approach our officials can now work up a provision for inclusion in your Education Reform Bill which could enable the LRB to contribute towards ILEA redundancy costs on the basis described above and in a way which will be as proof as possible from legal challenge. If necessary we can discuss at E(EP) later this week.

Copies of this letter go to other members of E(EP) and to Sir Robin Butler.

*James
Nicholas*

NICHOLAS RIDLEY



RESTRICTED



abg

DA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

14 March 1988

Dear Tom,

**ILEA ABOLITION: COST OF REDUNDANCY
COMPENSATION AND DETRIMENT**

The Prime Minister has seen your Secretary of State's letter of 8 March to the Secretary of State for the Environment. Subject to the views of colleagues, the Prime Minister would be content for officials to work up a provision along the lines described by your Secretary of State.

I am copying this letter to the Private Secretaries to members of E(EP) and to Trevor Woolley (Cabinet Office).

Yours,

A handwritten signature in cursive script, appearing to read 'Paul'.

(PAUL GRAY)

Tom Jeffery, Esq.,
Department of Education and Science.

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Reference No: P 03038

PRIME MINISTER

ABOLITION OF ILEA: FINANCIAL IMPLICATIONS

E(EP)(88)5

DECISIONS

Mr Ridley and Mr Baker have put forward joint proposals for dealing with the financial implications of abolishing the ILEA. They propose:

- i. to rely on the present arrangements for transition to the community charge (previously agreed by E(LF)) to protect community charge payers from the effects of abolition;
- ii. to rely on the present provisions on community charge capping to ensure that boroughs neither suffer nor escape capping solely because of the expenditure they inherit from the ILEA;
- iii. to explore with the City of London how the special financial arrangements which are to apply to them will need to be adjusted to take account of abolition;
- iv. to create a new specific grant to meet the boroughs' costs in 1988/89 and 1989/90 in preparing for abolition, to be paid at a rate of 100% on costs approved by the DES.

The paper also notes that transferring functions to the Residuary Body has no marked effect on community charges: decisions on this can therefore be taken in the light of other policy considerations.

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2. The main concern of E(EP) at its previous discussion was that the effects on the community charge of abolishing ILEA would vary widely between the boroughs. One particular worry was that those with a high ratio of children to adults could face very high charges when they inherited ILEA's overspending. The paper is reassuring on this because it says that the safety net should prevent any increase in the burden on domestic residents, or any variation in community charge levels between boroughs in 1990-91. The full effects of abolishing ILEA will not be felt until 1994-95 by which time all boroughs should have been able to get under control the high spending they inherited from ILEA.

3. The proposals on transition to the community charge, community charge capping and the treatment of the City of London appear broadly satisfactory. You will want to consider the proposal for a specific grant to meet preparatory costs. This is probably justified for 1988/89, since grant entitlements and rate limits for that year are fixed, and boroughs will be very close to setting their own rates. But the case for 1989/90 is less clear and is likely to be resisted by the Chief Secretary. Finally, the treatment of transitional costs which arise after 1 April 1990, including redundancy costs, is not addressed. You may want to ask for further work on this subject.

BACKGROUND

4. E(EP) agreed to the outright abolition of the ILEA on 3 February (E(EP)(88)1st Meeting). This decision was endorsed by Cabinet the following day (CC(88) 4th Meeting).

5. E(EP) recognised that abolition would have substantial financial implications. They were concerned that there would be substantial redundancy costs, which might not be covered by either savings or capital receipts in the early years; that education spending might be split unevenly between different boroughs, leading to even higher community charges in some areas than were already in prospect; and that prudent boroughs might suffer community charge capping solely on account of the high levels of

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spending inherited from the ILEA. Mr Baker was asked to bring forward a paper on these issues, in consultation with the Environment Secretary and a Treasury Minister.

MAIN ISSUES

6. The present paper covers some of the issues which concerned E(EP). But it does not discuss one substantial issue: the treatment of transitional costs (eg redundancy payments) after 1 April 1990. The proposed specific grant is related only to preparatory costs incurred by inner boroughs before that date. If there are major transitional costs which cannot be offset by savings, the overall level of community charges in London in 1990/91 may be much higher than those suggested by the paper.

7. When the GLC was abolished, the Government successfully maintained the line that savings would more than compensate for costs, even in year one. But in that case substantial capital receipts were available, which were used to meet redundancy costs. It is not yet clear whether this will be repeated in the case of the ILEA and the issues need to be explored. You may wish to ask Mr Baker to bring forward a further paper covering these issues.

Implications for community charges

8. The paper addresses the implications of abolition for the level of community charges in individual boroughs, on the assumption that expenditure is no higher than at present. When the new system is fully in place, any spending above the level of an authority's needs assessment or GRE will fall directly on the community charge. The ILEA's spending is currently about £225 per adult above GRE, and would therefore add £225 to the community charge in each inner London. But when the ILEA's spending is split up there may be a different level of overspending in each borough, and therefore greater variation in community charges. In particular boroughs like Tower Hamlets with large populations of school age children may have greater overspending and be obliged to set a higher charge, while others like Kensington with relatively small numbers of children may benefit.

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9. Table 2 to the paper shows how this might affect community charges, on the basis of notional figures. It suggests that with no safety net, Tower Hamlets might need to levy a community charge £97 above the level if ILEA had remained in being, while Kensington might benefit from a reduction of £116. But it also shows that a reduction in education spending of 10% would allow every borough to levy a charge below the ILEA levels except for Tower Hamlets, which would still need to levy £19 more.

10. E(LF) have already agreed that to protect domestic tax payers in inner London there will be a phased transition from rates to the full community charge over four years. There will also be a safety net to prevent any change in the overall burden of rates and the community charge in 1990/91 as between boroughs, for the same level of spending. The safety net will be phased out over the same four year period as the rates.

11. The paper says that this safety net would be used to protect domestic tax payers from the effects of abolishing the ILEA. To do that, it would be necessary to estimate the costs which are to fall on each borough, and further work is needed to ensure that this can be done with sufficient accuracy. If it can, this approach would prevent any variation in community charge levels in 1990/91 as a result of abolition. The full effects would then be phased in over the four years to 1994/95, by which time the boroughs would have had a chance to get to grips with the education service, and could be expected to take responsibility for the full implications of their own decisions on budgets. The Sub-Committee will probably want to accept this approach, subject to further work on estimating the spending to be inherited by each borough.

Community charge capping

12. E(EP) was concerned that boroughs should neither become subject to charge capping solely because of the spending they inherited from ILEA, nor escape capping if their spending on their existing services justified it. The paper points out that the

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general community charge capping powers should be broad enough to meet these concerns. These powers allow different rules to be applied to different classes of authority. Separate criteria could therefore be applied to the inner boroughs (a class in their own right) to take account of the fact that they had inherited excessive spending levels from the ILEA. The Bill is also to be amended to allow a calculated "base position" to be used for capping in 1990/91, which will allow the effects of inherited spending to be removed from the calculation in year one. The Sub-Committee will probably want to endorse the conclusion that the existing powers on capping are sufficient.

City of London

13. The City of London has only 4,300 adult residents, but provides services to an enormous daytime population. The GRE system cannot fully assess spending needs in these special circumstances. If normal rules applied, the City would need to levy a community charge of several £'000s per head. Special arrangements are therefore proposed, under which the Corporation is to be allowed to levy a variable local rate on non-domestic rate-payers in the City. This rate will meet the great majority of spending in excess of the assessed GRE, leaving only a small proportion to be met from the community charge.

14. The exact details of the special arrangement will need to be reconsidered in the light of abolition. It will probably be appropriate to increase the proportion of spending over GRE which is to be met by community charge payers, to reflect the fact that they will no longer have to pay the ILEA community charge. The Sub-Committee will probably want to endorse the proposal that DOE officials should discuss this issue with the Corporation.

Costs of preparing for abolition

15. Mr Ridley and Mr Baker seek agreement to a new specific grant from the Exchequer to meet the full cost of spending by the boroughs on preparing for abolition, at levels approved by DES. They envisage total grant of £3m in 1988/89 and £10m in 1989/90

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(about £250,000 and £800,000 for each borough in the two years). They suggest that this will be needed to meet the cost of appointing perhaps four senior staff in each borough in 1988/89, and further staff in 1989/90; to fund work by consultants and publicity for development plans; to develop new information systems; and for extra support spending, eg on accommodation.

