PREM 19/730

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PART I

CONFIDENTIAL FILING

POLICY ON EDUCATION EXPENDITURE
HM INSPECTORATES OF SCHOOLS.

EDUCATION

PT 1 MAY 1979

| Referred to | Date | Referred to | Date | Referred to | Date | Referred to | Date |
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| 30.3.81 | | | | | | | |

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PART 1 ends:-

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PART 2 begins:-

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**TO BE RETAINED AS TOP ENCLOSURE**

# Cabinet / Cabinet Committee Documents

| Reference | Date |
|---|---|
| H (79) 51 | 13.9.79 |
| H (79) 10th Meeting, Minute 3 | 18.9.79 |
| H (81) 12 | 6.2.81 |
| H (81) 4th Meeting, Minute 3 | 10.2.81 |
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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 C Wayland Date 23 August 2012

**PREM Records Team**

# Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. Education, Science and Arts Committee, Minutes of Evidence, 17 December 1980
HMSO

2. Cmnd. 8139: Initial Government observations on Fifth Report from Education, Science and Arts Committee, Session 1979-80: Funding and organisation of courses in higher education.
HMSO, 22 January 1981

Signed C Wayland Date 23 August 2012

**PREM Records Team**

cc Ingham told Hudson that this is O.K.

Education

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

T P Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

30 March 1981

Dear Tim,

MICROS IN SCHOOLS

My Secretary of State has seen the letter Jonathon Hudson sent you on 27 March, enclosing a draft foreword for the Department of Industry brochure, and your reply of 30 March.

Mr Carlisle is content with the redrafted first paragraph. He feels strongly that the absence of a reference to the Education Departments' Microelectronics in Education Programme makes the Government appear less active than it already is. He also believes that the foreword should avoid the implication that parent/teacher associations have a direct responsibility for providing schools with equipment. He would prefer the second and third paragraph to be altered, as attached, to reflect these points.

A copy of this letter and its attachment goes to Jonathon Hudson (DOI).

Yours sincerely

Peter Shaw

P A SHAW
Private Secretary

MESSAGE FROM THE PRIME MINISTER: 2nd and 3rd paragraphs

We must start in our schools. The microcomputer is the basic tool of Information Technology. The sooner children become familiar with its enormous potential the better. At present only some schools have microcomputers. That is why the Department of Industry has introduced its "Micros in Schools" scheme. This scheme, closely linked with the Education Departments' Microelectronics in Education Programme, is the first in a series of initiatives which the Government is taking to ensure that Britain stays with the leaders in the rapidly growing Information Technology market.

I urge schools and local education authorities to take advantage of the DOI scheme. I hope that schools who are willing to do so will be supported by their parent/teacher associations.

30 MAR 1981

10 DOWNING STREET

*From the Private Secretary*

30 March 1981

Dear Jonathan

Micros in Schools

The Prime Minister has read your letter of 27 March and the draft message which you enclosed with it. She is content that a message in her name should be included in the proposed brochure, but she would like it to be amended as follows:-

"Britain's greatest natural asset has always been the inventive genius of our people. This is the asset which we must tap if we are to profit from advances in technology. In microelectronics and information technology, we must do everything to encourage and train people with the ability and skills needed to design systems, write software and develop new businesses and products.

We must start in our schools. The microcomputer is the basic tool of Information Technology. The sooner children become familiar with its enormous potential the better. That is why the Department of Industry has introduced its 'Micros in Schools' scheme. This scheme is the first in a series of initiatives which the Government is taking to ensure that Britain stays with the leaders in the rapidly growing Information Technology market.

I urge schools, Local Education Authorities and Parent Teacher Associations to take advantage of the DOI scheme

Margaret Thatcher"

I have warned the Prime Minister that Mr. Carlisle is likely to have some amendments of his own. I hope these can be taken into account without any major change in the Prime Minister's redraft. If there are to be any major changes in the draft, please could you let me know before it is finalised.

/I am

I am sending a copy of this letter to Peter Shaw (Department of Education and Science).

