

SECRET

14 March 1984
Policy Unit

14

PRIME MINISTER

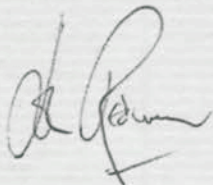
ILEA

The ILEA has always been a mess; it will remain a mess if it is directly elected. Whatever the results of the election, there is no reason to think that the directly-elected members would be able to sort out the sloppy management and the poor standards with which the ILEA is riddled.

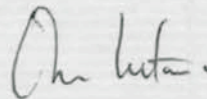
True, direct elections would be the easiest course politically; but you should remember the strong argument against direct elections without the possibility of boroughs opting out. If you hold such elections, you will almost certainly be making it impossible to achieve improvements in London's education for many years, because the ILEA's failings will seem to be legitimised by the ballot box. We do not agree with Keith Joseph and Patrick Jenkin that you could drastically alter ^{the} structure of the ILEA soon after making it directly elected. Can you imagine bringing about any real devolution 5 years from now, just when the furore over the GLC abolition has abated?

It might even, in the long run, be better to soldier on with an unsatisfactory Joint Board until there is Parliamentary time and political will to tackle the problem, rather than to accept direct elections without any provision for opting out.

We suggest that you try, one last time, to argue for direct elections with provision for opting out.



JOHN REDWOOD



OLIVER LETWIN

SECRET



10 DOWNING STREET

From the Private Secretary

Prime Minister

These are arguments for and against an ILEA, whether a Joint Board or directly elected; and for and against breaking up ILEA, whether promoted by Government or by allowing boroughs to secede.

Whatever view one takes of that, I do not believe the Policy Unit preference for a directly elected ILEA with an explicit option to secede will be less controversial than action to break up ILEA now. Either one is prepared to have the row or not one is not.

I agree with Policy Unit that if ILEA is directly elected it will be 10 years before a case can be made for changing it.

AT
14/3



Ref. A084/827

PRIME MINISTER

Education in London

C(84) 11 and 12

BACKGROUND

When they discussed education in London last Thursday, the Cabinet reached no decision. They instructed me, in consultation with the Departments concerned, to prepare a note on a number of matters that had been raised as a basis for a renewed discussion; Flag A this note has been circulated as C(84) 12.

Flag B 2. The Secretary of State for the Environment's memorandum (C(84) 11) argues strongly for holding the first elections to a new, directly-elected body in May 1985. The Secretary of State argues that this would avoid the discontinuity in the membership of the successive bodies responsible for education in inner London which would result from making borough appointees responsible between May 1985 and April 1986. He also argues that the new body should be a precepting, not a rating, authority on the lines set out in paragraph 8 of C(84) 12.

MAIN ISSUES

3. The main issues before the Cabinet are as follows:
- (i) Do the Cabinet favour setting up a new, directly-elected authority to run education in inner London?
 - (ii) If so, should it raise its money by rate or by precept?
 - (iii) Should the first elections to the new body be held in May 1985, with the consequence that the necessary statutory provisions would have to be included in the abolition Paving Bill to be introduced later this Session?
 - (iv) How should the Government's decisions be announced?



A New, Directly-elected Body

4. The main arguments in favour of a directly-elected body, rather than the joint board proposed in the White Paper 'Streamlining the Cities' (Cmnd 9063), were set out in the memorandum by the Secretary of State for Education and Science and the Secretary of State for the Environment (C(84) 10), which was considered last week by the Cabinet (CC(84) 9th Conclusions, Minute 5), ie:

(a) It is favoured by the great majority of responses to Cmnd 9063. The proposal for a joint board is equally strongly opposed. It is thought possible that the abolition legislation could fail if the Government were to insist on a joint board.

(b) There would be clear and direct accountability to the electorate.

(c) There would be a continuing body of Conservative members who could produce well-informed alternative proposals to the high-spending budgets which the Inner London Education Authority (ILEA) is usually likely to produce.

(d) Directly-elected members would be more likely to be able to do the job than borough councillors nominated to a joint board.

5. The main arguments against the proposal are as follows:

(a) The expenditure of a directly-elected body responsible for a single service will be hard to control. It will have no need to balance educational spending against other claims. Although it will be subject to rate-capping, it will be able to claim a democratic mandate to resist the effects of this.

(b) It may not be easy to defend setting up a directly-elected body to run education in inner London, while transferring responsibility for other services in metropolitan areas to joint boards. This is particularly



true of public transport, which is likely to be a subject of political controversy as, say, the fire service is not.

Rate or Precept?

6. During last week's discussion several members of the Cabinet suggested that it was essential that a directly-elected body should levy its own rate; they considered that a precepting body would be insufficiently accountable to the electorate.

7. Work by officials, summarised in paragraphs 7 to 10 of C(84) 12, has revealed that there are serious objections to making the new body a rating authority:

(a) Existing legislation on rates assumes that there is only one rating authority for each area: any other local authority raising its funds from that area must do so by precept. To change this would entail extensive redrafting of the relevant legislation. This could not possibly be done in the Paving Bill; even attempting to do so in the main Bill could well prejudice the timetable (Parliamentary Counsel has already expressed serious concern about this, even without the potential additional complication of having to make extensive changes in rating law).