16. The start of 1988/89 is now very close. The RSG settlement has been made, and rate limits fixed for a number of the inner boroughs. All the boroughs will be close to setting their rates. In these circumstances there is a reasonable case for some financial assistance to the boroughs to meet the costs of preparing for abolition, a policy which was announced only a month ago. The alternative is to ask them to meet the costs or part of them from balances. But such spending would itself attract rate support grant penalties, unless special arrangements were made for an exemption. E(EP) will therefore probably want to accept the proposal for 100% grant for 1988/89. The Sub-Committee may however wish to consider whether the full £3m is really necessary.

17. The case for specific grant for 1989/90 is less strong. The boroughs could simply be expected to set rates to cover any necessary spending in that year, and rate limits could be set accordingly. On the other hand, such a course could attract particular criticism if a precedent had been set by paying grant in 1988/89. It might therefore be preferable to continue paying grant, for presentational reasons, and to maximise the prospects of a successful transition on 1 April 1990. The Sub-Committee will want to consider whether the benefits of continuing to pay grant in 1989/90 justify the cost, and whether the full £10m proposed by Mr Baker and Mr Ridley is required.

VIEWS OF OTHER MINISTERS

18. The Chief Secretary, Treasury is likely to accept that the existing arrangements for the transition to the community charge and for community charge capping are sufficient to deal with the effects of abolition. While he is likely to accept that specific

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grant will be needed for 1988/89, he is likely to resist its extension to 1989/90. He will also be concerned about the treatment of transitional costs after 1 April 1990 (including redundancy costs) and may press for further work to be done on them.

HANDLING

19. You may want to ask the Environment Secretary to speak first, since his Department have been in the lead, followed by the Education Secretary. The Chief Secretary, Treasury and other Ministers will want to comment.

R.T.J.

R T J Wilson
Cabinet Office
11 March, 1988

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Reference No: P 03039

PRIME MINISTER

MT

ABOLITION OF ILEA: CONTINGENCY PLANS
E(EP)(88)4

DECISIONS

Mr Baker seeks agreement to proposals designed to ensure the continued smooth running of education in inner London during the transition from ILEA to borough control. He proposes:

- i. that he should take new powers requiring his approval to the appointment of the Chief Education Officer (CEO) and the management structure of the education department in each borough. (A further proposal, for specific grants towards the costs of preparing for abolition, is covered in detail in the separate paper on financial implications);
- ii. that financial collapse at the ILEA before abolition should be met by emergency legislation transferring control, to the London Residuary Body (LRB);
- iii. that the overall financial collapse on an inner London borough should be met by emergency legislation for Commissioners, or the less drastic option of overseers (which is to be discussed by E(LF) on 24 March);
- iv. that an unacceptable deterioration of the education service in a borough should be met in the first instance by the general provisions of the Education Reform Bill, but that further work should be done on the possibility of establishing Education Action Trusts (EATs).

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2. You will want to consider whether the new powers Mr Baker seeks over the management arrangements of the boroughs' education services will bring real benefits, and whether those benefits outweigh likely criticism of further centralising provisions in the Bill. The possibility of the complete financial collapse of either the ILEA or a borough is a general problem, which you will be discussing at E(LF) on 24 March. But you will want to consider the proposal that the LRB might take on the ILEA's functions for a short period, as an alternative to Commissioners. Finally you will want to consider whether you want the idea of Education Action Trusts (EATs) developed further, and whether there are other options to deal with the failure of the education service in an individual borough which should also feature in further work.

BACKGROUND

3. E(EP) agreed to the abolition of the ILEA on 3 February (E(EP)(88)1st Meeting), and this was endorsed by Cabinet the following day (CC(88) 4th Meeting). But E(EP) were concerned that some boroughs might prove incapable of running an adequate education service. Mr Baker was therefore asked to bring forward a paper on fallback options. He was asked to consider options based on the new right for schools to seek grant-maintained (GM) status, possibly with the assistance of retired teachers, the churches (in the case of church schools) and a new body or bodies established for the purpose (in the case of other schools). He was also asked to consider more radical options, such as EATs, following the model established by Urban Development Corporations and the proposed Housing Action Trusts (HATs).

MAIN ISSUES

Power to approve management arrangements

4. The boroughs are already being required to prepare development plans for their education services, which will be subject to the Education Secretary's approval. He now proposes extra powers requiring his approval to the appointment of the CEO (and possibly other senior posts) and to the management structure of the new education departments. He believes these controls will increase

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the chances of a successful transfer, and also control the manpower consequences of abolition.

5. But such powers also have disadvantages. They will be criticised in Parliament and elsewhere as further concentrating power in the hands of the Education Secretary, at the expense of local autonomy. No such powers were taken over the arrangements made by the boroughs when the GLC and Metropolitan County Councils were abolished. There may also be risks for the Government in getting too closely involved with the appointment of senior staff: the inner boroughs find it difficult to attract staff of high calibre because of the extra pressures and costs of working in inner London, and Mr Baker might be left with no option but to approve the appointment of weak candidates in one or more boroughs.

6. You will want to consider whether the advantages of taking these new powers outweigh the disadvantages.

Financial collapse

7. The complete financial collapse of an inner borough would have implications well beyond education, even if it were precipitated by problems in that service. Mr Baker must therefore be right to say that it would need to be tackled as a general problem, using Commissioners or the overseers model which Mr Ridley has proposed, and which E(LF) is to consider shortly.

8. But Mr Baker suggests that a transfer of ILEA's functions to the LRB might be an alternative to Commissioners if the authority itself collapses. This might have its attractions, particularly since the LRB will take on at least residual responsibility for the ILEA's affairs after 1 April 1990. But it would still require emergency legislation (unless powers were included in the Education Reform Bill - an option Mr Baker rejects), and would not in any way reduce the formidable financial and management problems

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posed by a collapse. There must also be doubts whether the LRB would willingly take on this role and indeed whether it would be suitable for the purpose.

9. Mr Baker opposes providing in the Bill for a transfer to the LRB if ILEA collapses. You may want to discuss this. If the ILEA collapse were sudden, it might not be easy to make the necessary legislative and other arrangements in time. Mr Baker says that legislation now would cast doubt on the Government's intention to transfer education to the boroughs, and might also encourage ILEA to behave in a way that made collapse more likely. But the legislation providing for LRB to take over education would be temporary, and arguably ILEA would be more likely to behave irresponsibly if they thought there was no alternative to them until 1990.

10. Subject to this point, you may want to agree that further work should be done on this option.

Education service collapse

11. Mr Baker proposes to rely in the first instance on the general provisions of the Education Reform Bill to counter the risk of an unacceptable deterioration of schools provision in individual inner boroughs. He suggests that the proposals for financial delegation, open enrolment and the national curriculum will all be relevant. But the most important element would be the right to seek GM status, and Mr Baker proposes that the GM Schools Trust should offer support and guidance to schools in inner London on this option.

12. But the possibility of a general deterioration in the education service will remain. Mr Baker proposes that further work should be done on the possibility of establishing Education Action Trusts to take over responsibility for schools for possible inclusion in future legislation (but not in the Education Reform Bill). E(EP) will probably want to agree to this further work, on a contingency basis. Mr Baker might be asked to bring a further

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paper to E(EP) on the outcome of this work. This might consider the possibility of extending the EATs' role outside primary and secondary education (to which Mr Baker seems to assume in paragraph 10 of this paper it would be limited) and, more fundamentally, the possibility of using EATs outside London.

13. You may also want Mr Baker to look at less drastic options of the sort mentioned at the previous meeting. For example, the establishment of local bodies which would act as umbrella organisations for schools seeking GM status, drawing on the support of the churches and other local interests. You may also wish to ask him to look at options for the other parts of the education service (eg nursery provision, adult education and non-advanced further education). E(EP) may want to ask Mr Baker to bring forward a further paper on these issues.

VIEWS OF OTHER MINISTERS

14. The Chief Secretary, Treasury is likely to support most of Mr Baker's proposals. He will be concerned that abolition should not lead to large increases in administrative staff in the boroughs, and may therefore welcome the new powers Mr Baker proposes. He will of course want the Treasury to be involved in further work on fallback options, including EATs.

15. The Environment Secretary is also likely to support most of the extra work proposed. But he may oppose the suggestion that the LRB should take responsibility for ILEA's functions in the event of a collapse before 1990, because of doubts about the LRB's ability to take on this role and its suitability.

HANDLING

16. You will want to ask the Education Secretary to introduce his paper. The Chief Secretary, Treasury and the Environment Secretary will both wish to comment.

RJW.

