

CONFIDENTIAL

RA

PRIME MINISTER

MEETING OF E(EP): 12 MAY

Next Thursday's meeting will be considering the attached paper on ILEA which has just been circulated. We will let you have briefing before the meeting, but you may like to take a first glance at the paper over the weekend. The main points it addresses are:

- (i) Following the discussion at an earlier meeting, whether there should be a specific severance scheme for teachers in inner London. Mr Baker concludes against this, but points to a fall-back under which severances could be implemented and funded by a specific grant.
- (ii) How to ease the passage of the Education Bill through the Lords, following the Bishop of London's amendment which would require an independent review of the organisation of education in inner London before ILEA abolition could take place. Mr Baker proposes announcing proposals, which would have a modest expenditure cost, in four main areas, with the aim of reducing support for the Bishop's amendment.

PLCC.

PAUL GRAY  
6 May 1988

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C.F.

Pl copy to Policy Unit  
trans p.c.

REC 26/4

Prime Minister<sup>2</sup>

May like to note.

REC 6

25/4

MS

PRIME MINISTER

ABOLITION OF ILEA: DRAFT GUIDANCE TO BOROUGHES

I attach, for information, a copy of the draft guidance on the preparation of development plans which I am sending tomorrow to the Leaders of the inner London councils.

I am sending copies of this minute and attachment to other Members of E(EP) and to Sir Robin Butler.

MS

K B

Department of Education and Science

25 April 1988

# THE TRANSFER OF RESPONSIBILITY FOR EDUCATION IN INNER LONDON

## DRAFT GUIDANCE

### Introduction

1. Part III of the Education Reform Bill, as amended by the House of Commons<sup>1</sup> sets out the provisions under which the inner London councils (the councils of the inner London boroughs and the Common Council of the City of London) are to become the local education authority (LEA) for their area from 1 April 1990. In particular clause 144 provides that each council is to publish a development plan describing the way in which it proposes to carry out its new education functions. Clause 144 requires councils, in drawing up their development plans, to take into account any guidance given by the Secretary of State. The principal purpose of this document is to set out, as a basis for consultation, the Secretary of State's preliminary view of the matters which will need to be included in development plans, and the manner in which they are to be made available locally. It is therefore designed both to set out the Government's view of the action necessary in order to ensure a smooth transfer of education functions from the Inner London Education Authority (ILEA) to the inner London councils, and to help councils reach decisions which will form a sound foundation for the future.

2. The present text does not attempt to offer comprehensive guidance on all issues which will need to be addressed; many areas will need to be the subject of discussion between the Department and councils, and ILEA as appropriate, over the coming months. In the light of those discussions, and of comments received, this document will form the basis of statutory guidance

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<sup>1</sup> References to clause numbers relate to the Bill as printed for introduction in the House of Lords.

to be issued as soon as possible after the Bill has received Royal Assent.

3. It is the Government's firm view, not only that the inner London councils are capable of becoming effective LEAs, responsible in their own right for the full range of services, but above all that this restructuring will provide a stable framework within which to secure urgently-needed improvements in the performance and accountability of the education service in inner London. The Government however recognises that councils may wish in certain specific areas of provision to consider establishing arrangements for co-operation between councils. In general the Secretary of State believes that where such co-operative arrangements are considered to be appropriate they are likely to be most effective where they operate on a voluntary basis rather than under the formal provisions for a joint education committee under Part II of the first Schedule to the Education Act 1944. The Department of Education and Science has established an Inner London Unit to assist councils with the process of transfer; the Unit will be seeking early discussions with councils in order to consider these and other questions which will need to be covered in development plans. The professional advice of HM Inspectorate will also be available to those concerned in the boroughs and ILEA. The Authority and its officers will have a vital part to play over the next two years, not least in offering advice and in providing, in accordance with the provisions of clause 166, information which the new authorities will need if they are to plan properly for their new functions.

4. Clause 144 specifies that development plans must be prepared and published not later than such date as the Secretary of State may direct. The Secretary of State has decided that these plans must be published by 28 February 1989, in order to

allow as much time as possible for the necessary preparations for transfer of responsibility.

5. The principal purpose of the development plan is, in the words of clause 144, to describe "the manner in which the council proposes to perform the functions of a local education authority for its area". Subsection (2) requires the development plan to -

- (i) list the property belonging to ILEA which, in the council's opinion, needs to be transferred to it for the purpose of enabling it properly to perform its LEA functions;
- (ii) specify all schools situated inside the council's area which are currently maintained by ILEA; and
- (iii) specify any schools situated outside the council's area which are currently maintained by ILEA and which the council would wish to maintain in exercise of its LEA functions.

These provisions are explained more fully in paragraphs 37-42 below.

6. Subsections (3) and (4) make provision for the consultation a council is to undertake in drawing up its development plan. This is considered further in paragraph 45 below.

7. Subsection (5) provides for the publication of development plans. Desirable arrangements for this purpose are considered in paragraph 46 below.

8. The following section of this circular sets out, in accordance with clause 144(3)(b), the Secretary of State's preliminary view of the subjects to be addressed in each council's development plan. It also suggests some important questions which councils will need to consider in arriving at decisions about the way in which they wish to provide particular aspects of their education service. Two items in particular need to be singled out.

9. Councils are required to submit to the Secretary of State proposals for the establishment of an education committee in accordance with the provisions of Schedule 1 to the Education Act 1944.

10. The administrative organisation proposed for the education department from April 1990 will be an important determinant of councils' effectiveness as LEAs. The development plan should set out in broad detail the departmental structure envisaged, identifying individual senior posts and the lines of responsibility between them. Councils will be aware that as LEAs they will be under a duty to appoint a Chief Education Officer. In drawing up their proposals councils should take particular account of the staffing implications of the preparation and implementation of schemes of financial delegation to schools and colleges, as required under the Education Reform Bill. In the case of the inner London boroughs it is envisaged that, subject to consultation on the progress of the transfer of education functions to them, schemes should be submitted to the Department by 30 September 1991, with implementation beginning in April 1992 and completed from April 1994. The Department will wish to consider with councils and ILEA the future of services provided by ILEA staff in areas such as research and statistics, supplies and the direct labour organisation.

11. In addition, there will be a need for initial expertise during the preliminary stages of preparation for the transfer of functions, including drawing up the development plan; and subsequently for sufficient staffing to carry out important transitional executive functions before April 1990, for example in relation to school admissions or the administration of student awards, or the capital programme. (The Department proposes to discuss with councils and ILEA arrangements for these transitional tasks.) Dependent on the publication of satisfactory plans in relation to these matters, the Government proposes to make available specific grant to assist the inner London councils with the start-up costs of taking on LEA responsibilities. Details of these proposals are at Annex A.