Yours ever

T P LANKESTER

J.C. Hudson, Esq.,

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

FROM THE SECRETARY OF STATE

Mike Pattison Esq
10 Downing Street
LONDON SW1

27 March 1981

Dear Mike,

You asked for a note about the article that appeared in the Daily Telegraph on Tuesday 24 March about redundancy arrangements for staff from Middlesex Polytechnic. A note is attached.

Yours sincerely

Peter Shaw

P A SHAW
Private Secretary

The Prime Minister has asked for a note about the article on redundancies at Middlesex Polytechnic which appeared in the Daily Telegraph of 24 March.

Middlesex Polytechnic is run by a Joint Education Committee comprising 3 local education authorities - Barnet, Haringey and Enfield. Reductions in public expenditure on advanced further education, as reflected in the 1981/82 Rate Support Grant Settlement and the associated decisions on the size and distribution of the advanced further education pool, (the arrangement whereby expenditure on AFE is shared between local education authorities), is resulting in redundancies at a number of polytechnics.

It is for each local education authority to derive their own redundancy and compensation arrangements but those outlined in the article in the Daily Telegraph are within what Authorities are enabled to offer under the premature retirement arrangements for teachers.

The Teachers Superannuation Regulations enable accrued superannuation benefits to be paid to teachers aged 50 or over with 5 or more years service and where employment is terminated because of redundancy or in the interests of the efficient exercise of the employer's function.

Local authorities are also enabled to offer compensation at their discretion and subject to certain limits by way of enhancement of the benefits payable. This takes the form of credit for a national period of additional service up to a limit of 10 years if under 55. If over 55 the limit is the number of years until they reach 65. The total reckonable service may not exceed 40 years.

In addition the lump sum payable under the Teachers Superannuation arrangements has since 1956 been $\frac{3}{80}$ of salary for each year of service (including enhancement) payable on retirement.

The article is misleading in that it refers to this as 'salary' rather than pension; otherwise it is broadly correct. In the case of the Teachers Supn. Scheme (which is of course a contributary scheme) administered by DES the Pay Master General on behalf of the Department pays only the pension and lump sum earned; the element in both which is attributable to enhancement is paid by the appropriate local authority.

The salary quoted in the article as average for a lecturer (£12,000) is in fact the maximum of the senior lecturer scale, £14,238 is the maximum for a Principal Lecturer or Reader, and £16,490 the maximum for a grade VI lecturer with effect from 1 April 1981. A truer average salary figure would be £10,000.

# £½m READY FOR LECTURERS TO RETIRE AT 50

By JOHN IZBICKI Education Staff

THREE local authorities have clubbed together to raise £500,000 to enable 140 polytechnic staff to be paid off.

Some senior academics can expect lump sums of £24,000 and index-linked salaries of about £8,000 a year for the rest of their lives under the generous conditions offered to all staff aged 50 or more at the Middlesex Polytechnic.

This involves 60 academics and 80 non-academic staff out of a total of 1,200.

And midnight was the deadline for them to tell Dr Raymond Rickett, the Polytechnic's Director, whether they were offering to accept early retirement.

Because Middlesex Polytechnic is based on some 15 different sites that stretch across three local authorities the £500,000 has been made available by the three London boroughs concerned—Barnet, Enfield and Haringey.

### 10-year 'enhancement'

The terms include a 10-year "enhancement" — in other words a lecturer with, say, 12 years' service will be compensated as if he had served 22 years. And "service" does not have to be confined to the polytechnic, but includes all previous teaching posts.

A lecturer earning an average £12.000 a year, with 30 years in teaching, would be eligible for a salary of £4,500 plus the 10 years' enhancement giving a total of £6.000 a year for life, index-linked from the age of 55.

He would also receive a lump sum calculated at three-eightieths of his salary for each year of service which, along with the 10-year enhancement, would bring in £18,000.

More senior lecturers earn up to £14,238 and a Grade Six lecturer, equivalent to a university professor, earns up to £16,490 (£2,000 less than a professor's average salary).

