

PREM 19/199

PART 2 ends:-

14 (80) 35

28. 11. 80

PART 3 begins:-

14 (80) 6th MAG 5. 12. 80

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
IL (80) 10, 17 and 18 and 19	20.6.80
IL (80) 11, 12, 13, 14, 15, 16, 20, 21	23.6.80
IL (80) 2nd Meeting, Minutes	26.6.80
IL (80) 22, 24, 25 and 26	24.7.80
IL (80) 29	24.9.80
IL (80) 27	25.9.80
IL (80) 28	26.9.80
IL (80) 4th Meeting, Minutes	13.10.80
IL (80) 30	23.10.80
IL (80) 31	24.10.80
IL (80) 5th Meeting, Minutes 1 and 2	28.10.80
IL (80) 32	7.11.80
IL (80) 33, and 34	7.11.80
H (80) 76	14.11.80
H (80) 24th Meeting, Minutes	18.11.80
IL (80) 35	28.11.80

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed AWayland

Date 23 February 2010

PREM Records Team

cc Mr. Ryder *B. M. /*

PRIME MINISTER

BF 12.12.80

Here is another letter from Horace Cutler about ILEA.

He has decided to set the GLC off on its own track on the subject. There is every prospect of an embarrassing public difference between GLC leaders and Ministers in the run up to the local elections, if Cabinet eventually adopts an approach on the lines recommended by Lady Young's Committee. Do you want to have Horace Cutler in to talk about this, perhaps with Lady Young?

Professor
David Lunn

26 November 1980

Yes please
not
arranged for
Monday 15th
December at 1630. No
Briefing required. cf. 2/14

From **SIR HORACE CUTLER, O.B.E.**
LEADER OF THE GREATER LONDON COUNCIL
THE COUNTY HALL, SE1 7PB
Telephone 01-633 3304/2184

24 November 1980.

R26

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

Dear Margaret,

ILEA

Since I wrote to you on 18 November we have considered the possibilities and have concluded that, irrespective of the findings of Janet Young's Committee, we must ourselves adopt a positive stance.

The abolition of ILEA now seems impracticable, mainly because we are running out of time and must deploy ourselves for the May 1981 GLC elections for reasons which I will not rehearse. Accordingly we will be seeking the next best thing, which is direct elections to ILEA distinct and separate from election to the GLC.

This "solution" is admittedly anomalous, but so is the very existence of ILEA. If we are prepared to countenance the one then we must have the other.

Our manifesto is in the course of preparation and appropriate provision will be made. It is second-best, but it is better than nothing.

I have already expressed my disappointment at the manner of the exercise in my letter to you of August 7.

*Yours ever
Horace*

CONFIDENTIAL

EDUCATION MS
cc DES
m/s DES
CO



10 DOWNING STREET

From the Private Secretary

24 November 1980

Future of ILEA

The Prime Minister was grateful for the Home Secretary's report, in his minute of 21 November, of H Committee's discussion on the future of the Inner London Education Authority.

She has noted the Committee's decision in favour of a single authority for Inner London, and the request for Lady Young's Committee to undertake a further examination of ways in which financial controls in ILEA might be strengthened. Lady Young is already aware of the Prime Minister's personal wish to have this aspect of the matter considered in more depth.

The Prime Minister is content with the Home Secretary's proposals for future handling of these issues.

I am sending copies of this letter to Peter Shaw (Department of Education and Science), Alex Stewart in Lady Young's Office and David Wright (Cabinet Office).

M. A. PATTISON

Stephen Boys Smith, Esq.,
Home Office.

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Prime Minister



Mr Whitelaw reports the H decision to keep a single authority, but to ask Lady Young's Cttee to do more work on possible changes in financial mechanisms. He proposes to bring this to Cabinet for final decision. Content?

PRIME MINISTER

Yes no

FUTURE OF I.L.E.A.

H Committee considered on Tuesday the report of the Ministerial Committee on the future of the Inner London Education Authority (H(80) 76).

We readily endorsed that Committee's view that the present arrangements are less than satisfactory. I.L.E.A. is constituted by a complex and ill-understood mixture of election and nomination. It spends and precepts without regard to the claims of other services on the available resources. Its unit costs for schools are by far the highest in England. Performance - particularly in secondary education - is patchy and by no means commensurate with expenditure.