#### Content of Development Plans

12. The Secretary of State expects that development plans will set out the council's general approach to the provision of the full range of education services for its area, any necessary arrangements for smoothing the transfer of responsibility, and the extent of any co-operative arrangements it proposes to enter into with other LEAs. Councils will also need to take into account the educational provision made by the Churches and other voluntary bodies, and they may wish to seek the observations of the voluntary sector and of the relevant Diocesan Directors of Education. In particular, development plans should include the following items.

13. Projections of population resident within the council's area by year-group between the ages of 0 and 19, for at least a five-year period from 1990. Set in the context of these projections should be the projected numbers of pupils and students, taking account so far as possible of local housing policies, the take-up of places in independent schools, and of projected pupil and student movement across boundaries into and

out of the council's area. These figures, arranged by year group, should include the under fives, the age groups for compulsory education, those projected to be receiving education in the 16-19 age group, whether in school or college, and the projected demand post-19. These projections should be related to the capacity of the institutions which the council would expect to inherit from ILEA - see paragraphs 37 to 42 below - and to the capacity of voluntary schools in the council's area which will remain in the ownership of trustees. Councils will need to take account of the provisions for more open enrolment in clauses 19 to 24 of the Education Reform Bill.

14. The council's intentions with regard to the organisation of educational provision in its nursery, primary and secondary schools. The duty of the LEA to secure sufficient provision for pupils of school age can be fulfilled either through the schools maintained by the authority or through access to schools in neighbouring LEAs. School admissions in London have been governed by the "free trade" between LEAs secured initially by the London Government Act 1963. In considering arrangements for the transfer of schools the Secretary of State will wish to take account of the totality of available provision; he will therefore expect councils to have consulted neighbouring LEAs about the arrangements they propose in their development plans. These arrangements should be related to the specific institutions and premises which the council would expect to inherit and should take account of the respective responsibilities of the LEA and the governing body with regard to the organisation of voluntary schools. Among other questions, the development plan should address the range of provision for the under-fives. Councils will be aware that clause 145(4) requires them to maintain without change of character those schools which are transferred to them by order, unless and until the appropriate statutory procedures under the Education Act 1980 (in the case of special schools, the Education Act 1981) have been complied with. Transfer of schools



by order in this way would not imply the Secretary of State's automatic approval of any school reorganisation scheme mentioned by a council in its development plan. Any proposals subsequently made by a new LEA under the Education Acts 1980 or 1981 would be considered on their individual merits.

15. The council's intentions with regard to provision for the 16-19 age group in schools and colleges. Circular 3/87 invited LEAs to review, plan, and take the necessary action to organise their provision for the whole of the 16-19 age group, so as to maximise educational effectiveness and value for money. In planning provision for this age group councils should consider the size and type of institutions, both school sixth forms and FE colleges, available and the courses each is to provide. They should take account of the likely demand from students both in their area and outside it, and of the development plans for work-related FE in their area which have been drawn up by ILEA with the Manpower Services Commission.

16. The arrangements proposed for admissions to the schools which the council would propose to maintain. Councils will be aware that mandatory arrangements for recoupment apply, and that those for ordinary schools, like those in further education, operate at standard rates, except those in relation to school pupils with special educational needs which operate at full cost. Admissions arrangements should take account of the requirements of sections 6 to 9 of the Education Act 1980 (including the provisions relating to appeals against admission decisions); of Schedule 2 to the Education (Approval of Special Schools) Regulations 1983 in relation to children with special educational needs; of the effect of clauses 19 to 24 of the Education Reform Bill, which make provision for more open enrolment; and the fact that admissions to aided and special agreement schools are controlled by the governors. Development plans should explain in particular detail the arrangements the council would propose to

make, in conjunction with ILEA or governing bodies as necessary, in relation to admissions in September 1990. The Department will wish to discuss the most appropriate arrangements for the transitional year with the councils, voluntary bodies and ILEA.

17. The council's policy on the school curriculum, how it plans to exercise its functions with a view to securing that the requirements of clauses 6 and 15 of the Education Reform Bill, and other requirements relating to religious education, are complied with by the schools in its areas, and how it proposes to make arrangements for the consideration and disposal of complaints arising under clause 16. The Secretary of State will wish to be satisfied that the authority's plans will secure effective arrangements for the progressive implementation of the National Curriculum in its schools; that its plans will provide for continuity in the provision made for those parts of the National Curriculum which are required of schools on 1 April 1990; and that there will be similar continuity with any preparatory work that has take place in the area before that date for the implementation of other parts of the National Curriculum in September 1990.

18. The Department has received representations about the arrangements for the provision of instrumental music tuition in inner London after April 1990 and will be seeking discussions with the councils and the ILEA on this issue.

19. Policy on special educational needs in the various sectors of education, and the way in which the council would propose to implement this with projected numbers set against the institutional framework envisaged. The duty on an LEA is not to provide a full range of special educational provision, but to secure appropriate provision for the pupils and students for whom it is responsible. As noted above, recoupment for school pupils with special educational needs is at full cost. Councils should

therefore indicate the extent to which they would intend to secure provision in maintained schools, both special and ordinary, and in further education institutions, in their area or in neighbouring areas, and in non-maintained special schools and independent schools. The Secretary of State's initial view is that in general he would expect each borough to maintain any ILEA special school which is within its area, although decisions about the allocation of institutions to councils will reflect the totality of councils' plans, in order to ensure the satisfactory maintenance of provision in inner London. Subject to that assumption, the development plan should state clearly the council's intentions with respect to:

- (a) any maintained special school in their area which services more than a local need - for example, because it caters for a minority handicap; and
- (b) any residential special school at present maintained by ILEA outside the inner London area for which the council proposes to assume responsibility.

There will need to be further discussions before firm proposals can be made about the latter group of schools. The Secretary of State proposes to establish a working party to consider their future. Representatives will be invited from ILEA, both the inner and outer London boroughs, and the county authorities where the schools are located. The council's proposals should take account of any special provision for 16 to 19 year olds which is to be made within further education (paragraph 21 below). The development plan should also set out the arrangements which the council proposes to make to enable it to carry out its duties under section 4 of the Education Act 1981, in particular the arrangements for securing medical and psychological advice.

20. Pupils from ethnic minorities may have special educational needs. Local authorities have a statutory duty under section 71 of the Race Relations Act 1976 to promote equality of opportunity. Councils will need to take account of the projected numbers of such pupils in their area, and to set out the arrangements they propose for securing appropriate teaching of English and other educational initiatives directed at improving the attainment of ethnic minority pupils.