### Tighter reins

Like other polytechnics, Middlesex has been seriously affected by public expenditure cuts and will have to tighten the reins on student admissions for the next academic year, starting in September.

It will also have to cut its many support services and maintenance will have to be allowed to slide.

## RAIL UNIONS 'LINK' FOR PAY TALKS

By Our Industrial Staff

LEADERS of the three railway unions are to meet today to draw up a common front in their approach to the British Railways Board for pay increases in line with the 13 per cent. inflation rate.

But the chances of unanimity between Aslef, the militant train drivers' union, and the National Union of Railwaymen, are "remote."

For while Mr Sidney Weighell, general secretary of the NUR, may be prepared to accept a productivity deal, Mr Ray Buckton, Aslef's leader, will not trade jobs for pay.

Even so, Mr Weighell is under increasing pressure from his 26-strong executive, which has at least four communists, and a further eight to 12 "fellow travellers," to join forces with Aslef in rejecting any productivity deal.

All three rail unions are still in dispute with the board over last year's pay settlement of about 16 per cent.

The productivity has never been delivered by the unions despite a plea from Sir Peter Parker, British Rail's chairman, who is looking for a reduction of 40,000 jobs by 1985, as part of the industry's corporate plan.

British Rail facing a severe financial crisis, is hoping to put a single figure offer to the unions, and achieve a low-pay settlement, with the promise of more if there is productivity.

### 62 TRAINS CUT

Eastern Region cancelled 62 of its 2,040 commuter trains last week. Southern Region cancelled 36 of 5,225 services; Western cancelled four out of 500, and Midland cut 10 of 675.

## Port watch for flying pickets

By JOHN PETTY
Shipping Correspondent

SPECIAL watch will be mounted at 18 ports today in fear that flying pilckets will descend from Southampton where 1,600 strike for 12 days.

Militants want to spread the dispute and some have urged a national stoppage.

The port is deserted of ships, apart from ferries which are allowed only to take passengers. About 1,000 containers, holding a wide variety of goods, are trapped. Any ship diverted to other ports faces blacking.

The dispute began because dockers say their pay has not kept pace with the income of other workers in the port. But there is now an additional issue in that the port wants 200 redundancies among dockers.

### Came to a head

Some port workers are getting £40 a week more than registered dockers. But unlike the dockers they do not get the guarantee by law of a job for life.

The clash between the dockers and the rest cace to a head when non-registered workers struck in January to get more pay for unloading a Japanese car carrier.

After that the dockers showed increasing anger that they were falling behind in the pay-race. Employers agreed there was a problem and joint efforts were made to close the gap.

Butt hen the dockers decided to step up thepace by applying extra pressure. The employers call it a strike and the dockers call it a lock-out.

Southampton is owned by the British Transport Docks Board, a nationalised body.

### 'RIGHT-TO-WORK' PROTEST

A group of "right-to-work" demonstrators began a protest yesterday against a visit by Mrs Thatcher to South Wales, five days before she is due to arrive.

The protesters plan a round-the-clock vigil outside Cardiff City Hall all this week as the Conservative party prepares for its annual Central Council Conference. The conference, which opens on Friday, is to be addressed by Mrs Thatcher and several Cabinet colleagues.

### PAY RISE DELAYED

A thousand workers employed by Peter Brotherhood Engineering at Peterborough have been asked to forgo their annual pay rise for six months because of the recession. The delay will affect every employee from directors to production workers.

Troops from the commando falling victim to the civil serva yesterday as they waited to go in Plymouth—after being eight Some men had to wait

## *Gasmen walk smaller holes*

By IAN GLOVER-JA

GAS workers in Northampto yesterday demanding the san for digging smaller holes in the road.

The row has been simmering for some two years ever since East Midlands Gas planned to use new plastic gas pipes and argued the holes no longer had to be so big.

With the old steel pipes workmen dug a trench for each 15 foot section and then made enough room to stand at the end and join the pipes together.