R T J WILSON
Cabinet Office
11 March 1988

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[Continuation from column 644]

Student Unions (Funding)

11.41 pm

Mr. Allan Stewart (Eastwood): I am delighted to have this opportunity to initiate a debate on the important subject of the financing of student unions, a subject which has been of concern for some years to hon. Members, to the Government, to students, indeed to everyone interested in the proper use of public funds and individual rights.

Concern has focussed recently, perhaps particularly, on the compulsory membership of the National Union of Students. I draw the attention of the House to early-day motion 449 sponsored by my hon. Friend the Member for Thurrock (Mr. Janman) and endorsed by 213 other hon. Members. That motion welcomes the Employment Act 1987 with its measures to

“reverse closed shop arrangements, but notes that hundreds of thousands of students will still have no choice over whether or not they join the National Union of Students; and hopes that the Secretary of State for Education and Science will take steps to rectify this anomalous position as soon as possible.”

My hon. Friend the Member for Hertfordshire, West (Mr. Jones) raised this issue during business questions on 25 February last and the Leader of the House said it would be appropriate for hon. Members to table an amendment to the Education Reform Bill. My hon. Friend the Member for Thurrock and others have done just that, tabling a new clause to the Bill to move to a system of opting into membership of the NUS or other national student bodies. It would be premature to expect the Minister to leap to his feet tonight and announce that the Government intend to accept that new clause; we shall have to wait for the issue to be debated for him to do that.

I was a voluntary member of a students' union at the university of St. Andrews, where I was also president of the students' representative council, a separate organisation. That structure has some attractions, to which I will come later.

Students' unions north and south of the border began as voluntary organisations, as private clubs giving facilities to members. But as the concept of the student grant developed, membership dues were increasingly paid for most students by grant-giving bodies. Those bodies, the Scottish Education Department and local authorities in England and Wales naturally questioned those payments as not being strictly necessary. The response to that was to make membership compulsory. When that happened, of course there was automatic payment of fees for those who wished to join the students' union, and the union had the bonus that membership was compulsory for those who did not wish to join or were indifferent to joining.

That change had two inevitable effects. First, it made the students' unions much more free of any real need to satisfy their membership. Secondly, the fee, in effect, was negotiated by the union and the university or college authorities. It was paid for by the taxpayers and ratepayers. Inevitably, the fees went up.

Change was inevitable, and in 1980 the Government announced that in future the unions would be financed from the general funds of the university or college. That meant that the student union allocation was competing

with other demands from departmental budgets. It was hoped that financial realism and the need for the universities and colleges to provide proper institutional oversight would lead to wholly satisfactory arrangements.

It is my contention that that was a fundamental mistake by the Government because it broke the link between the membership of students' unions and their income. One of the books on the subject noted the consequence that

“The responsibility that should be at the root of any democracy has been entirely removed. Members have no financial responsibility for what the union spends or how it spends it.”

The income of the National Union of Students, which in 1986-87 amounted to about £1.84 million, was from the taxpayer through block membership by student unions. That means, as the early-day motion of my hon. Friend the Member for Thurrock points out, that perhaps hundreds of thousands of students who have no wish to do so are forced to be members of the NUS, but, on the other side of the equation, many individual students may wish to be members of the NUS but if their student unions have opted out, they cannot join because there is no longer the possibility of individual membership.

A fundamental point in relation to Government legislation in other areas is that, since membership of those unions is compulsory, and is a closed shop, in effect students are forced to join two closed shops.

It may be thought that the consequences of compulsory membership are not a matter of concern, or that any concern is purely theoretical. People may say that students will be students, nothing is ever perfect, and does it really matter in practice? I must tell my hon. Friend the Minister that I believe that it does really matter.

It matters to one of my constituents who was a full-time treasurer of his students' union. He was sacked because he refused to sign a cheque for students' union funds to go to the fighting fund for the striking miners. He argued that that was wrong, he refused to do it and he was sacked. It is not a matter of theory to him, it is a matter of real concern.

It is a matter of real concern to Mr. Paul Soden who refused to join the students' union at Manchester polytechnic. Although he was willing to pay the money, he was expelled from the polytechnic. It was a matter of real concern to Mrs. Patsy Fry who was expelled from her course at the Queen's road polytechnic in Bristol solely because she refused to join the student's union.

It matters that at Stratclyde university my right hon. Friend the Member for Henley (Mr. Heseltine) was unable to address a meeting; it was disrupted and had to be abandoned. Conservative students have been refused the right to speak at student association meetings solely on political grounds and have been shysically attacked by their political opponents.

It is a matter of general concern to society that students may pursue a so-called no-platform policy under which those who profess views with which student union leaders do not agree are refused the right to speak. That goes right to the heart of academic freedom and democracy, whatever the views of the people concerned.

Mr. Derek Fatchett (Leeds, Central): The hon. Gentleman says that he supports academic freedom. When the Education Reform Bill reaches its Report stage and the Opposition table an amendment relating to the definition of academic freedom for academic staff, I assume that the hon. Gentleman will support it.

Mr. Stewart: I am not sure whether the hon. Gentleman's concept of academic freedom and mine are the same. However, I speak as a former university teacher and I have been in touch with my hon. Friend the Minister about that Bill. He gave a very helpful reply to the point that I raised with him.

Mr. Fatchett: I am interested in the intellectual conclusion that the hon. Gentleman draws: that our definitions of academic freedom are different. I suspect that the evidential basis for that conclusion is very weak, and it might be helpful if the hon. Gentleman were to define academic freedom.

Mr. Stewart: Academic freedom is fundamental to our society. If people are invited to give their views to a particular institution, they should have the right to do so. That fundamental right has been denied by student unions from time to time. I have already mentioned my right hon. Friend the Member for Henley. Lord Joseph also suffered such attacks when he was Secretary of State for Education and Science.

I am not making a general attack on student unions or on the National Union of Students, but there are matters of general concern about the NUS. There are long-standing links with, and on some occasions there has been explicit support for, the IRA. At the 1987 NUS conference, Sinn Fein members called for the intensification of the anti-Unionist campaign. It matters that taxpayers' money has been used by the NUS to campaign against the Abortion (Amendment) Bill. Hon. Members may hold widely differing views about that Bill, but why should taxpayers' money be used in that campaign?

My hon. Friend the Minister ought to be concerned about the fact that there was a national demonstration against the Education Reform Bill—not because there was a demonstration, or because students were there, but because subsidised tickets were available from, for example, the students' union at Bristol university—I have a report about it in my hand—to attend the demonstration. Why should my hon. Friend be in charge of handing out taxpayers' money for people to come on subsidised bus trips to oppose the Government's legislation? That is an example of what can happen.

What is the answer to these problems of individual freedom and potential abuse—the problems, in effect, of two closed shops?

Mr. Robert B. Jones (Hertfordshire, West): My hon. Friend has been talking about two closed shops, referring to the local students' union and the National Union of Students. He should also bear in mind the affiliation of the National Union of Students to the International Union of Students. There is therefore a third closed shop.

Mr. Stewart: My hon. Friend has added a new dimension to the debate. I had thought that two closed shops were good going.

What, then, is the answer? I do not think that it is any good tut-tutting, or blaming Left-wing students; after all, they are just taking advantage of the opportunities that the system offers them. I think that the answer is to apply the principle that the Government have applied elsewhere, especially the returning of trade unions to their members.

The Government should recognise that we are talking about three different functions: first, the services for students, which require to be paid for—usually, under

the present system, via the taxpayer; secondly, local representation on the individual campus, and the need for a channel of communication between students and the university or college authorities; and thirdly, a national trade union.

In regard to the first function, I feel that it would be preferable if the Government simply increased the grant under the present arrangements, and gave students the choice whether to spend the money on being members of a student union. After all, students are by definition intelligent people capable of making a rational choice.

As for the local representational function, there is a case for a direct grant from the university authorities for that limited function. As for the third function—the financing of a national trade union—it is absurd that that is currently compulsory and financed by the taxpayer. As my hon. Friend the Member for Thurrock has suggested, let individual students opt into membership of a national union, and let the Government give direct grants to such a body if they wish to do so, for specific and agreed purposes. There are various possible methods of achieving those objectives.

I hope that my hon. Friend the Minister will recognise that there is a genuine problem, and that he will agree that the Government should apply their general principles to the problem of what have been called the forgotten closed shops: the same principles of individual choice that have been so successfully applied by the Government to other areas of national life.

11.58 pm

Mr. Robert B. Jones (Hertfordshire, West): I should like to declare an interest, as a life member of St. Andrews university students' union.

I am grateful to my hon. Friend the Member for Eastwood (Mr. Stewart) for initiating a debate about this important issue. I have felt passionately about it ever since I was a student, and, indeed, ever since I was a student union official.