As the report of the Ministerial Committee made clear, there are, however, strong arguments against the break up of I.L.E.A. and the transfer of any or all of its functions to the boroughs. A single authority is needed for higher, further and special education and the careers service. It is in the interests of both young people and employers not to separate these functions from primary and secondary education. Many of the Inner London boroughs would be too small to provide adequate schooling when school rolls are falling, especially since school catchment areas bear no relation to borough boundaries. Moreover, the performance of some Inner London boroughs in providing other services at reasonable cost leaves much to be desired.

There would also be difficult problems of financing smaller education authorities. The very large contribution now made by rate-payers in the City and Westminster would have to be found either by English rate-payers generally through the block grant or by the tax-payer.

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A majority of the members of H Committee therefore concluded that a single education authority had to be retained for Inner London. We were reluctant to come to this conclusion and were conscious of the political difficulties. We were reminded, however, that our predecessors in the McMillan Government had reached the same view. We recognise that the decision will require careful handling and full explanation to the Party, not least because of the recommendations made by Kenneth Baker's Committee earlier this year.

The report of the Ministerial Committee indicated that there were already some pressures on I.L.E.A. to improve its performance. H.M. Inspectorate of Education's report has now been published. Under the new block grant arrangements I.L.E.A. will, for the first time, receive its share of grant direct. The arrangements are designed to bring pressure to bear on high spenders and the relationship between needs assessment and actual expenditure will be known. Rate-payers will know more clearly just how much of their rate is due to I.L.E.A.'s precept.

H Committee then considered whether, given the very real faults of the present arrangements, and the almost inbuilt Labour majority of a single London authority, there was need for other changes. We looked at possible changes in the electoral arrangements. Transfer of I.L.E.A. to the G.L.C. as a whole can be ruled out. It would be effective only if outer London members were able to speak and vote. This could not be justified when their boroughs were not paying for the relevant education service. We also ruled out a directly-elected education authority.

The alternative is to transfer responsibility for appointments to I.L.E.A. exclusively to the Inner London boroughs. Such a proposal was first put forward in a slightly different form by Lord Marshall in his report to the G.L.C. in 1978. This "Marshall Option" has its

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attractions in terms of greater financial responsibility and its disadvantages, not least that the minority party could well do worse than at present, even if guaranteed some representation by statute.

The Ministerial Committee drew attention to a number of ways in which financial controls in I.L.E.A. might be strengthened. (These changes need not necessarily be linked with changes in the way that members of the authority are elected.) It is possible, for example, that a scheme of qualified majority voting on major financial issues could be devised. We have asked the Ministerial Committee to look further at these various possibilities before we come to a view on the relative merits of the "Marshall Option" on the one hand and retaining I.L.E.A. as at present constituted on the other.

I expect H Committee to give further consideration to these matters next month. We shall need to announce the Government's decision well in advance of the G.L.C. elections and, given the importance and difficulty of the issues, I am sure that Cabinet should have a chance to consider them. I suggest, however, that we do so only when the full range of possibilities has been identified.

I will report further to you after the resumed H discussion.

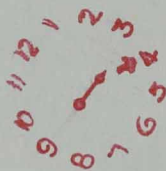
I am sending copies of this minute to the other members of the Cabinet, the Minister of Transport, the Chief Whip and Sir Robert Armstrong.

BSLB.

21. November 1980

3 CONFIDENTIAL

21 NOV 1980



HL8
20/11

21 November 1980

Dear Horace,

Thank you for your letter of 18 November about ILEA.

Janet Young told me herself several weeks ago that the HMI Report would be helpful to our objectives of bringing about some change in ILEA. I expect her Group's Report to come to Ministers for discussion shortly and I will ensure that she keeps you in touch.

Yours ever,

M

Sir Horace Cutler, O.B.E.

Janet



10 DOWNING STREET

PRIME MINISTER

Here is another letter from Horace Cutler about ILEA.

Lady Young's Group have now reported to H Committee. The Committee have decided in favour of maintaining a single authority, but have asked Lady Young's Group to do some more work on possible new mechanisms for a single authority. It is not yet clear whether H Committee will refer the matter to Cabinet for final decision.

