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My ref:

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M J Eland Esq  
Private Secretary to  
The Rt Hon Viscount Whitelaw CH MC  
Lord President of the Council  
Privy Council Office  
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24 July 1987

NRBM

Dear Mike,

EXPENDITURE LEVEL OF THE ILEA IN 1988/89

WITH DN?

Thank you for sending me a copy of your letter of 22 July to Chris de Grouchy recording the agreement that the ILEA's EL next year should be £955 million.

My Secretary of State has asked me to record his view that, although he was prepared to agree to that figure in the interests of an early announcement, that spending level bodes very ill indeed for the operation of the community charge in inner London. Even if ILEA spends in line with its EL at £955 million, which in practice it will no doubt exceed, that would still represent spending of £523 per adult, or £205 per adult over its current GRE. In my Secretary of State's view, there has to be a much greater reduction in ILEA's spending level if the community charge is to be successfully introduced in London, whatever the transitional arrangements.

Mr Ridley is also concerned that the interactions of the EL decision with other educational policies have not been fully considered. In particular, if the gap between ILEA's spending and spending in those boroughs which wish to opt out is too large, then the parents whose individual schools are contemplating Grant Maintained status will see a substantial advantage in campaigning for their borough to remain in ILEA rather than opt out. He sees this as an additional reason to be as tough as possible with ILEA.

I am sending a copy of this letter to David Norgrove at No 10, the Private Secretaries to members of E(LA) and E(LF), and to Trevor Woolley in Sir Robert Armstrong's office.

Yours,

Robin

R U YOUNG  
Private Secretary