My hon. Friend the Member for Eastwood was a very distinguished president of the student representative council, but I think that I go one beyond him in that I was not only an officer of the student representative council, but also an officer of the students' union. I think that the traditional pattern in the Scottish universities of separating the services role of providing food and cheap refreshment from the political representative system is quite a good one.

My most vivid memory is of the seemingly interminable debates that took place in the students' representative council at St. Andrews when I was there about its membership of the NHS. When I first went to St. Andrews—I imagine that the same was true when my hon. Friend the Member for Eastwood was there—we were affiliated to the Scottish Union of Students, an entirely separate body. The NUS had ambitions, as trade unions do from time to time, and sought to take over the SUS. In order to do so, it offered free membership of the NUS to the student unions presently within the SUS.

We tried that and about two thirds of the way through the year the student representative council in St. Andrews' decided that it would vote to disaffiliate from the NUS because it felt that it had had rather bad value for money. It was also concerned about the extremist political image of the NUS.

Despite the fact that St. Andrews' had a year's trial membership, the NUS said that we could not leave without giving a year's notice and paying the affiliation fees for that period, so we were unable to disaffiliate. It took several years before a referendum of the students decided to pull the university out of the NUS, a model that was followed subsequently by a number of other Scottish unions.

The clear point that came out during the course of that debate about membership of the NUS was not just the value-for-money one but the moral one. The NUS was clearly recognised at that time as an extremist political body. Its political stance on Northern Ireland, for example, was unconditional support for both wings of the IRA.

As a delegate to the NUS conference in Birmingham in the early 1970s, I attended the debate at which that motion was passed. I found it deeply offensive, as I know did the students at my university. Many of the students at St. Andrews' come from Northern Ireland's unionist community. There has always been a close relationship between the Province and Scotland. It was intolerable for them that their money, through their subscription to the NUS, should be used to support a body which was actively bombing, maiming and killing their friends and relatives in Northern Ireland.

But the issue was not just the NUS's policy on the IRA; there were many other policies that were equally unacceptable, either to large groups of students or to individuals with views on particular matters. I cite, for example, the religious views of Jehovah's Witnesses, which do not permit them to join such bodies; they must therefore decide whether to go to university and be obliged to compromise their religious views, not to go to university, or to find one of those few universities that are not affiliated to the NUS. That is an intolerable infringement of people's conscience and religious freedom.

In recent years there have been many examples of intolerance practised by local student unions and the NUS. I do not know whether my hon. Friend the Minister will refer to this, but one that sticks in my mind is the discrimination against Jewish students that has been specifically practised over the years.

The student unions have taxpayers' money and money from their individual members and they dole it out to societies affiliated to the union. They pick and choose the causes that they want to support. A body of which they approve might receive a large grant and one of which they do not approve might get no grant at all. Jewish society after Jewish society was denied any funding out of allocations in individual universities because of the pro-PLO stance of the local student union, and that is intolerable.

I said in an intervention in my hon. Friend's speech that he had overlooked — I am sure unintentionally — the third closed shop, the International Union of Students, which is closely identified not just with the far Left but with the Soviet Union and its satellites. Almost every hon. Member, whatever his or her political affiliation, would find the motions passed by the IUS at its conferences deeply offensive, yet students are forced to subscribe through their funds, or through taxpayers' funds, to those causes.

This is a moral issue. The Government should not stand aside and say that the matter is for the students to decide and that they can vote extremists out of office, because

even quite moderate student unions would not in any way satisfy the point of conscience raised about Jehovah's Witnesses. As my hon. Friend the Member for Eastwood said, unions which have compulsory membership grow lazy and unresponsive to their members, because they know that they will get the same amount of cash whether the service they provide is good or bad.

My hon. Friend touched only lightly on possible solutions. I agree with him that in the long term it is perfectly proper to separate the political representative functions — the trade union functions — of student representative councils from the functions of providing services, but both functions should be voluntary. In the short term, there is no case against the membership of the National Union of Students being made voluntary. I recommend to my hon. Friend that students who wish to become members of the NUS should have to choose to become members.

That would not cause any administrative problems. It is possible at present, and it has always been possible, for students of colleges which are not affiliated to the NUS to join it, and many students do. In my days as a student at St. Andrews', before we affiliated to the NUS, many students belonged to it, although they did not have to.

It could also provide a choice of unions — that is a theoretical possibility, but one that should be encouraged — because different unions with different objectives could be set up. That would provide students with a choice, which would be beneficial to them as it would enable them to shop around and obtain better concessions on items such as travel and insurance.

This is the last great closed shop. It is a moral affront to anybody who believes in democracy and it is a moral affront to taxpayers who are forced to pay for this absolutely extraordinary farce. What other trade union has its subscriptions paid for by taxpayers? Not one. That is why the model should be outlawed by my hon. Friend when he gets a legislative opportunity.

Some of us have stayed up late tonight because we remember all too vividly the intolerance of the National Union of Students and Left-wing student unions. We have been acquainted with far more modern instances of that by our constituents, and I hope my hon. Friend will be able to give a positive lead today.

12.8 am

Mr. Gerald Howarth (Cannock and Burntwood): I am grateful for being called in this important debate, and I congratulate my hon. Friend the Member for Eastwood (Mr. Stewart) on his great success in coming third in the ballot.

Mr. Fatchett: A great deal of skill.

Mr. Howarth: The hon. Gentleman is very familiar with the matter and will appreciate that the ingenuity of my hon. Friend has allowed his name to come so high in the ballot.

The hon. Member for Leeds, Central (Mr. Fatchett) will appreciate that although many of my hon. Friends are here tonight at this late hour, we represent but the tip of the iceberg. As the hon. Gentleman ought to be aware, nine tenths of the iceberg appears below the surface. If my mathematics are correct, I would imagine —

Mr. Fatchett: It is nine tenths of the iceberg, only if the hon. Gentleman has 45 supporters, or should we say 50?

Mr. Howarth: It may well be 45 in total. It would be 46—

Mr. Tim Janman (Thurrock): From the number of signatures to my early-day motion, I suggest that each of us represents one iceberg.

Mr. Howarth: My hon. Friend has made an extremely important point by showing the strength of feeling on this issue. More than 200 of my right hon. and hon. Friends signed the early-day motion, which has now been incorporated in an amendment to the Education Reform Bill. I hope that my hon. Friend the Minister will acknowledge the strength of feeling and bring proposals forward when the Bill reaches its Report stage.

Like my hon. Friends the Members for Eastwood (Mr. Stewart) and for Hertfordshire, West (Mr. Jones), I must declare an interest. I was also a pressed man in the National Union of Students when I was at Southampton university in the great, heady days of the late 1960s, when all was turbulent. The hon. Member for Blackburn (Mr. Straw), who sadly, is not with us tonight to share in these important proceedings, had been elected as chairman of the NUS. Of course, he was a more moderate gentleman then, and by comparison with the rest of the Labour party he is almost one of us now. That shows, either that wisdom comes with old age, or that the Labour party has moved dramatically to the Left. I suspect that the latter is probably the case—*[Interruption.]* The hon. Member for Leeds, Central will have to speak up if he wants to intervene from a sedentary position.

I was at university at a turbulent time. I managed to become a member of the students representative council and participated in the affairs of the union. I am delighted that a newspaper has taken a potted look at what it calls "a random harvest" of the latest political leanings and activities in various universities around the country. I see that Southampton university is described as "Apathetic and very Tory". They strike me as excellent things for a university to be.

One of the problems that arose when we were all pressed men in the union was that we had to fight constantly against a certain degree of apathy and deal with professional student agitators.

Mr. Robert B. Jones: I cannot let my hon. Friend get away with calling this apathy. Rather, it involves other priorities. There is nothing wrong with a student having enjoyment or work as priorities rather than mucking around with Left-wing politics.

Mr. Howarth: That illustrates the passion with which my hon. Friend views these matters. He is so concerned that he has anticipated the very comment that I was about to make.

At the time of the great troubles, Professor Max Beloff asked why students who had gone to university to study and learn, and to make friends, should, as part of their wider education, become involved in grotesquely trivial political matters. He said that to play a game of cricket or pursue a young lady were equally valuable pursuits. In the light of yesterday's debate in the Chamber, that seems to be a wholly honourable thing for a young man to do at university.