(b) There would be complicated problems of the administration of housing benefit, domestic rate relief, and so on.

(c) Separate rating and billing would carry a heavy cost: officials estimate that this could match the existing costs of rate collection in inner London, which in 1983-84 are about £16½ million.

8. An alternative approach, based on precepting but intended to do as much as possible to draw public attention to the size of the precept and its financial effects, is described in paragraph 8 of C(84) 12. It is supported by the Secretary of State for the Environment. The Cabinet will no doubt wish to consider whether it is adequate to achieve their objective of accountability.



Timing of First Elections

9. The prime argument for holding the first elections to a new body in May 1985 is that this is the only way to secure reasonable continuity in the membership of the successive bodies responsible for education in inner London: the arguments are set out in detail in paragraph 14 of C(84) 12. Holding the first elections in May 1985, when the Greater London Council (GLC) elections would take place apart from the abolition proposals, may also have presentational advantages.

10. Holding the elections in May 1985 would require provision for them to be included in the abolition Paving Bill: it would be impossible to wait for the main Bill, which is not expected to receive Royal Assent until July or August 1985. Making provision in the Paving Bill has implications for the legislative timetable, discussed in paragraphs 11 to 14 below. Other arguments are as follows:

(a) The body running education in inner London must retain until April 1986 the status of a special committee of the GLC. It may look odd to provide for direct elections to a committee, especially a committee of an appointed body. May 1985 to April 1986 will, however, be a transitional period; and any arrangements made during it are likely to be open to some form of criticism.

(b) The Government may be accused of prejudicing the principle of abolition to a greater extent than in other provisions of the Paving Bill. In the worst - admittedly unlikely - case, it could have set up elections which left successful candidates in limbo.

Legislative Timetable

11. To include provision for direct elections in the Paving Bill will entail some delay in the introduction of that Bill. It seems likely, however that Second Reading could take place shortly after Easter; this would allow Royal Assent to be secured by the end of July, though the timetable would certainly be tight.



12. The main argument in favour of including provision in the Paving Bill is the argument of substance for holding direct elections in May 1985: if the Cabinet wish this to be done, provisions must be made in the Paving Bill. It is also argued in C(84) 11 that making provision in the Paving Bill will be a more convincing demonstration of the Government's intentions than a mere announcement.

13. On the other hand, the Cabinet will wish to consider the following:

(a) The timetable for drafting is very tight. It may lead to a Bill requiring significant Government amendments. This would not only damage the Government's reputation for competence; it could also jeopardise the Parliamentary timetable.

(b) I understand that the Chief Whip considers that there are good prospects of agreeing a timetable for the Paving Bill with the Opposition as the Bill now stands, but that the prospects for such an agreement would be poor if the Bill were extended to include provision for elections.

(c) The additional scope for amendment and debate could make it impossible to take the Committee Stage on the floor of the House, which the Secretary of State for the Environment himself regards as a necessary condition for achieving his timetable.

(d) Most, even if not all, of the presentational advantages could presumably be secured by a full statement of the Government's intentions, to be followed by provision in the main Bill.

14. In essence, the question for the Cabinet is whether the advantage of greater continuity in membership of the ILEA and the presentational advantage of early legislation over a statement outweigh the inevitable risks to the legislative timetable, both for the Paving Bill and for other Government legislation this Session.

Announcements

15. If the Cabinet decide in favour of a directly-elected body, they are likely to wish to make an early announcement to that effect. C(84) 10 proposed an outline statement, to be followed in due course by a more detailed announcement. The Cabinet may consider that it would be better for the initial announcement itself to be reasonably detailed, both in order to satisfy critics of the joint board proposal and to avoid any impression of undue haste. If so, you will wish to invite the Secretary of State for Education and Science, in consultation with the Secretary of State for the Environment, to circulate a draft for approval.

Provision for Review

16. You wanted legislative provision for a statutory review of the arrangements for education in inner London in due course: such provision was made in the legislation creating the GLC. Paragraph 12 of C(84) 12 suggests that such provision would be appropriate to the main rather than Paving, Bill.

HANDLING

17. You will wish to invite the Secretary of State for Education and Science to open the discussion; the Secretary of State for the Environment could then be invited to contribute. The Home Secretary will probably wish to comment on the electoral provisions, and the Chief Secretary, Treasury on the financial implications, including the question of rates versus precept. The Lord President of the Council, the Lord Privy Seal and the Chief Whip will wish to comment on the implications for the legislative programme. Your colleagues with London constituencies will no doubt wish to comment generally.

CONCLUSIONS

18. You will wish the Cabinet to reach conclusions on the following:
- (i) Should education in inner London be run by a new, directly-elected authority, rather than by a joint board?
 - (ii) If so, should it raise its funds by rates or by precept?



(iii) Should the first elections to the new body be held in May 1985 (which would require the necessary statutory provision to be made in the abolition Paving Bill) or at a later date?

(iv) Announcements.

RIA

ROBERT ARMSTRONG

14 March 1984

CONQUEROR