Would you like me to remind Lady Young to keep Sir Horace in the picture as far as possible? I attach a draft reply.

*Yes please re
Done by phone. na MJD*

20 November 1980

From **SIR HORACE CUTLER, O.B.E.**

MEMBER OF THE GREATER LONDON COUNCIL
THE COUNTY HALL, SE17PB
Telephone 01-633 3304/2184

18 November 1980.

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

R20/11

Dear Margaret,

ILEA

Last week HM Inspectors' report castigated ILEA for its failures in secondary education. The response from the Government, insofar as I have been able to discern one, has been minimal.

If ever there was ammunition from an impeccable source this was it, yet it has been allowed to go by. Janet Young's Committee, by all accounts, is still nowhere near announcing a conclusion.

Please do not think that I am carping about this but I am disappointed that so rare an opportunity should be missed. Some of our colleagues still do not seem to realise that we are fighting an all-important election in a few months time and that, if ever we needed co-operation and co-ordination, the time is now.

Yours ever
Horace.



Press Office 2
Educ

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222
FROM THE SECRETARY OF STATE

*Prime Minister
Lady Young
mentioned this HMI
report on ILEA, which
is released to the
press today. Para 3
of this letter summarises
it. You might also
glance at the
summary chapter, 21.*

M A Pattison Esq
Private Secretary
10 Downing Street
LONDON SW1

Dear Mike

MS

HMI REPORT ON ILEA

Folder behind file.

MR 12/11

1. I attach a copy, for the Prime Minister's information, of HM Inspectorate's Report on the Inner London Education Authority. Reports by the Inspectorate are made to the Secretary of State, and are usually sent in confidence to the local education authority concerned. On this occasion, as Lady Young mentioned to the Prime Minister when they discussed ILEA recently, the Report is being made public - tomorrow morning - at the request of the Authority.
2. The Report is based on records of HMI inspections of educational establishments in ILEA over the past five years. Its findings should not, therefore, be considered in isolation, but should be seen in the context of what is achieved or achievable by local education authorities with comparable circumstances and problems. Although the present document is necessarily confined to provision in ILEA, HMI have, in separately conveying their findings to the Ministerial Committee on the Future of ILEA, also given the Committee a comparative assessment of ILEA alongside other major urban authorities, and this will form an annex to the Committee's report.
3. The key parts of the report are sections 2 (on the community within which ILEA operates), 4 (an assessment of ILEA's response to this), and 21 (a summary of HMI's conclusions on the quality and effectiveness of provision). Briefly summarised, the conclusions are that nursery education in ILEA is generally of a satisfactory standard and is improving. Primary education, although patchy, is now broadly satisfactory, and the great improvement seen in the last five years is continuing, particularly in the basic skills and their application to other parts of the curriculum. Overall, however, the secondary school sector needs considerable improvement. While some schools are good by any standard and others are actively seeking to improve, too many expect too little of their pupils at all ability levels and, despite the Authority's encouragement, are reluctant to analyse their performance critically. For special education there is a wide range of provision, much of it satisfactory, but with cause for serious concern about standards in some schools (for example, for the maladjusted). Further and higher education is well-provided and generally satisfactory, particularly at the art colleges and in work for lower-ability students. Initial

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teacher training is mostly sound, and in some subject areas of very good quality; in-service training is generously provided and of generally good quality. Similar findings apply to adult education and youth work, some aspects of which have achieved national reputation.

4. The picture which emerges is of a committed and generous authority with considerable analytical powers to identify problems. But it does not always adequately evaluate new approaches, avoid unnecessary duplication, or ensure that schools derive the greatest benefit from the resources available. Yet there is enough good practice in all sectors to justify confidence that further improvement can be achieved, through the development of in-service training and the raising of teachers' awareness and expectations.