It was a feature of the times that, to preserve a moderate balance, in Southampton we tried to get the entire engineering section to vote at lunch time for some common

sense. The trouble was that, unlike the social scientists, who kept gentlemen's hours, the engineers had to work and engage in a certain amount of discipline. They would pitch in at 5 minutes past 1, having come straight from lectures, vote down all the political nonsense from the Left, and disappear at 2 minutes to 2 to get back to lectures, and at 5 minutes past 2 the die-hard Lefties, who did not have to go back to lectures, would reverse everything that was a genuine reflection of the views of the normal students at the university.

Mr. Robert B. Jones: At least engineering students could spend their lunch time voting. I spent my lunch time quaking because at 2 o'clock I was due to have an economics lecture from my hon. Friend the Member for Eastwood (Mr. Stewart).

Mr. Howarth: I am delighted that my hon. Friend was quaking. It clearly illustrates that my hon. Friend the Member for Eastwood was doing an extremely good job. As a result of it, my hon. Friend the Member for Hertfordshire, West is now in the House, and we are all, therefore, beneficiaries. My hon. Friend the Member for Hertfordshire, West told me that I could not go home but should join in this debate. It is a very important debate and, of course, I postponed my departure to be here to demonstrate my concern rather than be with my wife and family and my constituents.

My hon. Friends have made strong points about the fact that the fee that is paid to student unions is in no way negotiated by the student concerned. It does not come out of the student's pocket, and therefore there is no connection between the fee that is paid and what goes on in the students union. I think that we would all accept that much of what goes on in student unions, and what went on in the 1960s and the early 1970s, is unexceptional. Student unions should provide social and sporting facilities for the better education and enjoyment of students, but after Fred Jarvis became involved—I understand that he was one of the early NUS presidents after the war—the students union became politicised—much has happened to the trade union that he now heads. Everyone is now looking back on that period, as it is 20 years since the great problems of 1968. The unions were thrown into turmoil.

I am one of the few hon. Members who were in Grosvenor square in March 1968 for the great Vietnam demonstration.

Mr. Fatchett: I was there.

Mr. Howarth: The hon. Gentleman was there as well.

Mr. Fatchett: And the Minister.

Mr. Howarth: Well, there were three of us. I suspect that I am unique among those of us who were there in Grosvenor square on that horrifying and frightening occasion. I was unique in so far as mine was the only banner in support of the Americans. I took the precaution of ensuring that there was a thin blue line of men from the Metropolitan police between me and the hordes, and very wise I was, too.

Half an hour before, we had heard these people coming down the streets. There was a roar. They entered the square and I saw them tearing up the square with their bare hands and tearing down palings and jabbing the policemen's horses with them. It was a frightening

experience — all the more frightening because of the political pusillanimity of the Government of the time, who allowed all that to go on.

Subsequently, I went to the London School of Economics. I ruffled my hair, tried to look shabby and said that I was a comrade from Southampton who had come to try to help. It shows the naivety of the Left-wing students at the time that I was posted to security. I was completely unknown to them. I merely said that I was a comrade come to join them. They played the BBC news over the loudspeaker system at the LSE, and they all sat there wondering what to do: They were the first item on the news — this massive demonstration in Grosvenor square — and none of them had managed to fathom the magnitude of what they had done, or what they would do thereafter. The whole thing was what I could call, "Kicking against the pricks."

I must be careful how I continue, but I believe that that expression would not be wholly inappropriate to our political leaders at the time, who allowed themselves, supinely, to be dealt with in that way.

Time is pressing, and I know that some of my hon. Friends and the hon. Member for Leeds, Central wish to speak. I have three principal anxieties. The first is about freedom of expression. I went through that experience in the 1960s and was vilified. I tried to organise a meeting for Patrick Wall, the former Member of Parliament for Haltemprice, and he was howled down despite the fact that we had installed extra 50 W amplifiers. My hon. Friends who knew Patrick Wall in the House will know that he is an extremely mild-mannered man, yet he — an elected Member of Parliament — was denied the opportunity of speaking about the defence of our country, which should not be controversial.

To try to defuse the problems, there was a joint declaration from the Committee of Vice-Chancellors and Principals and the National Union of Students. It was a disaster —

Mr. Robert B. Jones: It was not worth the paper it was written on.

Mr. Howarth: It certainly was not. That is why I am so angry about the NUS. It is not a principled bunch of people, and it never has been on such matters. It has never been prepared to guarantee freedom of expression, and that is why my right hon. and hon. Friends were forced, two years ago, to introduce the Education (No. 2) Act 1986, section 43 of which deals with freedom of speech in universities, polytechnics and colleges. That is not only an indictment of the NUS; it is a heavy indictment of the supine men and women who have been responsible for running our universities. At Southampton, when we wished to organise a meeting to which Enoch Powell had been invited and the student union refused to allow us to have a room in the union, the vice-chancellor said, "You are asking me to take your hot chestnuts out of the fire for you." The man was not prepared to stand up for freedom of expression.

My hon. Friend the Member for Eastwood mentioned the no platform policy, which is still very much in existence. Let us not forget that in the past few months my hon. Friend the Member for Luton, North (Mr. Carlisle) has been subjected to assault and battery. In Manchester, three years ago, the former Home Secretary, my right hon. and learned Friend the Member for Richmond, Yorks

(Mr. Brittan) was subjected to the most grotesque attack. I say to the hon. Member for Leeds, Central, and I should be interested to hear his response, that those who espouse his brand of politics, tend to attack those who espouse our brand of politics, and those who espouse our brand of politics tend not to attack those who espouse his brand of politics. That fundamental difference needs to be remembered.

My second anxiety is about the ultra vires payments. For as long as I can remember, student unions, given this funding, which does not even pass through students' pockets, have attempted to divert it into unworthy causes — causes outside the remit of any student union, either for the funding of demonstrations or for the funding of strikes and strikers.

During the National Union of Mineworkers strike, outrageous attempts were made in universities to fund the strikers or to send people to support the picket lines. What had that to do with learning? Absolutely nothing! Even the president of the National Union of Mineworkers was incapable, and remains incapable, of learning anything, so there was no value in that action.

My third point relates to the concept of accountability by opting in. The fact that the National Union of Students says that it speaks for 1.2 million people, or however many it is, gives to it a spurious authority, when its membership is entirely press-ganged. My hon. Friends have mentioned what is happening nationally and on the international scene. The NUS is used as a political vehicle when it has no right to be hijacked.

Like the Scottish Labour party, the system is an anachronism. It is out of date and serves no useful purpose. Therefore, I hope that my hon. Friend will be able to give us some indication tonight that the commitments given by successive Front-Bench Conservatives, notably when they were in opposition, will become robust. I hope that he will translate into Government action that which tripped so easily from the tongue when in opposition. We hope that the Minister will be able to send us home to our constituencies tonight full of encouragement and joy.

12.27 am

Mr. Graham Riddick (Colne Valley): I, too, add my congratulations to my hon. Friend the Member for Eastwood (Mr. Stewart) on winning the ballot, which is the easy part, and also on raising such a sensible subject.

My hon. Friends have identified the problem. I believe that there is a problem, first, with the method of funding and, secondly, the related problem of the closed shop, which leads directly from the method of funding. As my hon. Friends rightly say, three closed shops operate. I should like to talk about two of them. The first is the National Union of Students. Any student who belongs to a students' union that is affiliated to the NUS finds himself automatically affiliated to the national union as well as to the individual students' union. It is absolutely right that my hon. Friend the Member for Thurrock (Mr. Janman) should have tabled an early-day motion, and he has secured the support of well over 200 Conservative Members on the matter. There is no justification for dragooning thousands of students into the NUS.

I must gently admonish my hon. Friend the Member for Thurrock, although one has to be very careful before doing so as he is one of the "driest" Members of the House. But I must gently admonish him for concentrating his

[Mr. Graham Riddick]

motion and, indeed, his amendment to the Education Reform Bill upon the closed shop of the NUS. There is another closed shop, of individual students' unions, which I believe is a more serious problem. The situation is such that, if one wishes to study at any university, polytechnic or college in this country, one has to belong to a students' union. I cannot see how that situation can be defended in any way.

The Government abhor industrial closed shops and the most recent Employment Bill, currently going through another place, will effectively neuter their effect. However, the Government allow the closed shop of the students' unions to continue. The Government must now concentrate their minds on that issue. I am sure that my hon. Friends will agree that there should be no step-by-step approach. We must deal with the NUS and the student union closed shops.

Mr. Janman: I am grateful for the gracious way in which my hon. Friend has admonished me. Does he agree that the fact that the student closed shop—irrespective of how one wishes to define it—is funded by the taxpayer means that it is far worse and less defensible than industrial closed shops?