21. The council's intentions with regard to the provision of further education, and how it would be organised. This should indicate the pattern of provision proposed to meet the various education and training needs of those in the council's area over the age of 16 who have left school, including continuing vocational education, non-vocational adult education and provision for students with special educational needs. It should take account of the extent to which students from outside the council's area are attending, and can be expected to want to attend in future, courses provided in the institutions which they will inherit. As with schools, the statement should be related to the specific institutions and premises which the council would expect to inherit (including assisted colleges falling within the council's area), showing the types of provision each would offer. It should reflect the council's plans for the 16-19 age group referred to in paragraph 15 above. Particular questions to be addressed include:

- the council's policy as regards the maintaining of provision of London-wide, regional or national significance which it would inherit;
- the use which the council expects to make of provision outside its area, and the need for any cooperative arrangements with other LEAs;

- the council's intentions with regard to the commissioning of further education provision from institutions which are to be transferred to the polytechnics and colleges sector.

Councils should also state their intentions with regard to the provision in the colleges which they will maintain or assist of those categories of higher education which will not be funded through the Polytechnics and Colleges Funding Council, taking account of such higher education provision as the PCFC may be expected to commission in those colleges. The Secretary of State's policy will be to secure continuity in the broad pattern of further education provision in inner London; he will transfer colleges to councils in accordance with that policy.

22. The Council's intentions with regard to adult education carried out in Adult Education Institutes maintained and assisted by ILEA. The plans should indicate what buildings at present devoted specifically to adult education it would expect to inherit; what other buildings, such as schools, it would plan to use; and what its intentions are for the support of assisted institutes. Consultation with neighbouring boroughs would be appropriate in considering the future organisation of institutes which at present operate across the boundaries of more than one borough, to ensure the most sensible disposition of existing buildings and the most satisfactory organisation of present resources. The Secretary of State believes that it would normally be appropriate for such institutes to be so organised that they use premises falling within the area of the council concerned. The council should indicate what use it expects to make of provision outside its area, whether it plans to negotiate reciprocal recoupment arrangements for adult education with other LEAs and, if so, on what basis. The Secretary of State will expect councils to consider the need for co-operative arrangements with other LEAs where this may be appropriate. The

arrangements for education in Prison Department establishments will be the subject of discussion between the DES, the Home Office, ILEA and the councils most concerned.

23. Annex B sets out the arrangements which will be operated in relation to a number of specific grants, including -

Education Support Grants;

the LEA Training Grant Scheme;

the Technical and Vocational Education Initiative;

contracts with the Manpower Services Commission for the provision of work-related further education, and any funding received from the MSC's Work-related FE Mutual Development Fund;

Section 11 Grants;

the Urban Programme;

the Department of Employment's Careers Service Strengthening Scheme.

The development plan should give as much information as possible at this stage as to how councils would wish to make use of each grant.

24. In addition to those just referred to, there is a range of other contracts between the MSC and ILEA covering the delivery of elements of schemes such as YTS. Councils will need to consider the implications of such MSC-funded provision in their area in drawing up their plans. It will be for the new LEAs to

make appropriate arrangements with the MSC in respect of schemes from April 1990.

25. The Secretary of State attaches particular importance to effective in-service training for teachers. As mentioned above, Annex B sets out the proposed arrangements for the LEA training grant scheme in 1989-90 and 1990-91. In their development plans, councils should show in outline how they plan to prepare to manage staff development. They should also give an indication of the scale of support they envisage providing; in terms of both staff (advisers, advisory teachers, etc) and facilities (teachers' centres etc). A timetable should be included to show when the management structure will come into place and how the introduction of planning for staff development will be phased.

26. The arrangements and organisation proposed for the careers service, under the Employment and Training Act 1973, in accordance with statutory guidance issued by the Secretary of State for Employment, including any arrangements for cooperation with other local education authorities in the provision of this service. More broadly, councils will need to consider arrangements for links with local industry and commerce, for example in the context of providing work experience placements. The Department of Trade and Industry makes limited support available from time to time to encourage activities linking education and the world of work.

27. The arrangements proposed for the organisation and management of the youth service, including support, advice and training of youth service personnel, and proposed arrangements for involving voluntary youth organisations in securing this provision. These arrangements should take particular account of the importance of provision for disadvantaged young people.

28. The arrangements for the exercise by the council under the Education Acts of its duties in relation to school attendance, including the arrangements proposed for the education welfare service. The development plan should also deal with other aspects of pupil welfare, such as the council's duties in relation to the provision of clothing and pupil support, and should cover the arrangements it proposes for the child guidance service in its area. The Department would be ready to discuss this with the councils, ILEA and the relevant district health authorities as necessary.

29. The functions, structure and complement envisaged for the local inspectorate and the part it will play in support of teaching quality and the curriculum, and in enabling the authority, governing bodies and headteachers to fulfil the duties imposed on them by clause 6(1) of the Education Reform Bill. The Secretary of State will wish to know, in particular, how the organisation of the local inspectorate will relate to the general administrative structure (see paragraph 10 above), how it will cover the primary and secondary phases, the foundation subjects of the National Curriculum, and special educational needs. Boroughs will also need to consider the desirability of similar support in relation to other aspects of provision including further education, and in relation to the requirements of ethnic minorities. Where it is proposed that arrangements will be made in cooperation with the inspectorates of one or more other authorities, details of these arrangements should be supplied. Similarly, the development plan should explain the structure and complement envisaged for educational psychologists, and their functions, particularly in respect of assessments under the Education Act 1981 and the council's responsibilities under clause 6(1).

30. The arrangements proposed for providing school meals and educational catering generally. These should take account of the



requirements of section 22 of the Education Act 1980, as amended by section 77(2) of the Social Security Act 1986, and the requirements for competitive tendering contained in the Local Government Act 1988.

31. The arrangements proposed for the provision of school transport. These will need to be in accordance with the provisions of section 55 of the Education Act 1944, as amended by section 53 of the Education (No. 2) Act 1986, and clause 88 of the Education Reform Bill. In particular, information will be required about the proposed policy in respect of provision of transport for pupils with special educational needs and for pupils whose parents wish them to attend a school which is not the nearest available one. Councils within whose boundaries garaging facilities for ILEA's school transport fleet are located should state whether they propose to retain these facilities and, if so, how they would propose to co-operate with other councils in their use.

#### Funding and Budgets

32. The funding arrangements that will apply from 1 April 1990 under the new local government finance system are set out in Annex C. This explains that each borough will receive a Government grant. During a transitional period to 1994 the amount of grant will increasingly include an element based on an assessment of need to spend on education, while initially it will be related to London authorities' previous expenditure and income from all sources, including attributed expenditure on education. The composition of needs assessments is being reviewed, but the education needs assessment is likely to continue to be based principally on the number of pupils and students resident in the area with an allowance for socio-economic factors. Councils will need to make clear their assumptions about the likely cost in 1990-91 of the provision they inherit from ILEA and their own

administration costs. As noted in paragraph 11 above, the Department will wish to discuss with councils and ILEA the arrangements for capital allocations in 1990-91. In all years after 1990, expenditure above that allowed for on any service will feed through pound for pound as an increase in community charge. Equally, any savings in expenditure will reduce the community charge borne by London residents.