But the plastic pipes are joined above ground and can be fed into a tapered trench of exact length. The gas workers get a basic wage for digging trenches and a bonus for each foot after that.

The East Midlands Gas set a new level for bonuses and the gas workers had to dig more to boost their earnings.

"This was accepted by the unions, but there were un-

official places,"

The workers return t with l clarifica system.

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NEW

"The route f Stoke planning mer M adopted preferen moves from h near Ut

cc Mr. Ingham

**10 DOWNING STREET**

PRIME MINISTER

You have agreed to launch the Department of Industry's Micros in Schools scheme. The Department are producing a brochure on this, and would like to include a short message from you. Are you content with the draft at Flag A?

Duty Clerk
for T.P. LANKESTER

27 March 1981

PS I have just heard that Mr. Carlisle has some comments, which he will let DOI have direct on Monday.

cc Press ✓

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 6401
SWITCHBOARD 01-212 7676

FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY
PS/Kenneth Baker MP

Mike Pattison Esq
Private Secretary to
the Prime Minister
10 Downing Street
London SW1

27 March 1981

Dear Mike,

MICROS IN SCHOOLS

The Prime Minister has kindly agreed to attend a Press Conference on 6 April to launch the DoI Micros in Schools Scheme. Arrangements are well under way and I shall shortly be putting to you some notes for the Prime Minister's speech.

We will be producing a brochure which sets out details of the scheme; it will also include a short note entitled 'Schools and Information Technology' which will draw attention to the importance of micro-computers and to the opportunities they offer in the teaching and learning process. This note will link in with the Microelectronics in Education Programme already announced by the Education Department.

We intend that in addition to sending the brochures to all schools and LEAs they should be displayed prominently at the various Information Technology events and exhibitions where DoI or DES will have a presence over the next year or so. As the first in the series of IT initiatives which will be taken by Government this scheme will arouse considerable interest in the UK and overseas. Our longer term hope for a phased extension of the scheme to all secondary schools, and to the further education, primary school and special school sectors over the next 1-3 years should also ensure that the scheme will gather momentum and attention over that period.

It would greatly assist in maximising the impact on a wider basis of the initial launch of the scheme if the Prime Minister would agree to the inclusion in the brochure of a short message commending the scheme to schools and LEAs. I attach a draft. We will also include her photograph.

Given the printing constraints which have been laid upon us I should be grateful for comments by close of play on 30 March.

I am copying this to June Nisbet (DES).

Yours sincerely,

Jonathan Hudson

JONATHAN HUDSON
Private Secretary

A

DRAFT

MICROS IN SCHOOLS: MESSAGE FROM THE PRIME MINISTER

Britain's greatest natural asset has always been the inventive genius of our people. This is the asset which we must ~~continue to~~ tap if we are to ~~take full advantage of~~ profit from advances in technology. In microelectronics and information technology, we must do everything ~~concentrate on producing~~ to encourage and train people with the skills ~~and expertise~~ needed to design systems, write software and develop new businesses and products. ~~Therefore we must ensure that~~ this is available to everyone who requires it - and that means almost all of us. Its needed both at home and at work.

~~The starting point for this must be~~ We must start in our schools. The microcomputer is the basic ~~work~~ tool of ~~the~~ Information Technology ~~era~~. The sooner children become familiar with its enormous potential the better. ~~and~~ That is why the Department of Industry has introduced its 'Micros in Schools' Scheme. This scheme is the first in a series of initiatives which the Government is taking to ensure that Britain stays with the leaders in the rapidly growing Information Technology market.

I urge schools, Local Education Authorities and Parent Teacher Associations to take advantage of the DoI scheme.

Margaret Thatcher

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 7172 (Llinell Union)
*Oddi wrth yr Is-Ysgrifennydd Seneddol*

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 7172 (Direct Line)
*From The Parliamentary Under-Secretary*

26 March 1981

Dear Kenneth,

I have read with interest your minute of 19 March setting out proposals to fund microcomputers for schools. I very much welcome the initiative you are putting forward but there are a couple of points I would like to raise.