Yours ever

Mary Bowden

MRS M E BOWDEN
Private Secretary

CONFIDENTIAL

cc master

SUBJECT

RECORD OF THE PRIME MINISTER'S MEETING WITH BARONESS YOUNG TO DISCUSS ILEA, HELD AT 10 DOWNING STREET AT 0900 HOURS ON THURSDAY 30 OCTOBER 1980

Lady Young explained that her Ministerial Committee had now held its final meeting. They had gone over the subject thoroughly. They had found much wrong with ILEA, especially the expense of its education even allowing for additional London costs. There would be a relevant report from the Inspectorate shortly. There was also the problem that the City and Westminster paid much of the cost but lacked decision-making power. Her Committee had looked for solutions which might meet the most glaring difficulties. The Baker and secession options were attractive but left significant problems over, for example, further and higher education, the viability of small boroughs, and the loss of the redistributive effect on rate income. The educational effect was problematic. The Committee had therefore favoured a unitary solution. After discussion, discarding a school board arrangement, they had reached a preference for a variant of the Marshall option.

To tackle the problem of giving weighting to the major contributing rate payers, the proposed composition was an authority with two members from each borough, the remaining membership based on proportion of population, and inbuilt minority representation. This unusual procedure could be justified because ILEA was never intended as an electoral area. It was a grouping of boroughs. The precise political implications were still being considered.

The Committee had looked at various financial blocking mechanisms. Its report would simply note the alternatives and the constitutional principles involved.

Lady Young said that her firm conclusion was that there would be no political advantage in dismantling ILEA, and that there would be the problems of the break up to contend with. She had had many personal approaches from Conservatives arguing for retention of a unitary authority. During the Party Conference, Sir Horace Cutler had told Mr. Carlisle that he no longer favoured break up. The new

/ block grant

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- 2 -

block grant system would cut costs and many Labour MPs agreed that cost cutting was necessary. The fundamental problem was that of redistribution of money in inner London.

In discussion, the Prime Minister made clear that her prime concern was the domestic rating burden on one or two residential inner London boroughs. She considered this undemocratic and confiscatory. But she would not support a change unless it would have positive advantages, and would deal with the main mischiefs of the system. She thought it possible to devise a system of two authorities, leaving the City of London in ILEA, but putting other contiguous boroughs together. She still felt that the status quo could not simply be left. The real solution might be the abolition of rates. ILEA could be given a budget like any other Government Department. But she recognised that this was outside the remit of Lady Young's Committee. She did not accept that an opting out arrangement was impossible. Change was always resisted but it would not necessarily prove even difficult. Lady Young argued that some way of supporting the poorer boroughs was necessary, although an arrangement leaving the City of London to help subsidise them might be conceivable. In political terms, there was no way of getting a Conservative majority in ILEA. But the present pattern of constituencies within the GLC meant that the Conservative vote was not fairly reflected on ILEA. ILEA was effectively supported by the rate payers of four boroughs. It was difficult to create fundamental change unless there was a basic switch to taxation.

The Prime Minister said that she had seen ILEA preside over the destruction of much that was good in inner London education. This was in part because of the lead given by central government in the late 1970s. But ILEA, with its massive resources, ought to have been able to create excellence in some areas. Yet she was receiving comments such as those of the Royal Institution, who pointed to the lack of any math specialism in London. Secession might conceivably allow one or two top-rate special schools in London, who could draw some children from other boroughs.

/ Lady Young

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CONFIDENTIAL

- 3 -

Lady Young recognised the lack of individual top quality schools at the secondary level in ILEA. Whatever arrangement was now tried, there could be no guarantee of the benefits which might grow from changes. If the Government was prepared to consider raising a £90 million London education budget from tax, this would be an entirely different exercise. One might contemplate one or two schools run directly by the DES, but this was unprecedented and would require legislation.

Lady Young said that she was now hesitant about the politics of change in ILEA. She was not sure whether this was an election winner. Presentationally, it might be prudent to move to a Green Paper, showing the disadvantages and options. Having heard the Prime Minister's views on the central financial problems, she would now set in hand much more work on the financial implications of any change. She herself favoured, for example, an arrangement which would allow boroughs to limit their contribution to ILEA above a certain level, although her officials were most unenthusiastic about this.

MA

3 November 1980

CONFIDENTIAL

cc Master Set

W.M. a CO
HO

File 274

Education



10 DOWNING STREET

From the Private Secretary

29 October 1980

Lady Young called on the Prime Minister this morning to report on the work of the Ministerial Committee on ILEA.