### Staffing

33. Clause 149 of the Education Reform Bill gives the Secretary of State a power to transfer staff by Order from employment by ILEA to employment by a successor authority. This power will be used to transfer to the inner London councils all staff who at the abolition date are employed at individual schools and colleges inherited by those councils. These arrangements will cover full-time and part-time staff, and both teaching and non-teaching staff. Staff transferred in this way will preserve their existing terms and conditions of service. In relation to other categories of ILEA staff, the Department will wish to discuss with councils and ILEA arrangements for transfer or recruitment.

34. Clause 147 of the Bill requires the Secretary of State to set up a Staff Commission. This will have an important role in assisting with staff recruitment. It is expected that the Staff Commission will operate in a similar way to that set up at the time of the abolition of the GLC: this will mean that the individual authorities will be expected to consider first applications from ILEA employees for education-related posts. The Staff Commission is expected to be fully operational by early 1989. Annex D gives more details about the Staff Commission and about the intended redundancy compensation and detriment arrangements.

35. Continuity will be important both during the period leading up to transfer of responsibilities and at the abolition date itself. Councils may want to call upon the expertise which is available among ILEA's staff so that it can continue to be used for the benefit of the education service in inner London. As noted in paragraph 11 above, they will need to make some initial staff appointments in order to prepare their development plans. From the Autumn of 1989 further appointments will be needed to prepare for the handover of responsibilities. It will be important, however, for ILEA to retain adequate administrative and support services up to 31 March 1990. Councils will therefore need to consider such ideas as dual appointments so that staff can be secured early for eventual service with the boroughs, while their experience can remain available during this period to ILEA.

36. Development plans should therefore set out:

- (a) plans for recruiting from or transferring those staff not employed to work at individual schools and colleges;
- (b) broad plans for building up education-related staff numbers prior to 1 April 1990, including the timing of commitments to staff about future employment, and the timing of the start of employment for staff whose employment with the borough would start in advance of 1 April 1990;
- (c) plans for dual appointments in the period leading up to abolition.

#### Property

37. Clause 144(2)(a) of the Bill requires development plans to be accompanied by a list of the property which, in the

council's opinion, would require to be transferred to it for the purpose of enabling it properly to perform its functions as a local education authority. Subsection (2)(b) requires councils to list the ILEA schools in their area, together with any others they wish to maintain. The purpose of this provision is to ensure that the continuity of operation of schools will, in the absence of proposals under the relevant provisions of the Education Acts 1980 and 1981, be maintained. Other than in exceptional cases, the "schools lists" will correspond exactly with the relevant sections of the property list, but will in addition include voluntary aided and special agreement schools whose premises will remain the property of trustees.

38. Clause 146 sets out the general conditions under which orders may be made transferring property from ILEA to an inner London council. Councils should note that the Secretary of State will be prepared to transfer to them only that property clearly required in connection with their LEA functions. All surplus property will pass automatically to the London Residuary Body in accordance with the provisions of Clause 156.

39. Subject to that, and to the considerations discussed in paragraph 40 below, councils may in general expect to inherit the ILEA property located within their area for which there is a continuing educational requirement. There may in addition be property located in one council's area but which has traditionally served another area or would be of more educational value in serving the area of another council than in remaining with the "home" council. Where a council can make out a strong case for inheriting property located outside its boundary, the Secretary of State will be prepared to consider this, in the light of any representations made by other bodies. The Secretary of State will consult interested parties and the London Residuary Body as necessary in cases of dispute.

40. In the case of an institution mainly based in one borough but having some of its facilities located outside that borough, including for example cases where further education colleges have sites in more than one borough or where playing fields in one borough serve a school in another or in more than one borough, the following procedure will apply -

- (a) Councils should attempt to agree a solution with their neighbours in drawing up their development plan.
- (b) The Secretary of State will in general be guided by the principle that institutions should remain as an entity, and that they should transfer to the predominant owner, using the location of the largest area of floor space as an initial criterion, but taking account also as appropriate of the intensity of use of each site (measured by pupil or student numbers). The latter criterion might be particularly appropriate in determining the ownership of playing fields. The Secretary of State does however have the power not to leave an institution with the predominant owner, if a convincing case is made out by another authority for an exception to be made. In the case of adult education institutes the Secretary of State will normally expect reorganisation where necessary so as to correspond with the areas of the councils concerned (see paragraph 22 above).
- (c) It would be open to a council where necessary to negotiate user rights in property located within its own boundaries, or in property located outside its boundaries to which institutions within its boundaries had traditionally had access. The relevant property transfer order might require the owner to make available such rights.

41. In submitting the list of property which it proposes to inherit, a council should include, in relation to each set of premises or land, the following information:

- (i) a schedule of teaching and non-teaching accommodation including all temporary accommodation, making clear the location and total floor-space or area;
- (ii) the use to which the property would be put. In general, the Secretary of State would not expect councils to propose significant changes in the use of teaching accommodation.

42. Any property transfer orders made under clause 146 will provide that land and buildings should be transferred together with the property (including records and other documents) which they contain. The Government will be setting out at a later stage recommendations to councils on the preparations for transfer of moveable items of property.

#### Grant-maintained schools

43. Under the provisions in clauses 42 to 92 of the Education Reform Bill, county and voluntary secondary schools in England and Wales, and primary schools with more than 300 registered pupils, will be able to apply to the Secretary of State by means of a public procedure to become grant-maintained. It will be possible to make applications at any time following the enactment of the Bill and it is envisaged that the first grant-maintained schools will begin to operate in their new status from the beginning of the school year 1989-90. Schools will not be able to change their character as part of the application. Since the approval of any applications from schools in inner London will affect the number of schools to be

transferred from ILEA to the boroughs, the Department will ensure that the views of the boroughs as well as of ILEA are sought on any applications which are made.

44. The annual maintenance grant paid to grant-maintained schools will correspond to the level of funding which would have been made available to it had the school remained under local authority control. This sum will be paid to the school by the Department, and a corresponding amount will be recovered from the local education authority which formerly maintained the school. In inner London the recovery in the financial year 1989-90 will be from ILEA; in subsequent years it will be from the successor authority within whose area the school is situated. From 1990-91 onward, the successor authorities to ILEA will receive revenue support grant in respect of pupils resident in their area including pupils attending grant-maintained schools.

#### Preparation and publication of development plans

45. The Department's Inner London Unit will be available at every stage to discuss with councils their development plans as they take shape. In addition, clause 144 requires councils, in preparing their development plans, to consult the local authorities for adjacent areas and to take into account any guidance by the Secretary of State on the question of consultation. The Secretary of State believes that it will normally be appropriate for councils to consult all local authorities and other public bodies with a substantial interest in the arrangements they propose for their area, including as necessary ILEA. This will be particularly important where a council expects to inherit FE or other provision of regional significance. Diocesan and other relevant voluntary bodies (including those within the ethnic minority communities) and other groups with a direct interest should also be consulted. The

form taken by this consultation is a matter for the council concerned.