Mr. Riddick: I agree. There is no defence for a closed shop that is wholly funded by the taxpayer. It is extraordinary that the Government are prepared to allow this situation to continue. I hope that the Government will now grasp this important nettle.

The money for students' unions is passed directly, as a block grant, from the parent institution to the compulsory membership union. The individual student does not see his contribution. In many cases he has no idea that that money has passed over to that union. There is no accountability. Each union therefore has a guaranteed income without the need to attract a single customer for its services.

Generally, the services comprise bars, cafeterias, refectories and a varied range of sporting and welfare services. Entertainment events are also organised throughout the terms. However, the block grant also helps to fund a rag-bag of special interest and political groups. The money also funds the payment of sabbatical officers—people who, by and large, are Left-wing political activists. It is a classic case of jobs for the boys.

It is bad enough that any Government should be funding such things, but it is extraordinary that a Conservative Government should do so. It is estimated that about £40 million of taxpayers' money is handed over to an extraordinary assortment of Trotskyists, Marxists, Maoists and other Left-wing activists.

There is scope to introduce a market mechanism to ensure that the services provided are subject to the same economic laws that have led to dramatic improvements in other parts of the state sector. The Government have already grasped the difficult nettle of nationalised industries. They are more effective, efficient and market-orientated. We are now trying to effect such changes in Government Departments and agencies, and that is absolutely right.

Dr. John Marek (Wrexham): I am interested to hear the hon. Gentleman's comments. Will he tell us in what way British Telecom is now more efficient?

Mr. Riddick: I am not sure whether I should be taken down that road, but, in my experience, British Telecom was the most appalling monolithic nationalised monster in the 1970s. One had to wait months, in some cases up to six months, to have a telephone installed. That situation has now been completely reversed. Of course British Telecom is not perfect, but it is improving. Furthermore, investment in British Telecom today is far higher than it was when it was a nationalised industry.

Mr. Fatchett: Will the hon. Gentleman give way on the subject of British Telecom?

Mr. Riddick: I do not want to give way to the hon. Gentleman on the subject of British Telecom. I shall happily give way to him, but not on the subject of British Telecom.

Mr. Fatchett: I shall deal with the hon. Gentleman's comments about British Telecom later. He might be interested to hear my comments.

Mr. Riddick: I shall look forward to that.

Student unions are featherbedded, unaccountable and excessively wasteful. Often they are loss-making, scruffy and down-market and provide only limited or poor quality services in an atmosphere of shabby, political agitprop. Leeds university is a good example of that. My hon. Friend the Member for Taunton (Mr. Nicholson) went up to Leeds only last week and I am sorry to report to the House that his speech was interrupted by a load of militant Socialists and Trotskyists who did not like what he had to say. There is no justification for such behaviour.

The students' union at Wolverhampton polytechnic is £70,000 in the red, yet the union prefers to spend its time persecuting members of the Conservative association and spending large sums of money on far Left political causes. The majority of students at Wolverhampton polytechnic wholly ignore the seedy and unpleasant students' union and instead use the facilities in the nearby city centre. The pattern of far Left political control is replicated throughout the country.

I wish to turn now to the possible solutions to the problem. One involves the facilities which students' unions currently provide for their members. Those facilities, including bars and cafeterias, should have to stand or fall on their own efforts. They must be made market-orientated. If Labour Members were to say that that was not possible, I have no doubt that breweries would be only too happy to supply beer at very advantageous prices to the students' unions. We all know how much beer students can consume. Furthermore, the breweries would be only too happy to lend money at very generous rates of interest.

Other solutions could be found if university and college authorities retained a certain amount of the block grant to provide, for example, sports facilities. The money left over should then be allocated to individual students so that no money went directly to the students' unions. If left to individual subscriptions, the National Union of Students would wither on the vine.

The Government have a duty to grasp the nettle. They must take away the money and power which they are inadvertently giving to those Left-wing agitators and militants.

12.39 am

Mr. Derek Fatchett (Leeds, Central): These are interesting times for the Secretary of State for Education

and Science. He has already been ambushed by the right hon. Members for Henley (Mr. Heseltine) and for Chingford (Mr. Tebbit) and forced to change his mind about the abolition of the Inner London education authority. That defeat did his political stock no good. He has now been in open disagreement with the Prime Minister about the provisions of the Education Reform Bill. It is interesting to see what today's *Financial Times* has to say on the subject. It mentions the increasingly authoritarian style of the Prime Minister and the powers of the Secretary of State:

"As to the Education Reform Bill, there are at least 184 new powers. You may think, 'So what?'"—

Mr. John Battle (Leeds, West): Is that all?

Mr. Fatchett: I am sure there will be more by the time the Bill reaches Report stage in another place.

"You may think, 'So what?' But it means that the Secretary of State for Education, Mr. Kenneth Baker, can set a national curriculum for schools, by order. He can set attainment targets, by order. As this week's disclosure of a letter from an official in No. 10 Downing Street to his counterpart in the Department of Education indicates, the order is as likely to reflect the views of the Prime Minister as those of her Education Secretary."

So the Secretary of State is having some difficulty winning his way on crucial issues such as assessment, and it is clear that the real Secretary of State is the Prime Minister.

Tonight, the Secretary of State faces his third major political ambush—the St. Andrews' mafia have come for him. They are here to persuade the Secretary of State to change his mind yet again. They may be on to a winner, not because of their intellectual arguments but because we know that the Secretary of State is desperate for a few friends. When one's stock is as low as the Secretary of State's, even the St. Andrews' mafia may comfort him.

Conservative Members may find some support, but I warn them in advance that I have had the pleasure of seeing the Parliamentary Under-Secretary of State in Committee, where he said no every time. I suspect that he will say no again tonight. He was christened Stonewall Jackson by my hon. Friends in Committee. I am sorry to disappoint the Minister's hon. Friends, but I can forecast what he will say.

Mr. George Robertson (Hamilton): On the subject of the St. Andrews mafia, I went to that organisation—that is the operative word—too, but before certain new hon. Members made it unrespectable. I was at Queen's college, Dundee, and we used to suggest international visits to St. Andrews' from Dundee. In those days, the students' union and representative council were run by a blue mafia—they were extremists. One of them was called Duncan Pirie, but has since changed his name to a posher version—Manson Pirie. He now runs one of the eccentric Right-wing organisations that writes the manifestos that people such as the Minister must stand up and defend with the stonewall expression that my hon. Friend the Member for Leeds, Central (Mr. Fatchett) has described.

However, hon. Members should not be put off; some decent people came out of St. Andrews, even if they are under-represented in the House.

Mr. Fatchett: My hon. Friend proves that at least one decent person came out of St. Andrews. Clearly, my hon. Friend's experience of travelling from Dundee to St. Andrews has made him a suitable candidate to be a foreign affairs spokesperson.

The hon. Member for Eastwood (Mr. Stewart) talked of academic freedom. It might be useful to return to that theme because one or two of his hon. Friends spoke about it. I intervened on the hon. Member for Eastwood. We all know him to be consistent, and if we can show him at a later stage in the passage of the Bill that we can come forward with a definition of academic freedom for academic staff that is agreed by the Committee of Vice-Chancellors and Principals. I have no doubt that he will support it.

Perhaps I could suggest to the hon. Gentleman a little background reading of the reports of some of the debates that have taken place. He might be interested in today's issue of *The Independent* or, in the context of this debate, yesterday's issue of *The Independent*. In that there is a review of the proceedings in Committee on the Education Reform Bill. With some perception, the author says that on the question of academic freedom the Secretary of State was somewhat embarrassed and found his position difficult to maintain. The journalist said of the Under-Secretary of State for Education and Science, the hon. Member for Wantage (Mr. Jackson) that there was no such embarrassment.

May I ask the hon. Member for Eastwood and those other hon. Members concerned about academic freedom to forget what the Under-Secretary may say in that context, but to support the Secretary of State and fight for academic freedom for individual staff?

Some hon. Members have spoken about freedom on the campus. I have always supported freedom of speech on the campus and it must be supported as long as it is within the law. If hon. Members look at the record of the debates on the Education Act 1986 they will see what I said on that occasion. I have always argued that the "no-platform" policy causes the National Union of Students a great deal of difficulty and is wrong in much of its implementation.

Mr. Robert B. Jones: Does the hon. Gentleman hold that view on principle?

Mr. Fatchett: Yes. My view is on the record and there is no attempt to fudge the issue. I make the point clearly to the hon. Gentleman that that principle of freedom of speech within the law must be maintained. Those who break the law are not exercising the right of freedom of speech, they are abusing it. In terms of student union politics I have always held that position.