Lady Young explained the problems identified by the Committee, and the options considered to meet these. She said that the Committee would commend a variant of the Marshall Option as the most practicable approach to the ILEA difficulties. The recommended composition would be two members from each borough, with the remaining membership proportionate to population. There would be inbuilt minority representation. These unusual arrangements could be justified on the basis that ILEA had never been designed as an electoral area but was a group of boroughs.

Lady Young explained that the group had also considered various financial blocking mechanisms. The group's report would note the alternatives and the constitutional problems raised by them.

In the course of a lengthy discussion, the Prime Minister made it clear that she remained uneasy about the scope of financial redistribution from a small number of inner London boroughs - particularly those with high rated residential areas - to other boroughs. She would find it easier to accept this state of affairs if ILEA was producing even one or two secondary schools of particular excellence, but this was not the case. She would be loath to adopt recommendations for change which entirely preserved the single authority and offered no incentives to greater excellence in the system. She was also opposed to change for its own sake: she hoped that there would be no decision to make major changes unless there were clearly important benefits to be achieved.

Lady Young confirmed that she had herself become much more convinced of the defects of the present system in the course of the group's work. But there were very great problems with all possible alternatives, and none of the options guaranteed to correct the major defects.

The Prime Minister and Lady Young agreed that the unfairness of the rating system was fundamental to the problems they perceived with ILEA. The Prime Minister recognised that changes to the rating system were outside the remit of Lady Young's group.

/Lady Young

W.M. a CO
HO

CS

CONFIDENTIAL

- 2 -

Lady Young undertook to commission further work on possible financial arrangements. She personally saw some attraction in a blocking mechanism which would allow individual boroughs to call a halt when their contributions reached a certain level.

I am sending copies of this letter to Stephen Boys-Smith (Home Office) and David Wright (Cabinet Office).

M. A. PATTISON

Miss A.J. Stewart,
Department of Education and Science.

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Education

PRIME MINISTER

Meeting with Lady Young to discuss ILEA

This folder contains the latest draft of the Report of the Ministerial Committee on ILEA, and your most recent exchange of letters with Horace Cutler on the subject.

Lady Young's committee met today. It has some outstanding business to clear in correspondence, but is otherwise ready to report to H Committee.

I understand that the Committee will not make a positive recommendation for change. They will, however, say that the Marshall Option is the best alternative if Ministers wish to make a change. Its main asset lies in returning responsibility to the boroughs. The Committee is likely to favour an authority composed on the basis of guaranteed minority representation - i.e. at least one member from the second largest group. The Committee is uncertain of the direct political consequences of the change. It seems likely that the Conservatives will be worse off under any change, simply because the present position results from an exceptionally good year in local elections. Lady Young may well wish to concentrate on this aspect.

There are also some outstanding questions on financial control. Peter Rees apparently tried to reopen these issues today. The Committee seem likely to confine themselves to efforts to make further improvements in the way the block grant system will limit any new authority.

MAJ

28 October 1980

CMA



bl to Mr. Patten -
next Monday.
CJ 24/10
Education
Bf 28/10

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222

FROM THE MINISTER OF STATE

Miss C M Stephens
Personal Assistant to Prime Minister
10 Downing Street
LONDON
SW1

24 October

Dear Miss Stephens,

I am writing to confirm that the Minister of State will be meeting the Prime Minister at 9 o'clock on Wednesday 29 October, at Downing Street.

Lady Young welcomes this early opportunity to report to the Prime Minister on the progress of the Ministerial Working Group on the future of the ILEA, under her Chairmanship.

Yours sincerely

MISS A J STEWART
Private Secretary

00001 130
OCT 1980

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3

PRIME MINISTER

PRIME MINISTER.

You did not sign the
bottom: do you
want it revised?

MAJ 9/1X

Horace Cutler wrote to you on 7 August
on two points: home loans and ILEA.

Lady Young suggests that you might
reply about ILEA on the lines of the draft
attached.

Lady Young would like to have a word with
you about ILEA as soon as her Committee has
formed a firm provisional view. One point
she will take up is how best to involve
Sir Horace.