46. Once drawn up, a development plan is, under clause 144(5), to be published in such a manner as the council considers likely to bring it to the attention of all who may be affected, and copies are to be readily available during office hours. A copy of the complete plan should be submitted to the Secretary of State, and should be made readily accessible locally, perhaps in council offices and public libraries. In addition, the Secretary of State believes that boroughs may wish to draw attention through the local media to the plan's availability and to its main contents, and perhaps also to produce summaries for wide distribution, making it clear that continuing public debate on the plan will be helpful. The Government believes that councils will wish to take account of views expressed on the published development plans as they finalise arrangements for the transfer of responsibilities and consolidate their policies for the education service.

#### General

47. Any queries in relation to this document or requests for additional copies should be addressed to -

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SE1 7PH

Department of Education and Science  
April 1988



## ANNEX A

### SPECIFIC GRANT AID TO INNER LONDON COUNCILS

1. The Minister of State, Mrs Angela Rumbold, announced to the House of Commons during discussion at the Report Stage of the Education Reform Bill on 28 March 1988, that the Government recognised that the preparatory work involved in becoming a local education authority would inevitably impose some additional financial burdens on the inner London councils. She went on to say that the Government intended to provide specific grant aid in 1988-89 and 1989-90 which could be used by the councils for preparatory work such as the appointment of consultants, making preliminary appointments of administrative staff and establishing information systems. The sums available for distribution between the councils would be up to £3 million in 1988-89 and up to £10 million in 1989-90. Grant would be paid at 100%.

2. The Government will be introducing amendments while the Bill is before the House of Lords, in order to empower the Secretary of State to make these payments. Detailed guidance on the arrangements for allocation of the sums available will be announced later, but it is envisaged that they will be broadly as follows.

#### 1988-89

3. Applications for the £3 million specific grant in relation to 1988-89 will have to be received by the Department not later than 31 October 1988. It will be a condition of the grant that such applications should set out clearly the expenditure which is to be supported by the grant, including the appointment of suitable consultants and arrangements for public consultation and publicity in relation to the development plan. The grant available to each inner London borough would be up to £240,000, and for the City of London up to £120,000.

#### 1989-90

4. Councils will be invited to submit applications in two stages for the £10 million specific grant in 1989-90 - the first application coinciding with the publication of the development plan by February 1989, and the second containing details of arrangements in hand for implementing the plan, not later than September 1989. The first tranche, covering up to 50% of the ceiling available for each council, would be dependent upon the submission of a development plan which made a serious attempt to cover all the ground identified in the Secretary of State's statutory guidance, including in particular proposals for the management structure of the education department. The application would have to be accompanied by a detailed explanation of the expenditure to be supported. The second tranche of grant would be available subject to confirmation of satisfactory progress in planning for the transfer of responsibilities.

5. The sum available for the City of London would again be £120,000. So far as the inner London boroughs are concerned, 50% of the remaining £9.88m would be allocated uniformly between them, with the remaining 50% in proportion to the school population in each borough. By way of illustration, the sums available for distribution on this basis might lie between some £1 million for Greenwich and £580,000 for Kensington and Chelsea.

#### Expenditure to be Supported

6. The Secretary of State will issue guidance on the expenditure to be supported by these grants. This is likely to include such items as:

- initial senior appointments;
- the appointment of additional outside consultants to assist with drawing up the development plans, with preparing a proposed management structure, and for developing arrangements for financial delegation to schools and colleges;
- public consultation and publicity in connection with the development plans;
- additional middle level and junior support in 1989-90 to prepare for responsibilities eg in relation to school admissions, student awards, school meals, school transport, the planning of FE provision etc;
- new information systems;
- additional costs arising in existing departments in councils, eg those concerned with accommodation and personnel.

## ANNEX B

### SPECIFIC GRANT PROGRAMMES

1. There are a number of specific grant programmes under which funds will be available to councils. The main programmes are:

Education Support Grants (administered by DES);

Local Education Authority Training Grants Scheme (administered by DES);

Technical and Vocational Education Initiative (administered by the MSC);

Work-related NAFE Mutual Development Fund (administered by the MSC);

Section 11 Grant (administered by the Home Office);

The Urban Programme (administered by the Department of the Environment);

The Careers Service Strengthening Scheme (administered by the Department of Employment).

2. Councils will wish in preparing their development plans to take note of the availability of these specific grant programmes, and to indicate in general terms how they will wish to make use of them.

3. Some of these programmes are operated on a financial year basis. For these the intention is that the individual councils should take the lead in bidding for support in the financial year 1990-91. This is discussed in more detail in the individual notes appended to this Annex.

## EDUCATION SUPPORT GRANTS

1. The Education (Grants and Awards) Act 1984 empowers the Secretary of State to pay education support grants to local education authorities in England. The aim of the grant is to encourage LEAs to redeploy a limited amount of expenditure into activities which appear to the Secretary of State to be of particular importance. A list of the activities being supported in the 1988-89 programme is attached. Ministers have indicated that they intend that future programmes will reflect closely the priorities of the Education Reform Bill. The programmes are subject to statutory consultation with the local authority associations.
2. It is expected that expenditure in connection with ILEA projects already approved which runs into 1990-91 and beyond will be met by the relevant inner London councils. In putting forward bids for 1989-90, the ILEA will be asked where possible to disaggregate its bids to individual council level and to identify any consequential expenditure in future years.
3. From 1990-91 grant will be paid to the inner London councils as education authorities. Councils will be invited to bid for such grants; those bids will be considered alongside bids from existing LEAs for 1990-91. The Department will wish to discuss with the councils concerned how this is best achieved. The Secretary of State will in any event expect councils to discuss their bids with ILEA before submitting them. A circular inviting bids would normally issue in the Spring of 1989 and bids would be assessed in the Autumn of that year. It may be possible to allow a little more time for the inner London bids if necessary.