I should like to turn to two aspects of the hidden agenda before coming to the real agenda. That hidden agenda has become clear because of the failure of Conservative student politics. The Conservative student movement has been an incredible embarrassment to the party and to Conservative Members. It is not surprising that Conservative Members now look slightly sheepish.

The record of the Federation of Conservative Students is a catalogue of abuse. Those who need the press reports about the Young Conservative conference at Eastbourne just a few weeks ago will know about the behaviour of the former Federation of Conservative Students and the way in which it tried to use physical and political violence to make sure that it could impose its views. We saw the behaviour of the FCS when its members damaged the students' union at Loughborough. Was that two years ago? We have seen the intervention of the right hon. Member for Chingford when he was chairman of the

[Mr. Fatchett]

Conservative party. He had to intervene because of the FCS had become such an embarrassment to the Conservative party.

All that is not surprising, because the politics of the far Right clearly has some influence in the Conservative party, but it is an influence that the party wants to hide. The right hon. Member for Chingford is not known for niceties and acted when it became known that the FCS was becoming a political embarrassment. It talked in many contexts about legalising drugs and intervening in central America. It produced the scandalous draft of the newsletter at Aston university after the Bradford City football club fire. After those events, the political wing of the Conservative party in student organisations was in disgrace and the right hon. Member for Chingford was right to close it down.

Mr. Janman: Will the hon. Gentleman accept that there is a fundamental difference between a student organisation that is part of a political party that is not funded by the taxpayer and a national student organisation that is undemocratic, has a dragooned membership, has extreme policies and is funded by the taxpayer?

Mr. Fatchett: I am very interested in the hon. Gentleman's intervention. I wonder why he does not answer my point. My question is, very simply: is he embarrassed by the behaviour of the former FCS, or did he support it and its policy? I should be happy to give way to the hon. Gentleman, because I think that he would like to answer that question. It is not about taxpayers' money. What I want to know from him is whether he stands by the old FCS and what it stood for. Will he tell us?

Mr. Janman: It is totally irrelevant to the debate, Madam Deputy Speaker. What we are debating tonight is the funding of student unions and the funding of the National Union of Students. It seems to me that it is about time that the Front-Bench spokesman for the Opposition started to address that topic.

Mr. Fatchett: Again, Madam Deputy Speaker, the weasel words of the hon. Gentleman will be noted with great interest. What the hon. Gentleman will not do—I suspect that it comes out of that same stable of views—is condemn the Federation of Conservative Students.

Mr. Robert B. Jones: On a point of order, Madam Deputy Speaker. I understood that this debate was about the finance of student unions. The hon. Gentleman, so far, has talked about the Education Reform Bill and his views on that, and about the FCS and his views on that, and we have had 11 minutes of it. We have yet to hear from him about the finance of student unions. Is the hon. Gentleman entitled to use all this debating time on material which is unrelated to the subject?

Madam Deputy Speaker (Miss Betty Boothroyd): In my view, the hon. Gentleman is not out of order; nor has he been on his feet yet for 11 minutes. Mr. Fatchett.

Mr. Fatchett: I could make progress, Madam Deputy Speaker, if there were not so many interventions. It is not my fault; I am not trying to delay the House. I can understand the hon. Gentleman wanting to get the subject away from the Federation of Conservative Students. This is one part of the hidden agenda—the failure of the Conservative party to recruit among students in our universities and polytechnics. There is only one saving

grace as far as the Conservative party is concerned in terms of recruitment, and that is the alliance. It does worse, but only just, and if the FCS has more influence the Conservatives will do worse than the alliance.

The other part of the hidden agenda is the clear authoritarianism of the Conservative party. My hon. Friend the Member for Leeds, West (Mr. Battle) has said how interesting it is that Government Members defend freedom of speech when at the same time we have the language of the Prime Minister about her desire to “extinguish” Socialism—the language of violence and eradication.

The real authoritarianism of this Government stretches to the press, to the BBC and to all those institutions that offer alternative views. We know, and it has been clearly stated, that every student union that disagrees with the Conservative party is a target for that authoritarianism. If it disagrees with the Conservative party, it is in danger of being closed down.

When it comes to the argument about the closed shop, I feel that I am on very safe ground indeed. I rely on the former Secretary of State for Education, the noble lord, Lord Joseph. It seems to me that Lord Joseph came out of the Right-wing political stable of the Conservative party. He differs, I suspect, from a number of hon. Gentlemen here tonight in that he is a thinking man, a sensitive man. In October 1983, at the Conservative party conference, he said of student unions:

“a wrong impression has been given by the phraseology we use, we use the words of industrial trade unionism. In fact the student union is not the same—mercifully—as an industrial union.

The only work it can stop is by itself, by its own members, to its own harm. What we have in the student union is provision that enables automatic membership, automatic access to be given to students at a polytechnic to the facilities such as libraries and sports facilities provided by the public and I do not see how we can therefore make membership voluntary.”

Lord Joseph was right in October 1983 and I suspect that some Conservative Members present tonight supported him at that time. He clearly said that the student union was not a closed shop on the basis of an industrial closed shop. The student union is of the nature of a providing body, whereas the closed shop is in essence part of an economic collective relationship. Because Conservative Members have failed to relate their arguments on this issue to the points made by Lord Joseph, their argument falls.

The student union provides a range of services which are among the opportunities available in student life. They extend beyond the political. While the Conservative party does badly on the political side in that context, there are sporting and cultural facilities and many of us have benefited from them.

I remember Grosvenor square in 1968. Although I was there, I hope it was not I who allowed the hon. Member for Cannock and Burntwood (Mr. Howarth) to be responsible subsequently for security. I recall, too, when at the London School of Economics, having the advantage of playing for the LSE cricket club, which was subsidised through the student union, of being elevated to the dizzy heights of vice-captain and secretary of the cricket club, and of performing those tasks using all the skill with which I have run my subsequent political career. We won many matches, including the Universities Cup. My only mistake as secretary was to have three teams playing on two pitches, an occasion when Socialist planning did not work.

Within the political process at local and national level we have the opportunity for individuals to express their views. The hon. Member for Cannock and Burntwood spoke of his time at Southampton university and of activating the silent majority. That is all part of the democratic process, and I respect his efforts in that matter. But what I suspect the hon. Gentleman and many of his hon. Friends regret is that the Conservative party cannot find a substantial majority among student bodies, and that that is the reason for their attack tonight.

We believe in student bodies. There is a role for the NUS as a voice that can represent the interests of students to Government. That is why we want to maintain the system as it is and why I hope the Minister will reject tonight's Right-wing monetarism—this Right-wing free-market force from St. Andrews'—and will recall what my hon. Friend the Member for Hamilton (Mr. Robertson) said about better forces having come out of St. Andrews'. I am sure that those better forces would recommend the continuation of the student union arrangements as they now exist.

12.58 am

The Parliamentary Under-Secretary of State for Education and Science (Mr. Robert Jackson): The debate has been interesting and useful, and may well be pregnant with consequence. We are grateful to my hon. Friend the Member for Eastwood (Mr. Stewart) for raising the matter.

Following the precedent set by my hon. Friend the Member for Hertfordshire, West (Mr. Jones), I declare my interest as a former president of the Oxford Union, a student union which happily conforms to the model prescribed by my hon. Friend the Member for Eastwood.

Two different but related sets of issues have been raised in the debate: that of local unions—unions at the level of the institutions—and that of the NUS; and I wish, first, to register the significance of the debate. Hon. Members have shown an impressive commitment by their eloquence and arguments. There was, of course the impressive commitment reflected in early-day motion 449 put down by my hon. Friend the Member for Thurrock (Mr. Janman), which has now attracted about 214 signatures. By the standards of parliamentary icebergs—if that is what early-day motions are—that is a major iceberg. All that constitutes at least a significant expression of opinion. I believe that it should cause heart searching on the part of those who find their stewardship under such formidable criticism.

I must also register what might be called the propriety of the debate. Local unions and the National Union of Students derive the bulk of their finance from the taxpayer. They are not, they cannot regard themselves, and they cannot be regarded, as simply private bodies. The words of the Attorney-General's guidance on expenditure by student unions in 1983 underline that point.

I do not believe that it would be wise policy for us, as Members of Parliament who represent the taxpayer, to press the principle of accountability too hard. We may pay the piper, but experience often shows that the piper will play best if he chooses his own tunes. My hon. Friends are right to insist that hon. Members have a proper interest in how several tens of millions of pounds of taxpayers' money is being disbursed by student unions and the NUS.

