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EDUCATION: ILEA

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Prime Minister

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1 July 1987

Opting-Out of ILEA

The Secretary of State would like to secure two specific decisions at tomorrow's meeting of E(LF) - a commitment to include opting-out in the Education Bill as set out in the Manifesto and a on a timescale such that boroughs could opt out by but not before 1990.

1. Manifesto Commitment

The Manifesto makes a strong commitment to allow individual boroughs to opt out of ILEA. It appears that Nick Ridley and the DOE would like to backtrack on this, and force a compulsory break up of ILEA.

There are very good reasons for our Manifesto commitment and we would look foolish if we were to change it now, particularly for a more draconian alternative.

2. Timescale

The second issue to be decided is a commitment for boroughs to opt out in April 1990, but not before. This is because

- (a) the Community Charge will be in place by then. If opting out were to be introduced in 1989 it would be under the present rating system, would involve a major change the following year and which would inevitably lead to a very messy situation;

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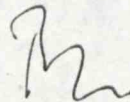
(b) the boroughs who wish to opt out will need time to plan their education policies, make appointments etc and this will take time. This morning the Councillor from Tower Hamlets who has been asked to look into opting out of ILEA came to see me and handed me a list of 17 questions (Annex A). They are a Liberal Council but very sympathetic to our proposals. Neverthelss as you can see from the questions it is a major step forward for a borough such as Tower Hamlets, and they will clearly need a few years to get their act together.

Conclusion

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The weakness of the paper from the Secretary of State is that it does not discuss in detail any of the difficult issues associated with opting out. I am told that DES officials are preparing papers and that we shall be sent them later.

It might be useful to emphasise the need for comprehensive and meticulous work by DES on this issue - as it will be very hard fought politically, with many Left-wing boroughs using first class minds to oppose us.



BRIAN GRIFFITHS

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6. Will the National Curriculum set a required minimum standard for quality of education in each Education Authority?

7. Will individual Education Authorities be empowered to take account of special education needs within their areas?

These to include special schools provision.

Language teaching for ethnic minority children.

Have decisions been made on the locations City Technical Colleges?

9. Will these be Government funded?

10. What will be the relationship between City Technical Colleges and Manpower Services Commission?

11. Will there be specific action to deal with the mismatch between employer's requirements and lack of skills among many of those leaving school after formal education?





17. Will there be a specific budget for essential equipment and for books and other teaching materials?



Prime Minister!

Note that one of Mr Ridley's detailed proposals involves winding down (but not abolishing) the appeals system for domestic rates.

Questions to you are in the margin. *DMR 17/7*

1 July 1987

PRIME MINISTER

NON-DOMESTIC RATING

(Many comments were late I'm afraid.)

*AT PLAP*

Nicholas Ridley minuted you on 25 June about a number of aspects of introducing the national non-domestic rate. Most of these are technical, but some have a direct impact on Rate and Community Charge payers.

Operation of the NNDR Pool

Local authorities will collect the non-domestic rate. Where they collect more than they are entitled to on a per capita basis they will make a payment to the Secretary of State and where the reverse is true, he will make a payment to them. At the start of the year it will be possible only to estimate the amount that the NNDR will raise because, for example, of new developments and changes in the number of vacant buildings. In order to take account of this uncertainty Nicholas Ridley wants to be able to build a contingency margin into what is collected from and paid to the local authorities. Assuming his estimate of income in the first year is broadly right, this should leave a surplus to be carried forward to later years and finance most, if not all, the contingency margin thereafter. But in the first year local authorities may receive less than the full proceeds of the non-domestic rate.

In order to bridge the gap they will need to levy a higher community charge. The amount of this extra charge will probably be about 1% for every 1% contingency margin the Secretary of State wants to have. So a 5% contingency charge could have a noticeable effect on the community charge. The DoE believe that this will be "lost in the wash" of all the other changes that will be involved in the first year in which the community charge is introduced. However, it will increase the number of losers and reduce the number of

*S.R.L.*