EDUCATION SUPPORT GRANTS

EXPENDITURE (£M) APPROVED FOR SUPPORT IN 1988-89

Activity	New Starts	Commitments From Previous Starts	Total	No. of LEAs
1. IT in Schools	19.0	-	19.0	ALL
2. GCSE Books and Equipment	10.0	-	10.0	ALL
3. Maths in Schools	4.6	2.7	7.3	ALL
4. Primary Science & Technology	2.9	5.9	8.8	ALL
5. Misuse of Drugs	2.3	0.4	2.7	96
6. Computer Aided Engineering	2.2	-	2.2	21
7. Management Information in FE	2.0	-	2.0	31
8. Multi-Ethnic Education	1.5	1.5	3.0	67
9. Records of Achievement	1.2	-	1.2	7
10. Learning By Achievement	1.1	-	1.1	26
11. Portage	1.1	1.9	3.0	59
12. Open Learning	1.0	-	1.0	40
13. Education Needs of the Unemployed	0.9	0.9	1.8	63
14. Diversification of First Foreign Languages	0.3	-	0.3	10
15. IT in NAFE	0.2	4.5	4.7	89
16. Midday Supervision	-	40.5	40.5	ALL
17. Teacher Appraisal	-	2.2	2.2	-
18. Rural Primaries	-	1.6	1.6	14
19. Social Responsibility	-	1.3	1.3	20
20. PICKUP	-	0.8	0.8	24
21. Urban Primaries	-	0.6	0.6	5
22. Spoken Word	-	0.4	0.4	7
<b>TOTAL</b>	<b>50.3</b>	<b>65.2</b>	<b>115.5</b>	

## APPENDIX 2

### LOCAL EDUCATION AUTHORITY TRAINING GRANTS SCHEME

1. The LEA Training Grants Scheme (LEATGS) supports expenditure on in-service training for teachers at schools and colleges (including adult education), LEA advisers, youth and community workers and educational psychologists. Eligible costs are defined in the Education (Training Grants) Regulations 1987. In summary, they are fees, travel and subsistence, planning and provision of training, and the costs of releasing trainees to attend training. The bulk of the grant is paid to support training for purposes identified by LEAs. A smaller sum is paid at a preferential rate to support training in areas identified as national priorities. These are reviewed annually. The list for 1988-89 is contained in DES Circular 9/87. Copies are available from the Department (Room 4/25), as are copies of the proposal, monitoring and claim forms currently in use.
2. Grant is distributed among LEAs in relation to pupil numbers. The total of expenditure on which grant is available in the ILEA in 1988-89 is £9.8m. Before they can receive grant, LEAs are required to submit proposals for the way they will manage the training. These must cover the LEA's approach to identifying training needs in consultation with teachers and in relation to LEA policies, providing appropriate training, ensuring it takes root at classroom level, and evaluating the effects of this process. In the light of the Secretary of State's assessment of the proposals, the final allocation of grant may be higher or lower than pupil numbers would indicate; or conditions may be attached to its payment. Proposals are required some six months in advance of the financial year.
3. Proposals for support under LEATGS in the 1989-90 financial year will be made by ILEA. The Secretary of State will expect them to take account of the transfer of responsibilities to councils at the end of the year.
4. The Secretary of State intends to invite councils to make proposals for support under LEATGS in 1990-91. These will be required in Autumn 1989. The Secretary of State recognises that they cannot then be based on detailed consultation with the teachers. He will however expect councils to have discussed their bids with ILEA and to be able to give an indication of their approach to identifying priorities and their intentions for consultation. He will also seek evidence that the councils have plans for the management of the expenditure. More detailed guidance will be given in summer 1989, with an indication of the maximum expenditure on which the grant will be available. The proposals will form the basis of discussions with councils, in preparation for the submission of full proposals for the 1991-92 cycle.

## THE TECHNICAL AND VOCATIONAL EDUCATION INITIATIVE (TVEI)

1. The Technical and Vocational Education Initiative (TVEI) aims to promote relevance and the practical application of knowledge, skills and understanding within the framework of the Government's overall policies for the curriculum. The Initiative is designed for 14-18 year olds of all abilities in full-time education and is funded by the Manpower Services Commission (MSC). By the end of the programme in 1997 over £1 billion will have been devoted to TVEI.
2. Negotiations are well advanced on a proposal from ILEA to run a limited TVEI preparatory scheme in a number of inner London schools from the start of the 1988/89 academic year. This will be designed to test approaches to TVEI in preparation for an extension of TVEI with MSC funding to all inner London schools from 1991. Such preparatory scheme contracts normally run for 3 academic years in order to provide 3 years of enhancement to the education of at least one cohort of youngsters and thus fully to involve 16+ providers. In the circumstances, councils will be expected to carry on the preparatory scheme in their area, with the support of MSC funding, during 1990/91. However, there will be opportunity for discussion of the scheme with MSC and some scope for variation if this seems appropriate in its last year (1990/91). A condition of the initial contract with ILEA will be that action is taken to disseminate information about the progress of the preparatory scheme across all secondary schools and FE colleges maintained by each council.
3. The Government hopes that councils will want to involve all their schools and colleges in TVEI in due course. MSC will be reviewing the basis on which this can most sensibly be done. Details of the arrangements will be made available to councils in good time to allow them to prepare proposals.

## WORK-RELATED FURTHER EDUCATION

1. The Manpower Services Commission agrees annually with each local education authority a three year development plan for their provision of work-related further education (FE) and an annual programme for the coming academic year. Agreement on this plan and programme is the condition for release of MSC funds representing some 10% of the total cost of FE provision.
2. Discussions will begin with the ILEA in Autumn 1988 about the programme from September 1989. In these discussions, the MSC will ask the ILEA to make its proposals in a form that readily displays the implications for the provision by each inner London council after 1 April 1990. The MSC will ask the Authority to consult councils on its proposals before putting them to the Commission.
3. The MSC intends that in the following planning round, relating to provision from September 1990, its discussions will be conducted with individual boroughs. Such discussions will begin in Autumn 1989 and will be completed after 1 April 1990 when councils have become local education authorities.
4. The MSC also has a mutual development fund, currently £8m per annum for the whole of England and Wales, which is used for specific grants to fund particular initiatives in work-related FE. When the MSC considers bids from ILEA for activities which extend beyond March 1990, it will seek the views of the councils concerned before agreeing to make funds available. The intention is that any proposals for initiatives to start after March 1990 will be made by the councils, and can only be agreed with them after the councils become local education authorities on 1 April 1990.



## SECTION 11 GRANT

1. Grant under Section 11 of the Local Government Act 1966 is payable to local authorities who have to "make special provision in the exercise of any of their functions in consequence of the presence within their areas of substantial numbers of immigrants from the Commonwealth whose language or customs differ from those of the rest of the community". Grant is paid by the Home Office on the employment of staff at the rate of 75% of approved expenditure.

2. To meet Home Office requirements the ILEA has recently carried out a review of all its Section 11 funded posts in schools by Division. Responsibility for those school-based posts which are approved by the Home Office for continued funding, and for existing locally - based posts in FHE and in the youth and community service, will transfer to the relevant individual councils. Councils will need to consider, in consultation with ILEA and with the Home Office, arrangements for Section 11 funded posts in centrally held teams and support services which service the whole ILEA area. Section 11 grant can be paid for posts, responsibility for which is shared jointly between neighbouring authorities.

