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MR. SCHOLARFUTURE OF ILEA

I understand that the Prime Minister will shortly be meeting Sir Keith Joseph to discuss the future of the ILEA. In the course of this meeting, the Prime Minister may wish to bear in mind the following points:

1. DES officials appear to have persuaded Ministers that 'opting out' would present insuperable technical difficulties. There is no reason to suppose that this view is correct: I attach replies to the 'official' DES arguments (cf Annex).
2. It is dangerous to imagine that we can afford to remain silent about 'opting out' until after the new Board has been working (or not working) for a year or so. By then, we shall be near to another election, and there will be strong political arguments against altering the status quo. The best way to achieve the Prime Minister's aim within the lifetime of this Parliament is to build provisions for secession into the White Paper.
3. The Prime Minister will be aware that there is, within the Cabinet, considerable opposition to 'opting out'. It is extremely important that there should be a fall-back position in case this opposition once again prevails. I therefore urge that the Prime Minister should reconsider the constraints outlined in my minute of 19 July. Those constraints are designed to bring disputes about London's educational policies and expenditure into public view, and to make them a matter for public debate. Such debate would create public pressure for the sane boroughs to 'opt out' and might thereby enable the Prime Minister to achieve her aim even if no provision for secession were made in the White Paper.

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OLIVER LETWIN
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DES 'OFFICIAL' ARGUMENTS AGAINST SECESSION

DES officials put forward six arguments against allowing the boroughs to 'opt out':

Argument I: The proposal "represents an unprecedented approach to the organisation and structure of local government".

Reply: The ILEA is an unprecedented monstrosity; unprecedented measures may well be needed to deal with it. The Government is in any case already proposing to take several unprecedented steps in relation to local authorities.

Argument II: Allowing inner London Boroughs to secede might create pressure for other non-educational local authorities (such as "Bristol or Leicester") to take over educational functions from their county-councils.

Reply: This seems to be a recommendation for allowing 'opting out', rather than a reason for opposing it. A general move towards smaller, more locally accountable LEAs would be thoroughly in line with this Government's policies.

Argument III: "There would be inevitable uncertainty which would be bad for education and local government."

Reply: This is like the Socialist who argues that the market economy cannot be efficient because it is 'uncertain'. A degree of uncertainty about education in inner London might well stimulate improvements, and would (at least) be preferable to the certainty of a Joint Board continuing the ILEA's manner of administering education.

/Argument IV:

Argument IV: "The option [to secede] could well be taken up by Labour-controlled as well as by Conservative-controlled boroughs"

Reply: True: but Islington on its own would be no worse than the ILEA is now; and Westminster would be a great deal better. We would have achieved a net gain.

Argument V: "New arrangements would have to be made for Further and Higher Education in London, which would be less cost-effective and efficient"

Reply: If this is true, why not retain a compulsory Joint Board for FHE? At least the schools would have been freed.

Argument VI: "The Government would have to [create] a rate equalisation arrangement. There is no obvious basis on which such a scheme could rest"

Reply: i. In the long-term, why should there be special rate-equalisation arrangements for London. The general GRE/RSG system provides sufficient rate-equalisation.

ii. In the short-term, the rich seceding Boroughs would undoubtedly have to help the rest - since the reduction in funding would otherwise be too abrupt. If Elizabeth House cannot devise the requisite machinery, we can do so for them.