



Prime Minister 1

I have asked MAFF for advice on whether it is wise presentationaly to transfer a function to the Intervention Board for Agricultural Produce when the Board is crippled by industrial action. Are you content subject to satisfaction on this presentational point?

PRIME MINISTER

Yes not

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SCHOOL MILK

I am currently responsible in England for operating the European Community scheme for subsidising milk and milk products supplied to children in schools. By agreement with the Minister of Agriculture, I seek your approval for transferring this responsibility to him.

Background

2. The scheme was introduced in 1977, when local education authorities were under a duty to provide free school milk to 5-7 year olds and certain other categories of pupil. That duty was removed by the Education Act 1980, and, as a result, the dairy industry expressed concern that consumption of school milk would fall. The Minister of Agriculture has therefore negotiated and agreed revised arrangements with the European Commission which will allow local authorities to buy milk directly from the dairies at net-of-subsidy prices. At present they claim termly in arrears.

3. Other changes in the eligibility rules for the scheme are designed to make it easier for individual authorities to sell subsidised milk in schools. The new arrangements should not involve any increase in local authority or Exchequer expenditure. The Chancellor of the Exchequer is content.

Reasons for Transfer

4. The education departments in the United Kingdom accepted responsibility for administering the scheme when it was introduced. The transfer is proposed for the following reasons:-

- a. the Education Act 1980 has greatly diminished my policy interest in school milk; in particular, I have no policy interest in promoting school milk sales;
- b. the scheme is primarily an instrument of agricultural policy; the change will therefore bring together responsibilities for policy and administration;

- c. the Minister of Agriculture has general responsibility for dealing with the European Commission on matters of agricultural policy and will be taking the lead in a forthcoming Commission review of the subsidy scheme as a whole.

Other Points

5. The scheme will be administered in the United Kingdom by the Intervention Board for Agricultural Produce. It is only in England that a transfer of Ministerial function is involved; elsewhere, the territorial Secretaries of State are responsible for agriculture as well as education.
6. There are no significant manpower implications arising from the transfer of responsibility.
7. The function is non-statutory and the transfer can therefore take place administratively. If you are content, the Minister of Agriculture will announce the change in a Written Answer as part of a more general statement on the new arrangements. I attach a copy of the proposed statement.
8. I am sending copies of the minute to the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food, the Secretaries of State for the Environment, Scotland, Wales and Northern Ireland, Sir Ian Bancroft and Sir Robert Armstrong.

M.C.

MARK CARLISLE

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