Having said that, I now advert to some of the difficulties that I consider to be in the way of some courses

of action that have been proposed this evening. With regard to local unions, I remind the House that we are considering organisations that are part of the structure—often the constitutional structure—of institutions—universities and polytechnics—which are autonomous, and whose autonomy all Governments—especially a conservative Government—are bound to respect.

As recently as 1983 the Attorney-General, in his guidance to student unions, to which I have already referred, remarked:

"It is clear . . . that if a college is to function properly, there is a need for the normal range of clubs and societies so as to enable each student to further the development of his abilities, mental and physical. Equally, it is likely that the college will gain from the fact that the students hold meetings to debate matters of common concern and publish some form of campus newspaper. Reasonable expenditure on such purposes is, in the view of the Attorney General, plainly permissible for a Student Union."

That was not only the view of the Attorney-General in 1983; it is embodied in the statutes and charters of many autonomous universities and colleges, each of which has found its own way of giving expression to the view.

The Government feel that Parliament should act to override such a view only when very powerful considerations of public policy are at stake. That is the first difficulty in some of the proposals put forward in the debate.

Another set of difficulties are less of a practical than of a philosophical order. The great principle that has been hovering over the debate is that of freedom of association. This was referred to by my hon. Friend the Member for Hertfordshire, West when he spoke about a moral issue. I think that he is right about that and frankly, that the hon. Member for Leeds, Central (Mr. Fatchett) fell below the level of the debate when he failed to recognise that important dimension of it.

The principle of freedom of association is complex. On one side, it opposes a requirement on an individual to be associated with a body whose activities are abhorrent to him. That was the case made by my hon. Friend the Member for Hertfordshire, West. The other side of the argument is that the principle of freedom of association defends the right of corporate associations to associate freely together, as, for example, a student union will affiliate to the National Union of Students. My hon. Friend the member for Thurrock will acknowledge that he came upon that difficulty when he was framing subsections (3) and (4) of his draft clause, which could appear to permit a local union to purchase services, but would make it unlawful for a national student body or the National Union of Students to be paid to provide such services. That is a somewhat paradoxical limitation of the principle of free contract.

I have alluded to some of the difficulties with which this question is fraught, but I do not intend to stress only the difficulties. It is clear from the debate and from the early-day motion that there is a strong current of concern in the House that focuses particularly on two questions.

The first relates to safeguards for individual students who reject compulsory affiliation, especially to the National Union of Students. The Government must take note of the concern that has been expressed on that point. The second relates to the extent to which student unions, and especially the NUS, distinguish, or fail to distinguish, between services that directly support the position of

[Mr. Robert Jackson]

students as students and their overtly political campaigning. These campaigns are often on matters that are far removed from the interests and concerns, to use the words of my right hon. and learned Friend the Attorney-General, of "students as such" or of their "colleges as such." Hence the concern that has been expressed tonight by my hon. Friends.

There is a case to answer, and the National Union of Students must be allowed to answer it. How thereafter the matter should be taken forward remains to be seen. My right hon. Friend the Secretary of State for Education and Science is conscious of the strength of feeling in the House, as shown by the number of signatures that the early-day motion has attracted. He will therefore wish to make a statement at an appropriate moment. In the meantime, I know that he will want to pay careful attention to all that has been said during the debate.

1.6 am

Mr. Tim Janman (Thurrock): This subject has been well covered tonight. The basic principle is that each student should be able to decide whether he or she joins the National Union of Students above and beyond automatic membership of the local students union. It is important to differentiate between the Socialist definition of choice, which is collectivist—that students should be bound by the decision of a student union general meeting—and our more correct definition of choice, which leaves the individual to decide.

The current means of arriving at NUS membership depends upon the taxpayer, by a very tortuous route, funding the organisation rather than those individuals who decide to join it. I shall concentrate on the NUS and

set out a few of the views that are held by that organisation which the taxpayer is funding. Before doing so, it is worth pointing out that my early-day motion was signed by Conservative Members, by three Ulster Democratic Unionist party Members and by one Social Democratic party Member. There was also a supportive amendment to my early-day motion that was signed by six official Ulster Unionist party Members.

The NUS supports the African National Congress in South Africa and SWAPO. It supports the statement that South Africa should be made ungovernable and that its system should be made unworkable. On economic policy, the NUS supports positive discrimination for the working class, women, blacks, other ethnic groups, lesbians and gay men, the disabled, young people and those who are classed as too old to get a job. I am not quite sure who is left out. It supports non-privatised industry and the scrapping of all the Government's trade union laws.

In December 1984 the NUS voted to donate £1,000 to the striking miners. It is encouraging a campaign of civil disobedience against the community charge, a campaign that is to be funded by the taxpayer. The NUS intends to support and pay the legal fees of those students who will not pay the community charge. On defence, the NUS supports CND. On drugs, it supports legalising cannabis. An article in the national student magazine, which is funded to the tune of £24,000 a year by the NUS, gave instructions on how to make "crack"—a particularly virulent form of cocaine—describing the drug as "staggeringly pleasurable", and went on to say that it would

"get you as high as you are ever going to get".

On Ulster, the NUS has never condemned the action of the IRA, and supports British withdrawal and a united Ireland.

ES1-47



ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON SW1 3EB

CCB/WR
CCB/BO
Prime Minister

Content, subject
to the views of
colleagues?

Yes

RRLG
11/3

8 March 1988

Dear Mick,

I believe our officials have been considering further how the LRB might best meet the cost of redundancy compensation and detriment consequent on the abolition of ILEA. As set out in the original papers put to E(EP), our best estimate is that these costs may total up to £50m.

My firm view is that we need to put the LRB in a position to meet these liabilities as a first call on receipts from the sale of County Hall as well as from any other assets available from abolition. This was signalled in the papers on the basis of which E(EP) agreed to the abolition policy. I understand that the LRB had earmarked about £50m for the costs of accommodating ILEA after their forced move from County Hall. I see no reason why the costs of making staff redundant should not be a call on LRB assets in the same way. As total proceeds from the sale of County Hall are very uncertain, the boroughs cannot be relying on receiving any specific amount as a result of the sale.

It seems reasonable to argue that the costs of compensation consequent upon abolition form part of the costs of freeing County Hall and are a necessary price to be paid by all London Boroughs for the proceeds that they will inherit. I can see only two other options. One would be for the compensation payments to be met from a proportion of receipts notionally attributable to the inner London Boroughs alone. This would effectively mean imposing a penalty on the inner London Boroughs, when as you know I believe we need to treat them equitably if we are to be seen to encourage them to take up their new role effectively. The other option would be support from Central Government, but that would be to allow the London Boroughs to make a windfall profit at the expense of the Exchequer.

Presentationally it would be unfortunate if abolition was seen to be "costing" an extra £50m rather than that sum being met out of sale of assets. We shall not know what other ILEA assets can be sold until the boroughs have staked their claims and the LRB have carried out a full property survey, but it is unlikely that sale of these assets will realize a sum of anything like £50m.

I hope that on this basis you will feel able to agree that officials should work up a provision to go into either the Rates Reform Bill or the Education Reform Bill which puts beyond doubt the LRB's powers to meet the costs of redundancy and detriment as I have described.

Copies of this letter go to other members of E(EP) and to Sir Robin Butler.

Yours ever

Kenneth



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M. B. 1158

CEBG



NBM

RCC

18/3

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
 Secretary of State for Education and Science
 Department of Education and Science
 Elizabeth House
 York Road
 London
 SE1 7PH

17th March 1988

Dear Secretary of State,

ILEA REDUNDANCY PAYMENTS AND COUNTY HALL

You wrote to Nicholas Ridley on 8 March proposing that redundancy and detriment payments to ILEA staff should be paid by the LRB from sales of GLC assets including County Hall. I have also seen Nicholas Ridley's reply of 15 March, and the letter from No. 10 of 14 March.

Capital receipts from the sale of ex-GLC property would usually be distributed to all London boroughs while the costs of ILEA are usually paid for by inner London boroughs. We need to ensure that we do not take resources away from outer London boroughs to meet costs that properly fall on inner London. I therefore support Nicholas Ridley's views that the first source of funding should be ILEA's final balances and sales of ILEA property; that only 40 per cent or so of the receipts from County Hall should be available to fund ILEA redundancy and detriment costs; and that any residual costs be met by a levy on inner London borough. There should be no question of any Exchequer support.

I am copying this letter to other members of E(EP) and to Sir Robin Butler.

Yours sincerely,

BY JOHN MAJOR

(Approved by the Chief Secretary
 and signed in his absence)

Educator - ILGA PRS

