

cc Mr Ingham
Mr Sanders

A



Prime Minister

You wanted to see a draft ILEA statement before confirming that there should be one.

Paras 3 & 6 cover what Cabinet concluded; but para 5 leaves government wide open - the unfortunate ILEA ratepayers have no democratic come back.

79 Dec. I am worried about para 5. It will leave feeling anyone we should be expected to take some remedial action

PRIME MINISTER

THE FUTURE OF THE INNER LONDON EDUCATION AUTHORITY

At the Cabinet last Thursday I was invited to prepare a draft of an oral statement announcing the outcome of the Government's review of the ILEA. The attached draft statement has been prepared in consultation with the Chancellor of the Exchequer and the Secretary of State for the Environment.

Agree that there should be a statement, made by Mr Carlisle early next week?

As the ILEA is likely to settle its budget for 1981-82 on 10 February I think it would be very desirable for the statement to be made early next week.

MC 28/1

Copies of this minute go to the Home Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for the Environment, the Chief Whip and Sir Robert Armstrong.

M.C.

MARK CARLISLE

28 January 1981

1. With permission, I wish to make a Statement on the outcome of the Government's enquiry into the future of the Inner London Education Authority.

2. The ILEA is the largest local education authority in England. Among such authorities its composition is unique. It precepts freely and without restraint on the ratepayers of the inner London Boroughs and the City of London. In practice it spends much more money per pupil than any other English authority without thereby achieving a satisfactory performance for many of its schools, particularly its secondary schools as was shown in the HMI report on ILEA. The purpose of the enquiry was to see whether this situation could be improved by altering the constitutional arrangements for providing education in inner London.

3. The fundamental issue for the enquiry was whether ILEA should be broken up. There is a case for giving some responsibility for education to the inner London Boroughs. There is also a case for retaining a single authority in the light of London's past development and its system of local government. But the overriding factors are educational and financial. The weight of educational opinion, including the voluntary bodies and the churches, is that the problems of inner London call for a single authority of adequate size and with adequate resources to administer its schools as well as further and higher education, and the careers service; and that responsibility for the schools should not be separated from the rest of education. The Government share that view.

4. This does not mean that the single authority has to be extravagant. That was one of the lessons to be drawn from the HMI report. The Government's public expenditure plans require local authority current expenditure on education in England to go down by about 7% in real terms between 1978/9 and 1981/2. ILEA

has not made the response which could reasonably have been expected from an authority whose expenditure exceeds its needs by far more than any other education authority, on the basis of assessment used for the distribution of block grant. [It is apparently planning to spend next year almost as much in real terms as it did in 1978/9 although between 1978/9 and 1981/2 ILEA's pupil numbers will fall by some 13%.]

5. The upshot is that ILEA is likely to receive practically no block grant for 1981/2. The reason is simple. ILEA has refused to make the reasonable economies that so many other educational authorities have made. The block grant system ensures that an authority which acts irresponsibly cannot do so at the expense either of the taxpayer or of the ratepayers of those authorities who act responsibly. The penalty falls on the ratepayers of the irresponsible authority.]

6. For 1981/2 this is a matter for inner London's ratepayers and for ILEA itself. The long-term retention of the single education authority for inner London is justified only if the authority shows that it can give the children and students of inner London a good service in all phases of education at an acceptable cost. It is up to ILEA to put its house in order. It must recognise that the right to precept entails the obligation to spend responsibly. If ILEA systematically abuses the rating system by unchecked extravagance, additional financial controls will be needed. The Government are now considering what possible further measures they would take to meet that situation.



Education
file 1/b

10 DOWNING STREET

From the Private Secretary

29 January 1981

2/F.9-2-81.

ILEA

The Prime Minister has seen your Secretary of State's minute of 28 January, with which he enclosed the draft of a proposed oral statement on the future of ILEA.

The Prime Minister is concerned about paragraph 5 of the draft. This makes it clear that ratepayers of an irresponsible authority will be the sufferers: ILEA happens to be the one authority where the ratepayers have no come-back through the ballot box. The Prime Minister feels that the inclusion of this paragraph will only spur demands for a promise of future action to correct this, as is contained in respect of central government's control of finance in paragraph 6. She has asked whether paragraph 5 might be deleted.

I am sending copies of this letter to Stephen Boys-Smith (Home Office), Peter Jenkins (H.M. Treasury), Robin Birch (Office of the Chancellor of the Duchy of Lancaster), David Edmonds (Department of the Environment) Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

M. A. PATTISON

Peter Shaw, Esq.,
Department of Education and Science.

PS