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BARRY POTTER

11 June 1990

CHARGE CAPPING

WITH BP

John MacGregor's minute of today's date refers.

It has been argued during the current judicial review case that, under the Education Reform Act 1988, local authorities have no power, once school budgets have been set for the year under LMS, to reduce those budgets.

This was presented as an argument against capping ie it was unreasonable to impose a cap where authorities had in practice no power to make the cuts demanded.

We shall have to wait for the judgement at the end of this week to find out how the judges construe the position. But it might be worth raising the point by way of response to John MacGregor. If there is no power, then the burden of cuts is directed at the town hall educational bureaucracy rather than the teaching front line. That is just as it should be, and it should provide comfort to John MacGregor.

If the judges decide that there is power to cut LMS budgets on year then amendment to ensure there is no power would be an important adjunct to next year's policy.

John Mills
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