It is important, not least from an educational point of view, that the success of the scheme is properly evaluated. One measure will be the degree of takeup by schools. But more fundamentally success must be evaluated by reference to the use schools make of microcomputers. I therefore share Leon Brittan's view that it is important that thought should be given at an early stage to arrangements for follow up.

The selection of the RML and ACORN machines for the scheme is bound to give rise to expressions of concern by other manufacturers at their exclusion. Indeed the Welsh Office has already received one such representation from Clwyd County Council regarding a microcomputer being developed by the North East Wales Institute of Higher Education which is shortly to go into commercial production. Schools are seen as one of the main markets for the machine and there is concern that the Government scheme could lead to failure of the project. I accept that the selection of the two machines proposed has been very fully considered and I do not want to re-open the subject. At the same time I think we should avoid giving the impression that the selection of these machines at this point in time precludes Government backing of other machines for use in schools at a future date or for different

Kenneth Baker Esq MP
Minister of State
Department of Industry
123 Victoria Street
LONDON

purposes. There has, I know, been some discussion of the possibility of extending the scheme in due course to primary and special schools and it would be important at that stage, if not before, to review the models of microcomputer available. The microelectronics field is a very fast developing one and it would be singularly unfortunate if a Government scheme were to stultify initiatives in the education field.

I think that the proposals for a press conference launch will command a good deal of interest and provide good publicity for the scheme. Since the scheme is to cover the whole of the United Kingdom I would welcome the opportunity to attend along with Alex Fletcher.

I am copying this letter to the Prime Minister and other recipients of your minute.

Yours ever,

Michael

MICHAEL ROBERTS

27 M
R 1981

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Kenneth Baker Esq MP
Minister of State
Department of Industry
Ashdown House
123 Victoria Street
London SW1

23 March 1981

Dear Kenneth

MICROCOMPUTERS IN SCHOOLS

I was interested to see your minute to the Prime Minister of 19 March.

I share your view about the desirability of spreading the use of microcomputers in schools more widely. But I do think it is important to make sure that the computers are going to be used properly.

One sometimes reads or hears alarming tales of expensive equipment being obtained by schools and then neglected and I have myself known of this happening in the case of computers. No doubt some such tales are exaggerated; and no doubt I shall be told that this does not happen now because resources are so short; or that if only the schools had more resources they could do more with computers. But the fact remains that to be worthwhile, your scheme requires some way of ensuring proper use of the equipment and not just its purchase.

I hope therefore that it will be possible to contrive some means of ensuring this.

I am sending copies of this letter to the Prime Minister, Neil Macfarlane, Alex Fletcher, Barney Heyhoe, Michael Roberts, Rodney Elton, Robin Ibbs and Sir Robert Armstrong.

Yours ever,
Leon

LEON BRITTAN

24 MAR 1987

jfh

23 March 1981

The Prime Minister has seen Mr. Baker's minute of 19 March about microcomputers in schools. As Caroline Stephens has already agreed with you, the Prime Minister would be prepared to attend the proposed launching at 12 noon on Monday 6 April.

I hope that you can let us have details of the arrangements, with the necessary briefing, by close of play on Wednesday 1 April.

I am sending a copy of this letter to June Nisbet (Department of Education and Science).

M A PATTISON

Jonathan Hudson, Esq.,
Department of Industry.

10 DOWNING STREET

Monday 6th April
at 12.00 Noon.

CP.

23/3

✓ Press

Prime Minister (through CS)

Would you be willing to devote 3/4 hr to launch this scheme early next month? Your diary will be tight in the run-up to India.

MRP 19/3

Re diary is very bad but I did fit it in. Take the 45 mins at time allotted for visit to Grid Speeches. ES.

Prime Minister

MICROCOMPUTERS IN SCHOOLS

As you know, we are working up a proposal with DES and the other UK Education Departments, to try to help secondary schools to purchase microcomputers. When I mentioned this to you the other day you indicated that you would be willing to launch such a scheme early in April. In this minute I am seeking your formal agreement to a proposal I have agreed with Neil MacFarlane.