3. Applications for new Section 11 funded posts may be submitted to the Home Office at any time. Home Office criteria require that such applications must be accompanied by evidence of consultation with representatives of the intended beneficiaries of the special provision proposed. The Home Office will expect all new applications from ILEA which will have expenditure consequences beyond April 1990 to contain evidence of the views of the relevant councils. It will be appropriate for the councils to make applications from September 1989 onwards, after consultation with ILEA where necessary.

## APPENDIX 6

### THE URBAN PROGRAMME

1. Urban Programme (UP) grants are available to all inner London authorities except for Camden, Westminster and the City of London. The UP is administered by the Department of the Environment. Its purpose is to encourage selected local authorities to develop a co-ordinated approach and an action programme to tackle the problems of their inner urban areas. Priority is given to spending on economic and environmental projects, and to capital rather than revenue. Provision is also made for social projects. Further details are included in the UP Ministerial Guidelines for Partnership and Programme Authority Areas (in particular Annex A) with which the relevant authorities will be familiar.

2. Each authority eligible for UP grant prepares annually an Inner Area Programme (IAP) which sets out objectives and priorities related to the needs of its area and lists the individual projects proposed for UP support for the forthcoming year. IAPs are approved by the Department of the Environment after consultation with other interested parties, including the Department of Education and Science. Inner London UP authorities should therefore include in their development plan their proposed arrangements for:

- (a) administering any ongoing ILEA UP projects which continue into the financial year 1990-91 and later
- (b) preparing bids for UP education projects for 1990-91 onwards
- (c) amending their IAP preparation system to reflect the change of Education Authority.

## APPENDIX 7

### DEPARTMENT OF EMPLOYMENT CAREERS SERVICE STRENGTHENING SCHEME

1. The Department of Employment operates a direct grant under Section 2 of the Employment and Training Act 1973 to strengthen local education authority careers services.

2. At present this grant support 52 posts (together with clerical support) in the ILEA careers service at an estimated cost in 1988/9 in the region of £700,000. The main condition of direct grant is that staff employed in such posts are engaged in work with unemployed young people and on services to young people in connection with YTS.

3. The Department of Employment has plans to introduce a revised direct grant scheme from 1 April 1989. It would no longer fund specific posts and monitor their use. Instead local education authorities which wished to take part would be invited to prepare management plans including objectives and targets for their careers services in return for direct grant support. ILEA's successor authorities would be invited to join the new grant scheme from 1 April 1990.

## ANNEX C

### FINANCING ARRANGEMENTS FOR THE TRANSFER OF EDUCATION RESPONSIBILITIES TO THE INNER LONDON BOROUGHS

#### The Present System

1. Under the present system for the funding of education in inner London, the ILEA precepts a uniform poundage on the boroughs. Actual contributions vary however because of the marked differences in the level of their domestic and non-domestic rateable resources. ILEA then distributes its resources so as to maintain education provision in each borough. ILEA has a grant related expenditure assessment based on the same needs assessment system as applies across the country, but it does not receive any grant because of its high rateable resources. ILEA does receive certain specific grants. (See Annex B.)

#### The New Local Government Finance System

2. Under the new local government finance system each borough will receive a standard share of the new uniform business rate, grant paid in the form of revenue support grant, and income from its community charge payers. The level of the revenue support grant to each area will compensate for differences between areas in the need to provide local services so that authorities everywhere will be able to spend at the level of their needs assessment levying the same community charge for the area.

#### Needs Assessment

3. At present ILEA receives a needs assessment for the whole of inner London. After 1 April 1990 each borough will receive its own needs assessment on the same basis as LEAs in the rest of the country. This means that education will be funded in the same way as other services provided by the inner London boroughs. The assessments will need to take account of variations in need from borough to borough. Appendix 1 shows the elements which go to make up the current education grant related expenditure assessment. It is likely that there will be some amendments to and simplification of grant related expenditure assessments (GRES) generally under the new local finance system. The London boroughs will have an opportunity to make their views known on this. It is probable, however, that the education GRE will continue to be drawn up on the basis of the main client groups, pupils, students, adult population etc. with an element for additional educational need which recognizes socio-economic circumstances.

#### Spending Above Needs Assessment

4. ILEA currently spends significantly above its GRE assessment, but the gap between assessment and spend is

reducing. It is not possible at this stage to predict the precise level of spending of ILEA in 1989-90 or its GRE assessment for that year. While it is not automatically subject to precept control by Government in that year it may be selected for control. If ILEA restrains its spending in 1989-90, the gap between spending and GRE is likely to narrow further.

#### Safety Nets

5. In 1990-91 a safety net will operate. Its general objective will be to adjust the amount of revenue support grant so that the amount raised in each area from the domestic sector (ie from the residual domestic rates and the community charge) will be broadly the same in the first year of the new system as in the last year of the old, providing that the authorities hold their spending steady in real terms. The safety net arrangements will need to allow for the transfer of education responsibilities to the boroughs as a result of the abolition of the ILEA. The precise details of the working of the safety net will be settled nearer the time. The overall effect of the net, however, should be that the inner London boroughs in 1990-91 will be able to spend on education at a similar level to their apportionment of ILEA's pattern of spending with community charges on average at the level which would have been needed had ILEA remained in being.

6. The transitional safety net arrangements will be phased out over four years. It is not until 1994-95 that the full impact of the difference between expenditure and needs assessments if any will fall fully on community charge payers. Throughout the transitional period, however, any change in expenditure up or down compared with that allowed for will feed through pound for pound into community charge bills. Many inner city education authorities do find it possible to provide an adequate service spending very close to their current grant related expenditure assessment.

#### Cross-Borough Traffic

7. There has been a tradition of significant movement between boroughs in the field of education in inner London. There is a well established system of recoupment of costs where pupils and students resident in one educational authority are educated in another. For school education and prescribed categories of further education the providing authority has a right to automatic recoupment at standard rates from the authority in which the client is resident. Recoupment for special education is at full cost. The current recoupment rates are set out in Appendix 2. The inner London rates are based on average rates across the country uplifted to take account of higher inner London costs. Where an inner London borough provides education for a pupil or student resident within another borough it will receive payment at the recoupment rate from that borough and where pupils and students resident within its

boundary are provided for by another borough it will pay the same rates. Recoupment rates are determined annually by the local authority associations' Inter-Authority Payments Committee. Authorities may propose changes in the standard rates, and the Secretary of State has a statutory power of direction in the case of a dispute over rates between authorities.

