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DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

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Colin Walters Esq
Private Secretary
Home Office
50 Queen Anne's Gate
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SW1H 9AT

24 May 1982

Dear Colin,

THE FINANCING OF LOCAL AUTHORITY EDUCATION

On 6 May my Secretary of State wrote to the Home Secretary enclosing a copy of the report prepared by officials entitled "The Financing of Local Authority Education".

Page 10 included two histograms. Further reworking of the figures has shown limited discrepancies in one of these histograms. . . . The attached sheet should, therefore, replace the present pages 9 and 10 of the report. No changes in the text have been made as the histograms continue to show that the dispersion of LEA's expenditure in relation to their GRE assessments for education has widened between 1978-79 and 1981-82.

This letter is copied to the Private Secretaries to the recipients of my Secretary of State's letter of 6 May.

Yours ever,

Elizabeth Casbon.

MS E M T CASBON
Private Secretary



DEPARTMENT OF INVESTIGATION AND SERVICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.
FROM THE OFFICE OF THE DIRECTOR

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2.14. In recent years the dispersion of LEAs' expenditure in relation to their GRE assessments for education has widened as is shown in the figure below. This shows the difference between what each LEA actually spent on education and what would have been its share, using the GRE methodology, of the total amount spent by LEAs in 1978-79 and 1981-82. (1978-79 preceded the introduction of GREs, but notional assessments can be made by applying the GRE methodology to expenditure and other relevant data for 1978-79). Part of this increased dispersion seems to have occurred because some LEAs spending in line with or below the Government's plans have responded to the Government's volume targets by making further reductions, while some high-spending LEAs have maintained or increased their expenditure in real terms. Kent LEA, already a low spender, has reduced its expenditure by 9% over the past three years relative to its assessed need; by contrast, the Inner London Education Authority (ILEA) spent more than 40% above its GRE in 1981-82 and its plans for spending in 1982-83 are more than 60% above. The conclusion to be drawn from these trends is that some LEAs are devoting to their education service substantially more than their intended share of the national total planned by the Government, and that disparities in educational opportunities are growing.

2.15. GRE methodology cannot be an exact science and limited variations in expenditure can be offset by variations in the efficiency of management. However the trends described above are broadly confirmed by HM Inspectorate's independent observations. In its report on the effects of LEA expenditure policies on the education service last year HMI draw attention to the variation among LEAs in levels of observed provision and to evidence that the variations not only persisted but that the gaps seemed to be widening. This year's HMI exercise suggest that, in the schools sector, the trend has continued. 11 LEAs that were judged to have either reasonable or better levels of provision in autumn 1980 have improved it, 12 other LEAs that were judged to have either reasonable or poor levels of provision in autumn 1980 have reduced it. Of the 11 LEAs that improved provision from a previously reasonable or better level one was a London borough, four were metropolitan districts and six were shire counties. Of the 12 where provision has worsened from a previously reasonable or poor level one was a London borough, four were metropolitan districts and seven were shire counties. This illustrates the increasing dispersion, the trend being most marked among shire county authorities.

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Figure 1: the difference between what each LEA actually spent on education and what would have been its share, using the current GRE methodology, of the total amount spent by LEAs, in 1978-79 and 1981-82.

