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Price Minute
Content subject to
any comment from
the Chief Secretary?

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in BIF a noddy
file
15/4

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Whitehall
London
SW1

Yes

file 14/4

14 April 1988

John Major,

SPECIFIC GRANT TO INNER LONDON BOROUGHS

We have now agreed that in addition to the £3m for 1988-89, £10m should be available as specific grant, at a rate of 100%, to the inner London boroughs and the City in 1989-90. I have been considering how best to secure E(EP)'s objective of ensuring that the boroughs undertake necessary spending in preparation for the abolition of ILEA, through the conditions to be applied to the use of the specific grant.

So far as 1988-89 is concerned, the appointment of consultants to help with drawing up development plans is likely to be the major element of expenditure. This is unlikely to vary significantly between boroughs; nor will the City escape its share of costs. I therefore propose that the £3m should be allocated with a uniform ceiling of £240,000 for each of the boroughs, and £120,000 for the City. Applications for specific grant in relation to 1988-89 would have to be received by my Department not later than 31 October this year, and it would be a condition of the grant that these applications should set out clearly the expenditure which is to be supported, and that such expenditure should include the appointment of suitable consultants and arrangements for public consultation and publicity in relation to the development plan.

Although there will in 1989-90 be some essential costs which will fall fairly equally to the boroughs, the different scale of their various operations will begin to make itself felt, and it would therefore be appropriate to take some account of this in the individual borough ceilings. This might best be done by deducting a further £120,000 for the City, whose costs will probably not vary substantially between the two years, and allocating 50% of the remaining £9.88m uniformly to the boroughs, with the remaining 50% in proportion to the school population of each borough. The sums available for distribution on this basis would

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lie between £1,026,000 for Greenwich at the top of the scale and £584,000 for Kensington and Chelsea at the bottom.

We need to take particular care to ensure that these sums are used to encourage the boroughs to plan effectively. It will therefore be appropriate to make them available in two tranches. The first, of up to 50% of the available ceiling, would be dependent upon the publication of a development plan, not later than the end of February 1989, which broadly satisfied the conditions set out in my statutory guidance, and which in particular contained acceptable proposals for the management structure of the education department.

Applications for the second tranche would have to be made by September 1989. Approval would be dependent upon evidence that preparation had reached a sufficient pitch to justify releasing the additional resources. Items which would need to be addressed would include the establishment of shadow education committees with appropriate senior appointments and other administrative support, and effective arrangements for working with ILEA in areas such as school admissions, student awards etc where decisions will need to be taken by boroughs before they become LEAs.

The Education Reform Bill will need to be amended in the Lords in order to empower me to pay this specific grant. I should be glad to know by Monday 18 April whether you and other colleagues are content with the arrangements set out above, so that we may proceed urgently with drafting the necessary amendments, and so that our conclusions may be reflected in the draft guidance to boroughs which we propose to publish next week.

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

*Y
Hummel*

Kenneth

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ce: by

MFT

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 April 1988

Dear Tom,

SPECIFIC GRANT TO INNER LONDON BOROUGHES

The Prime Minister has seen your Secretary of State's letter of 14 April to the Chief Secretary, and his reply of 18 April. She too is content for your Secretary of State to proceed as proposed.

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

Yours,
Paul

Paul Gray

Tom Jeffery, Esq.,
Department of Education and Science

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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

18th April 1988

Dear Secretary of State,

SPECIFIC GRANT TO INNER LONDON BOROUGHES

Thank you for your letter of 14 April. *FILE WITH Pa*

I am content with your proposals on distribution of this new specific grant, which seem to me to represent a fair and neat reflection of the balance of the fixed and variable costs as between the boroughs. Your proposals for the conditions to be attached to payments of grant seem to offer the best chance of achieving the effective and efficient use of those resources which, as Peter Brooke stressed in his letter of 25 March, is essential.

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

Yours sincerely,

JOHN MAJOR

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

EDUCATION ILGA PT5