MAJ

8 September, 1980.

Seen by CAW.
MAP (OR)

KRB
49

Education



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222
FROM THE MINISTER OF STATE

Mike Pattison Esq
Private Secretary
No 10 Downing Street
LONDON SW1

4 September 1980

Dear Mike,

I am afraid I have had to delay a reply to your letter of 8 August about Sir Horace Cutler's letter to the Prime Minister on the ILEA inquiry because both Lady Young and I have been on holiday.

Lady Young would like the Prime Minister to know that when she saw Sir Horace at the Party weekend at Banbury a little while ago she told him how she was tackling the inquiry and he then seemed to be entirely content. He has recently written to her to complain about the delay, and she regrets that he has also complained to the Prime Minister.

... I enclose a copy of Sir Horace's letter and Lady Young's reply.

Lady Young feels that she should tell Sir Horace the outcome of the inquiry before the Secretary of State makes his promised statement in Parliament. Meanwhile, as her letter indicates, she is offering a talk with him, which would be in general terms and would not prejudice her Committee's report.

Lady Young hopes that her Committee will have formed a firm provisional view on what should be done about ILEA within the next few weeks, and wonders if she might then have a few minutes with the Prime Minister about the matter. That would also be an opportunity for discussing with the Prime Minister how best to involve Sir Horace Cutler.

Lady Young suggests that the Prime Minister might reply to Sir Horace on the lines of the attached draft.

Yours ever

Alex Stewart

MISS A J STEWART
Private Secretary

DRAFT REPLY TO SIR HORACE CUTLER FROM THE PRIME MINISTER

As regards ILEA, I gather that you have also written direct to Janet Young about the timing of her study and have heard from her. When I asked her to look into this question with a number of ministerial colleagues, I made it clear that I wanted a thorough study of the problem, which is considerably more complex than we first thought. I am quite sure that neither she nor her colleagues are going to fall for Socialist propaganda, but will make their own judgement on the basis of the facts and the arguments presented, including the detailed papers issued by our supporters on ILEA.

From, SIR HORACE CUTLER, O.B.E.

LEADER OF THE GREATER LONDON COUNCIL

THE COUNTY HALL, SE17PB

Telephone 01-633 3304/2184

6 August 1980.

Baroness Young,
Minister of State for Education,
Department of Education and Science,
Elizabeth House,
York Road,
London, SE1 7PH.

Dear Janet,

FUTURE OF ILEA

When we met at Banbury you said that your report would be published before the summer recess and that you would talk to me about it prior to publication. I do not see how either of these events will now be possible and I must say that I am very disappointed.

*Yours ever
Horace.*

*ack'd.
14/8*



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222
FROM THE MINISTER OF STATE

Sir Horace Cutler OBE
Leader of the Greater London Council
The County Hall
LONDON SE1 7PB

3 September 1980

Dear Horace,

Thank you for your letter of 6 August, which seems to have been delayed in transit, as I did not receive it until August 14. As a result, I am only now able to reply to it on my return from holiday.

It had indeed been our hope to finish our consideration of the future of the ILEA, by the beginning of the Summer Recess and there is still good hope of finishing by the time it ends. I recognise that delay is regrettable. But the fact is that the issues are sufficiently difficult to require a good deal of time and effort for the comprehensive examination to which the Government is committed.

It is for this reason that I have not been in touch with you earlier, but I will do so when you return to London.

Yours sincerely

Janet

BARONESS YOUNG



JD

cc DES

10 DOWNING STREET

THE PRIME MINISTER

1 September 1980

Dear Horace

When you wrote to me on 7 August, you set out your anxiety about work which Janet Young has been undertaking on the future of ILEA. I understand that you have also written direct to her about the timing of her study, and I believe she has now replied to you.

When I asked her to look into this question with the help of a number of colleagues, I made it clear that I wanted a thorough study of the problem. We always knew that it was complex, but I think it has proved even more difficult than we expected.

I am quite sure that neither she nor her colleagues are going to fall for socialist propaganda. They will reach their own judgement on the basis of the facts and the arguments presented, including detailed papers issued by our supporters on ILEA.

Yours sincerely

Raymond

Sir Horace Cutler, O.B.E.

—

RA

PERSONAL AND CONFIDENTIAL

vb

Education

BF 29.8.80

8 August 1980

When Sir Horace Cutler saw the Prime Minister recently, he mentioned to her his disappointment at the position on the future of ILEA. I enclose an extract of a letter to the Prime Minister in which Sir Horace touches on this point. The Prime Minister would be grateful for Lady Young's suggestions as to how she might reply.