#### Budgets for 1990-91

8. When councils come to draw up a provisional budget for education spending, therefore, they will need to estimate the likely cost of the provision that will be transferred from ILEA, taking account of the block transfer arrangements for staff plus the cost of the administrative arrangements that they believe will be necessary to manage their education responsibilities. The estimate will need to reflect the split of expenditure between major elements of the service, and should so far as possible be constructed on the basis of definitions consistent with returns made to the Department of the Environment. Figures should be on a total expenditure basis at November 1988 prices, and, in aggregate, at an estimated outturn price. They should be underpinned by the manpower assumptions for the education service in 1990-91 underlying the budget, broken down by category and sector. These figures should be full-time equivalents, with a clear basis for conversion to FTE.

## APPENDIX 1A

EDUCATION GRE 1988-89  
(ENGLAND)

	£m	%
Sectors:		
Under 5's	220	1.6
Primary age (5-10)	4173	31.0
Secondary USLA (11-15)	4914	36.5
Secondary OSLA (16+)	819	6.1
NAFE	1057	7.8
Young Unemployed	92	0.7
Adult Education	291	2.2
Youth Service	219	1.6
Actuals - pools	962	7.1
- awards	76	0.6
Schools Meals	322	2.4
Debt Charges	325	2.4
TOTAL	13470	100.0

CLIENT GROUPS AND ADJUSTMENTS FOR MAIN COMPONENTS OF THE  
EDUCATION GRE

SECTOR	CLIENT GROUP	ADJUSTMENTS*
under 5s	population aged under 5	Additional Educational Needs (AEN)
primary	pupils aged 5-10	sparsity AEN
secondary usla	pupils aged 10-15	sparsity AEN
secondary	pupils aged 16+	sparsity
school meals	pupils all ages (5-16+)	free school meals
NAFE	fte student nos (full-time and pt day release)	fees, type of course
adult	population 18+	none*
youth	population 11-17	AEN

\*adjustment for higher London labour costs is applied to all  
sectors



## RATES OF RECOUPMENT

## PRIMARY AND SECONDARY SCHOOLS

1987-88 Academic Year Rates (£ per pupil per annum)

AREA	PRIMARY £	SECONDARY Under 16 £	SECONDARY Over 16 £
London Inner Area	1260	1840	2765
London Outer Area	1205	1765	2650
London Fringe Area	1155	1690	2540
Rest of England and Wales	1120	1640	2465

## FURTHER EDUCATION (other than in Agricultural Colleges)

1987-88 Academic Year Rates (£ per standard student hour)

AREA	CATEGORY II/III £/hour	CATEGORY IV £/hour	CATEGORY V £/hour
London Inner Area	3.63	2.34	1.96
London Outer	3.51	2.26	1.87
London Fringe Area	3.58	2.16	1.78
Rest of England and Wales	3.29	2.10	1.72

## AGRICULTURAL COLLEGES

1987-88 Academic Year Rates

£3,106 per annum OR  
£2.59 per standard student hour.

For the purpose of recoupment:

"the Inner Area" means the area of the Inner London Education Authority and of the London Boroughs of Barking and Dagenham, Brent, Ealing, Haringey, Merton and Newham;

"the Fringe Area" means -

in Berkshire: the Districts of Bracknell, Slough, Windsor and Maidenhead;

in Buckinghamshire: the Districts of South Bucks and Chiltern;

in Essex: the Districts of Basildon, Brentwood, Epping Forest, Harlow and Thurrock;

in Hertfordshire: the Districts of Broxbourne, Dacorum, East Herts, Hertsmere, St Albans, Three Rivers, Watford and Welwyn Hatfield;

in Kent: the Districts of Dartford and Sevenoaks;

in Surrey: the whole county;

and in West Sussex: the District of Crawley.

ANNEX D

THE STAFF COMMISSION AND THE ARRANGEMENTS FOR REDUNDANCY AND  
DETRIMENT COMPENSATION

STAFF COMMISSION

1. Clause 147 of the Education Reform Bill requires the Secretary of State to establish a Staff Commission with the following substantive terms of reference:
  - (a) advising the Secretary of State on the steps necessary to safeguard the interests of ILEA staff;
  - (b) considering and keeping under review -
    - (i) the arrangements for the recruitment of staff by the inner London councils;
    - (ii) the arrangements for the transfer of ILEA staff to the inner London councils;
  - (c) considering staffing problems referred to the commission by the Secretary of State.
2. The Commission will have an important role to play in assisting with staff recruitment. It will give guidance to the councils about their arrangements for the recruitment of staff, encouraging them in the first instance to consider staff from ILEA. Ring fencing will not guarantee a job for everyone. But it will ensure that ILEA staff will be given priority consideration for posts covered by the procedure.
3. Clause 147 provides the Secretary of State with a direction-making power to require a council to take particular action following advice from the Staff Commission. This is an important reserve power. It is relevant that the Staff Commission at the time of the abolition of the GLC decided not to call upon the Secretary of State to use this power, taking the view that 'there was sufficient underlying goodwill, or perhaps enlightened self-interest, to ensure that most, if not all authorities would act responsibly in the end'. But the direction-making power will be available if necessary.
4. There is a strong case for the Staff Commission being in place by the time individual councils have produced their development plans. It will be for individual councils to decide in preparing their plans on the structure they wish to establish for those support services covering staff who are not block transferred. The Staff Commission can then play a valuable role in advising councils on the filling of these posts.
5. The Secretary of State expects the Staff Commission

to consist of a Chairman and other members. It will have a supporting secretariat. Its general expenses will be met by the Secretary of State.

#### REDUNDANCY AND DETRIMENT COMPENSATION

6. Clause 150 provides for the making of regulations to give compensation for redundancy or for reduced salary as a result of abolition. The intention is to make regulations for this purpose under Section 24 of the Superannuation Act 1972. The terms both of redundancy compensation and of detriment payments will be equivalent to those provided at the time of GLC abolition.

7. The redundancy compensation will be available for those who leave ILEA (or the LRB) on or after the abolition date. The timing of availability of detriment compensation will be specified in the regulations. The date will reflect a balance between the need for ILEA to retain a viable structure right up to abolition, the need for the inner London councils to recruit staff, and the interests of the staff themselves.

8. The scheme for redundancy compensation at the time of the GLC abolition provided for compensation on the following terms: 2 weeks' pay for each year of continuous employment in local government service between age 18 and 41; 6 weeks' pay for each year of such employment over the age of 41 subject to a ceiling of 8 years, with these two components being combined subject to an overall ceiling of 25 years. For example, someone earning £10,000 a year, aged 44 with 23 years' service, would have been eligible for a redundancy payment of £11,150.

9. The scheme of detriment compensation that operated at the time of the abolition of the GLC provided for compensation up to a maximum of £5,000 a year for up to 7 years, with half payment in the 8th year. It was payable where employees of the authority to be abolished were recruited directly by other local government employers at a salary which was lower than that received in their previous employment. The compensation enabled the previous salary level to be maintained (up to the £5,000 ceiling for compensation). The intention is that similar terms should apply to ILEA employees.

25. IV. (1911) PMSB