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PRIME MINISTER

Future of the Inner London Education Authority  
(C(81) 1)

## BACKGROUND

Following publication of the Baker Report recommending the break up of the Inner London Education Authority (ILEA) you asked the Minister of State, Department of Education and Science, to chair a Committee of Junior Ministers (IL) to look at the future of the Authority.

2. The Home Secretary's minutes circulated with C(81) 1 summarise IL's views and their discussion by H Committee. H Committee endorsed the view that the local government arrangements for education in Inner London were unsatisfactory, but accepted, by a majority, the need to retain a single education authority for all services. They saw considerable objections to a precept more related to population in respect of expenditure above a certain level as well as to the other suggestions that had been made to improve financial control.

H Committee were dubious about the balance of advantage of the "Marshall Option" under which the members of ILEA would be nominated solely by the boroughs, thus encouraging them to balance the financial claims of education against those of other services. They noted that considerable changes were already under way through the introduction of block grant, which will be paid for the first time direct to ILEA, the effects of the 1980-81 rate support grant settlement, the impact of falling school rolls and the publication of HM Inspectorate's report.

3. The majority of H Committee concluded, though without enthusiasm, that it would be best in all the circumstances to maintain the existing electoral and financial arrangements. H and IL Committees deliberately refrained from examining more radical options that went beyond the local government arrangements for education in Inner London.

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4. After you had received the views of H Committee you met Sir Horace Cutler and Professor David Smith. You then asked the Minister of State, DES, to report separately on their suggestion that the outcome of the Government's consideration should be a Green Paper which would rule out the break up of ILEA and canvass the possibility of a directly elected authority (the School Board Option). The Minister of State's views are given in her minute at Annex C to C(81) 1.

5. She points out that although the School Board Option would create a direct link between inner London ratepayers and ILEA, the members of the authority would not have to balance the claims of education against those of other services. It is a matter for judgment whether voters would be more anxious to reduce the call on the rates or to support increased expenditure on education. Neither the implementation nor the political consequences of direct elections are easy or certain. The Minister of State recommends against the School Board Option, as IL had previously done, because it provides less incentive than either the Marshall Option or the status quo to better financial responsibility. She suggests that the case for a Green Paper rests on the Government's willingness to entertain more than one option for the future structure of ILEA. If firm decisions can now be reached a White Paper would be preferable because it would put an end to uncertainty. A further review of ILEA in not less than ten years might, however, be desirable.

#### HANDLING

6. You may wish the Home Secretary, as Chairman of H, to introduce the discussion and then to invite the Secretary of State for Education and Science to add any general comments. The Cabinet might then take in turn the four issues summarised in my note:-

1. A single education authority

Does the Cabinet agree that a single authority should be retained?

Sir Horace Cutler's opposition to a break up of the authority is a new factor. It is possible, however, that the Secretary of State for the Environment, who was one of the minority at the





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H Committee discussion, may argue for a further examination of ways in which boroughs might be grouped together to provide primary and secondary education. IL were unable to identify any satisfactory grouping. The Lord Chancellor will probably remind the Cabinet that the MacMillan Government reached the same conclusion as H Committee that a single authority has to be retained.

2. Constitutional Arrangements

If the Cabinet agree that a single authority should be retained the choice is between the status quo, the Marshall Option and direct elections. There can be no certainty that changes which would require legislation, would promote greater financial discipline. Their political consequences must be a matter of judgment. You may wish to hear the views of the Secretary of State for Education and Science, the Home Secretary, the Chancellor of the Exchequer and the Secretary of State for the Environment.

3. Financial Arrangements

The only change that appears a "starter" is a differential precept as described in paragraph 2 of Annex B. The Chancellor of the Exchequer may support this. The Secretary of State for Education and Science and the Secretary of State for the Environment will want to comment. Would it be possible to confine the concept of a differential precept to ILEA? Is the alternative of allowing block grant and the other changes in progress to work through before contemplating legislation an acceptable course?

4. Green or White Paper?

The choice will depend in part on the outcome of the earlier part of the discussion. If the Cabinet are undecided between the merits of the status quo and financial or constitutional changes, then a Green Paper would be appropriate. How strong

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is the case for allowing further public and parliamentary discussion, and how great the risk of continued uncertainty affecting the work of ILEA even if the Government were publicly committed to retaining a single authority? The Chancellor of the Duchy of Lancaster or the Chief Whip may want to comment on Parliamentary opinion.

#### CONCLUSIONS

7. Subject to the discussion you may wish to guide the Cabinet to agree that a single education authority should be retained and this decision announced. You will want to record specific conclusions on the merits of the Marshall Option and direct elections, as against the status quo, and on differential precepting. The Cabinet will need to decide if their conclusions on these points should be embodied in a White Paper or left for further discussion following publication of a Green Paper. It would be for the Secretary of State for Education and Science to prepare the draft White or Green Paper, in consultation with other Ministers concerned, and to circulate it to the Cabinet for approval. This will need to be done as a matter of some urgency so that an early announcement can be made.

(Robert Armstrong)

7th January 1981





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