I should be most grateful if you could ensure that the text of Sir Horace's letter is not circulated outside your office. Sir Horace has in the past complained to the Prime Minister about being told by officials of your Department that they had seen the text of his letters to the Prime Minister.

MAP

Miss A.J. Stewart,
Department of Education and Science.

GP

Copied to

Housing: Policies / Bill
P+2

From SIR HORACE CUTLER, O.B.E.

LEADER OF THE GREATER LONDON COUNCIL

THE COUNTY HALL, SE1 7PB

Telephone 01-633 3304/2184

TPM'd from
ILEA file.

Yes please
not

Prime Minister

1.

1. I think Sir A Catter's comments on ILEA are an accurate reading of the ^{likely outcome} ~~situation~~. Would you like Lady Young to suggest a reply?

7 August 1980.

2. Would you like John Stanbury's comments on the Home loans point?

MFD 7/8

Yes - but I think it will need to go

to Treasury as well. It is ridiculous to stop CCC lending money they already have.

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

Dear Margaret.

See
Housing -
May 79

1. HOME LOANS - RE-CYCLED ASSETS
2. ILEA - FUTURE

I undertook to let you have a note of these two matters.

1. Our original home loans budget this year was £52 million, but we were obliged to cut it to £20 million to meet HIP. However, our income from repayment of principal is some £45 million, and this means that we could double our reduced budget and not have to borrow to fund it. PSBR would be unaffected.

What is more we have made a surplus approaching £50 million from housing sales. The benefit of this income by law must go to the Housing Revenue Account by reducing outstanding debt.

In terms of the simple equation, though, we are receiving far more than we could possibly lend, no matter how we are obliged to apply the receipts. In addition we will raise well over £100 million this year from re-cycling non-housing assets.

The social and political benefits of re-opening our home loans scheme are very considerable. In the circumstances, and given that even the technical financial/economic arguments are on our side, I really feel that we are entitled to greater consideration.

2. I have frequently made the point that if nothing was decided by mid-summer the issue would go by default. When I saw Janet Young at Banbury she said that her committee's findings would be ready before Recess and that she would meet me before releasing them. They aren't (apparently) and she hasn't!

There are two points which concern me. The first is that we have been so comprehensively outmanoeuvred by the Socialists and the pressure groups and the D.E.S. that even some of our people have swallowed the preservation case. The other is that, whatever our policy is and whatever we would like to do we now have very little chance of success.

P.T.O.

At best, unless the Government is prepared to dig in and go for straight abolition, we might expect a change in ILEA's democratic accountability. Unfortunately Membership by appointment does not fit the bill; and direct election would be as anomalous as the existing arrangements.

The only logical change would be to turn each borough into an L.E.A., leaving them the opportunity to combine if they wanted to. If the Government feels that this isn't on I will understand, but I am very disappointed that we have not been more positive in approach and punctual in delivery.

Ever yours
H Wallace.



2.

Education

10 DOWNING STREET

PRIME MINISTER

This paper by Lady Young is intended to narrow the choices for the Ministerial group working on the future of ILEA. The Marshall option seems to be favoured as the best way of introducing greater accountability within a single education authority.

MA)

25 July 1980


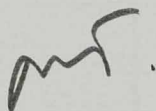
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EducationPRIME MINISTER

Lady Young's Ministerial Committee on ILEA has been generating a great deal of paper. These minutes reflect their first attempt to sift through the arguments and options presented. They have ruled out handing education to each individual borough, or putting the GLC in direct charge. They have concluded that there must be a single authority for higher and further education.

The idea that individual boroughs could secede is still alive. Meanwhile, the Committee wants to have a close look at the implications of block grants, and wants some better evidence of inner city educational performance for comparative purposes.

I hear that a directly elected ILEA looks the likeliest outcome at present. The Committee is not looking to carry its work to a conclusion until the tail end of the Recess.

27 June 1980

PART 1 ends:-

MAR to Dr. N. Singer of 20.6.80.

PART 2 begins:-

IL (80) 10 of 20.6.80.