The main thrust of the microcomputers in schools project will be to provide £ for £ funding from DoI to match local funds obtained from the Local Education Authority, Parent Teacher Associations or from local businesses. We believe that such an offer will be received with widespread enthusiasm by schools and by local authorities. The objective would be to ensure that by the end of 1982 - and possibly earlier - all secondary schools will have at least one microcomputer. The main initial thrust therefore will be to get a microcomputer into those schools which do not currently have them. I understand that the DES calculate that about 50% of schools in England and Wales have a microcomputer of one sort of another.

We would propose to restrict the offer to two UK manufactured machines; a Research Machines microcomputer costing about £1,600 or alternatively, for those who cannot afford that much, an ACORN machine (costing about £400) which is an improved version of the one that the BBC are proposing to use for their programme on computers, beginning this Autumn. Some schools have already invested in PET and APPLE machines which are of US origin and which, until recently, held the field. After the initial thrust in schools presently without a machine we would propose to follow up to encourage schools with foreign machines to try the UK models. We shall find the funds required (about £3/4m) from within the present DoI financial provisions, including some of the public purchasing funds. We believe the scheme will not only be an important development in education but will also give major encouragement to the UK companies concerned, and to the software developments to follow.

If you agree, we suggest that we should arrange a press launch at the Cinema in Millbank Tower. We would also arrange that several groups of children, drawn from all parts of the country, should be present to demonstrate how they are using the microcomputers which they won in the DoI Schools

Essay Competition last year. The prizes for this competition were the Research Machines microcomputers which would be available under the new scheme. We suggest that if you could spare half an hour you might first of all talk to the children about the work they are demonstrating, to be followed by a short press launch. After that, if you wished, you would be able to get away and leave the more detailed press questioning to Neil MacFarlane and myself.

On that date you would not only be able to announce the launch of the microcomputer in schools scheme but also refer to the DES strategy on the microelectronic education programme (MEP) which is being published at the same time. This would then link the provision of hardware through the DoI scheme with the initiatives launched last year by the education departments which support the provision of training and curriculum development. The MEP and a complementary programme in Scotland was, as you will recall, a four year programme with a total cost of £10m. In addition you could announce that we are again running an essay competition this year for which the prize will be Research Machine microcomputers. Corresponding arrangements are available in Scotland.

Since we shall need to make arrangements to bring children from various parts of the country I should be grateful if you could give your early confirmation of your willingness to launch the scheme. Our offices can agree a suitable date.

I am copying this minute to Leon Brittan, Neil MacFarlane, Alex Fletcher, who might like to join us at the launch to represent the Scottish interest, Barney Heyhoe, Michael Roberts, Rodney Elton, Robin Ibbs and Sir Robert Armstrong.

K.B.

KENNETH BAKER

19 MARCH 1981

19 MAR 1981

Education

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
*Oddi wrth Ysgrifennydd Gwladol Cymru*

The Rt Hon Nicholas Edwards MP

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
*From The Secretary of State for Wales*

cc Press

NJS to see
MS na
MAP 20/3.

19 March 1981

Dear Secretary of State

I have received from HMI in Wales a paper entitled "The Effects on the Education Service in Wales of Recent Local Authority Expenditure Policies: An Assessment by HMI". This complements the paper which you recently published about the situation in England, though the Welsh note has been prepared on the basis of a much less formal exercise than was undertaken in England. I enclose 3 copies for your information.

I propose to make this paper generally available on Friday 20 March. Copies will be sent to the media, to all Welsh MPs, to local authorities, teacher organisations and other bodies in Wales. I am copying this letter to the Prime Minister, and other members of the Cabinet, the Chief Whip and to Sir Robert Armstrong.

