

SECRET AND PERSONAL

cc Policy
Unit 4
Meeting

2:30 w
30/8.

PRIME MINISTER

FUTURE OF ILEA

Your Private Secretary's letter of 25 July records our discussion about the future of ILEA with London members before the Election. The outcome of that meeting was that I circulated a paper for Cabinet discussion which, with your agreement, did not refer to the option of secession from a joint board, but concentrated on the idea of a single educational body for Inner London made up exclusively of representatives drawn from the elected Councillors of the Boroughs and the City.

2. The position we have now reached presents the Government with a difficult problem. You may wish to discuss it with Patrick Jenkin and me before any instructions are given to officials that would affect the drafting of the White Paper.

The Nature of the Problem

3. Our purpose is to improve the quality of education in Inner London and, at the same time, to put an end to the extravagance of the present Labour-dominated authority and protect the pupils from political bias. The present arrangements enable a group of Labour elected members to spend money derived from the high rateable values in the City and Westminster in a manner of which the Government disapproves. Given our manifesto commitment to replace the authority by a joint board of borough representatives, we could only take another course by stating that we had changed our minds. London Members for their part evidently want a single education authority but by direct election.

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4. There are, it seems to me, five options, each of which has its difficulties:-

- i. a joint board of representatives of the boroughs;
- ii. direct elections to a single authority based either on (a) borough or (b) parliamentary constituencies;
- iii. the creation of two or more education authorities by forming groups of boroughs;
- iv. the "secession option".

Options iii and iv would have to be accompanied by some new set of financial arrangements to ensure that the poorer boroughs received adequate funding. In the case of secession, for example, we would either have to tax the City and Westminster directly or through the normal operation of the block grant arrangements, or secure the transfer of over £400m from local authorities outside London (an extra 7p on the rates for all authorities including the Conservative-held Shire Counties) to the low income London boroughs.

A Representative Joint Board

5. This was the proposal included, with your agreement, in my Cabinet paper before the election. The idea is a single education body made up exclusively of representatives drawn from the elected Councillors of the boroughs and the City. There would be no co-opted members on the Joint Board itself but, as an LEA, the Joint Board would, under education legislation, need to constitute with my approval an education committee containing co-opted members.

6. In order to ensure that the Joint Board secured our objective of financial prudence, we would need to rely on the powers for selective rate controls. The controls

would bear directly on ILEA from 1985 onwards even before the Joint Board was set up, and should secure reductions in overall expenditure, force reductions in staffing levels and, as a result, bear on education policies.

7. As I have explained in my letter of 4 August to Patrick Jenkin, we already face considerable difficulty over the joint board proposal for education in Inner London. As you know, our supporters on ILEA and many of our London Members are convinced that our proposal for a representative Joint Board will totally fail to achieve our purposes - financial or educational. They do not believe that a Joint Board constituted exclusively of Borough nominees would change anything: they argue that the coterie decision of the boroughs will lead to a Joint Board made up of either party fanatics or the second-rate so that the education authority would be dominated by party objectives and not by educational values; ILEA's tendency to profligacy and to adopt unsound educational policies would remain and might even be reinforced.

8. In my letter to Patrick, I have described a number of constraints that we might consider building into the arrangements for the joint board. These might slightly increase the chances of moderation and good sense; but they would be by no means sufficient to allay the justified fears of our supporters.

9. A further step would be to include in our legislation a power analogous to Section 30(6) of the London Government Act 1963. That provision (now spent) required the Secretary of State to review the administration of inner London education within a specified period "for the purpose of determining whether...all or any of the functions of ILEA should be transferred" to the Inner London Boroughs. We could offer a review within (say) four years of the establishment of

the Joint Board in 1986. The idea of a review was part of the London Government Act because ILEA was a unique arrangement. To repeat such a provision now could be justified on the same basis and might be a means of keeping pressure on the Joint Board to stay in line with our aims. This provision would not, however, take full effect until 1990.

Direct Elections

10. Conservatives on ILEA have consistently supported this option, which has now also been pressed on me by our London Members. It is argued that direct elections would oblige the members of the authority to explain and defend their educational policies to the parents and to the public at large, thereby reducing the likelihood of these members being either fanatical or uninterested in their work.

11. Direct elections could be conducted on the basis either of borough or of parliamentary constituencies. Parliamentary constituencies are to be preferred: under the new boundaries, they would be of more equal size and might well yield a significantly more moderate membership than a joint board of borough representatives.

12. On the other hand, direct elections would be a departure from our manifesto, and would raise a major issue of principle - namely, why a directly elected board should be permitted for the provision of this one service in one part of the country only. Nor are the results predictable: the politics of choice are the politics of risk. The single-issue education enthusiasts might or might not defeat the rate-conscious general public.

Groups of Boroughs

13. Another possibility is to divide ILEA between a small number of substantial new education authorities. While

various combinations could be contemplated, one obvious solution would be to create two authorities north of the river and one south. Such authorities would be large enough to provide the whole range of education, but they would vary sharply in their approach and capacity. Although Westminster and the City could support financially two groupings north of the Thames, the Southern group would be permanently poor, necessitating overt and politically difficult arrangements to equalise the rate burden. Whether or not we were able to construct a sensible enclave around Westminster and Kensington and Chelsea, other groupings would leave our supporters isolated and at the mercy of extremist policies. The disruption of the service entailed is likely to affect adversely the quality of education within individual schools.

Secession Option

14. The final possibility is secession. This would, as your Private Secretary's letter makes clear, be intended to lead to the partial break-up of ILEA. The problem is that it could lead to a total break-up in a disorderly and unpredictable fashion. It seems probable that the Conservative boroughs, including those with high rateable values, namely Westminster and the City, would decide to secede sooner or later. (The City has in any case said it does not wish to be a separate education authority). It may well be that other boroughs would quickly follow.

New financial arrangements would be required and there would be other administrative difficulties if only some boroughs retained joint arrangements.

15. If we were now to decide to go for partial break-up either via a secession option or by grouping boroughs in our legislation abolishing the GLC, we would have to say so in the White Paper. The publication of the White Paper would focus attention on the potential financial problem and the effects of disruption. It would also stimulate a strong campaign of opposition, coupled with the charge

that our manifesto had deceived the electors of London. We would risk opposition from a range of interests who would otherwise have supported the abolition of the GLC.

Conclusion

16. I am not enthusiastic about any of these options. Each presents problems. A choice has to be made before the White Paper is drafted. I hope that you will enable us to discuss the options with you.

17. I am sending a copy of this minute to Patrick Jenkin.

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4 AUGUST 1983