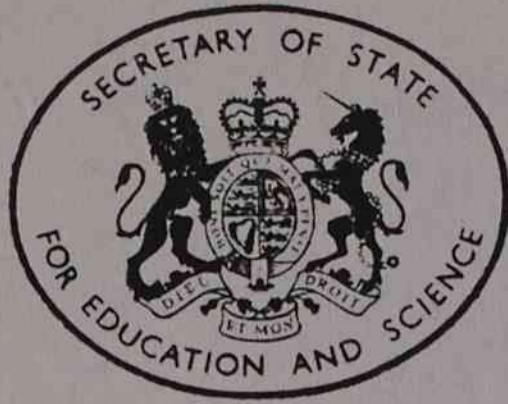


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~~cc Bg~~

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

NBlm
HCC
2/5/88

The Rt Hon Peter Brooke MP
Paymaster General
HM Treasury
Parliament Street
London SW1P 3AG

23 March 1988

John Peter,

minutes attached.

E(EP) MEETING ON 17 MARCH:
ABOLITION OF ILEA - FINANCIAL IMPLICATIONS

At this meeting, I was invited to agree with you and Nicholas Ridley the precise arrangements to be adopted to give financial assistance to boroughs with the preparatory costs for abolition in 1989-90. I would like to settle this quickly so as to be able to set in train any necessary amendments to the Education Reform Bill. If I am pressed on preparatory arrangements during the Report stage in the House of Commons next Monday, I would like to be in a position to say that we are considering the funding arrangements for relevant costs incurred by the boroughs.

2. We agreed in E(EP) that it would be important to ensure that in 1989-90 the inner London boroughs prepared adequately for their new responsibilities for education with the necessary spending, and to ensure that conditions could be applied to the use of such money. Our officials have now discussed this further and believe that the only way of satisfactorily achieving this position is to provide specific grant in that year. This would follow on from the specific grant agreed for 1988-89. The estimated cost of £10m for 1989-90 could be met from within the agreed level of Aggregate Exchequer Grant to be set for that year. The availability of a specific grant for this purpose would not set a precedent for other grants given that we have no proposals for transferring the education responsibilities of other local authorities.

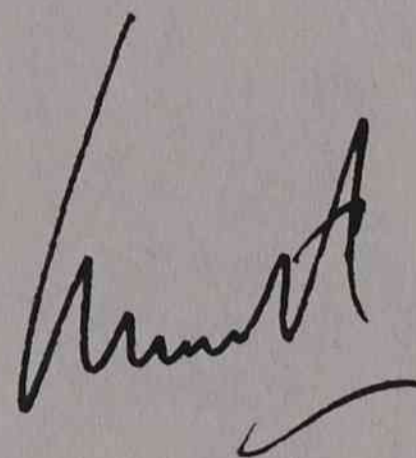
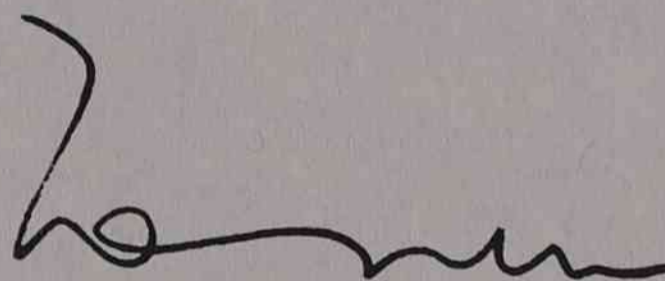
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3. As Nicholas and I explained in our joint memorandum, the specific grant would need to cover all of the costs incurred by inner boroughs within a set total. I would set strict criteria for payment related to the preparations for transfer including the production of development plans and the submission of a suitable management structure. I confirm that there would be no payment of specific grants for this purpose on expenditure falling after 1989-90. I hope that you may now agree that we proceed on this basis.

4. I am considering separately the further paper requested on the costs and savings arising from abolition after April 1990 and the arrangements to be made on abolition for ILEA teachers.

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



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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

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

25 March 1988

Dear Kenneth

E(EP) MEETING ON 17 MARCH: ABOLITION OF ILEA
- FINANCIAL IMPLICATIONS

I agree with the proposals, for a specific grant to finance expenditure by boroughs on preparatory costs for abolition of ILEA in 1989/90, set out in your letter of 23 March to Peter Brooke.

Plap

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

Nicholas Ridley

NICHOLAS RIDLEY



EDUCATION

ILEA P-5



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Treasury Chambers, Parliament Street, SW1P 3AG

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

25 March 1988

Dear Secretary of State

E(EP) MEETING ON 17 MARCH: ABOLITION OF ILEA: FINANCIAL IMPLICATIONS

Thank you for your letter of 23 March.

2. In view of the points you make in your letter, I can reluctantly agree to extend the specific grant to provide for payments of up to £10 million in 1989-90. This sum will need to be found out of the total to be agreed for Aggregate Exchequer Grant. No doubt your Department is considering actively how you can ensure that this money is spent as we would wish, effectively and efficiently and in a way that makes a real difference to the ability of inner London boroughs to take over responsibility for education.

3. I look forward to seeing your further paper on costs and savings.

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

Yours sincerely

S.P. Brooke

P PETER BROOKE
[Approved by the Paymaster
and signed in his absence]

Education - LBA P15.