Yours sincerely

Approved by the Secretary of State and signed in his absence

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education & Science
Department of Education & Science
Elizabeth House
York Road
LONDON

19 MAR 1981

O.O

*With the Private Secretary's Compliments*


**DEPARTMENT OF EDUCATION AND SCIENCE**

Elizabeth House
York Road
London SE1 7PH

*Telephone 01-928 9222*

Education

# REPORT BY HMI ON THE EFFECTS ON THE EDUCATION SERVICE IN ENGLAND OF LOCAL AUTHORITY EXPENDITURE POLICIES – FINANCIAL YEAR 1980–81

## INTRODUCTION

1. This is the fourth in a series of short annual reports that HMI has presented to the Expenditure Steering Group (Education) recording the effects of LEA expenditure policies on the education service in England. The same methods have been used as in previous years, bringing together two main sources of information and assessment:

i. returns based on HMI's observations made during the Autumn term 1980 in the course of routine and full inspection visits to some 660 primary and special schools, some 380 secondary schools and some 80 colleges of higher and further education;

ii. returns on all LEAs in England made in November 1980 by district inspectors, based on information currently available to them and their teams. Some comparisons were made with the position in Autumn 1979.

2. The returns on the schools and colleges, though not statistically representative nationally, or of any one local authority, constitute a typical cross-section of HMI's inspections. Some 60 of them were full inspections of schools and for these a return was made on the whole school's provision. For most other primary and special school visits a return was also made on the whole school. In the case of secondary schools which did not have a full inspection and colleges, returns naturally reflect the specialised focus of the visit. An interim analysis of the first 370 returns was made last November; since the end of December all the returns have been analysed. This later analysis did not reveal any substantial changes from the interim findings. It therefore seems reasonable to conclude that the findings on which this report is based are not atypical and that further inspections would not produce dissimilar results.

3. The evidence from direct observation is the crucial element in HMI's argument. Together with the more generalised collective assessment of the LEAs it allows identification of the broad effects of the measures LEAs have felt obliged to take to reduce expenditure. It also highlights issues bearing on the performance of the schools and colleges, though these may not relate solely to financial constraint. The falling school roll is one of these and it should be noted that its major impact is still to come. Side by side with the need for overall reductions, it will involve diseconomies of scale, the impact of which is as yet imperfectly understood, and problems of honouring commitments to pupils in secondary schools who are already embarked on courses of anything from 2 to 7 years' duration.

4. The effects of this year's reductions, even when these are broadly comparable in target and size, vary from LEA to LEA according to the inherited baseline* of provision which, in

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* The term "baseline" is a non-financial one. Throughout this report it refers to assessments of each LEA made by HMI in September 1980 which took account of the effectiveness of the education currently provided and the availability in schools and colleges of appropriate resources, eg teachers, books, materials, equipment. The schools and FE sectors were assessed separately. The LEAs fell into three groups. For the schools' sector some 65% fell within the middle (mid-baseline group), some 20% in the higher (higher-baseline) group and some 15% in the lower (lower-baseline) group. For the FE sector there were 46%, 40% and 14% of LEAs in the corresponding groups. The higher groups were better provided than the middle groups but, in general, not markedly so. The third (lower) groups even in September gave cause for concern. The economies described in this report could lead to some LEAs in the mid-baseline groups moving into the lower group.

some cases, has already taken a series of reductions. The choices open to any LEA similarly vary. This year's picture is therefore as patchy as last year's; but the variations continue and the gaps seem to be widening. These are often obscured in aggregated financial statistics but become apparent in the course of inspection of individual institutions.

5. The current findings accord with the forecasts HMI made in Autumn 1979 and confirm that the LEAs did what they then believed could be done and would have to be done to achieve savings. Many of the reductions forecast for the schools' sector have been made. Again as forecast, non-advanced and advanced further education are now more visibly under financial pressure and are experiencing problems stemming from a combination of economies in provision and changing student demand. The recreational aspect of adult education continues to be a major target of cuts and retrenchment as do youth and community work.

6. In respect of the schools, which give HMI most cause for concern, two things must be stressed. First, it is not possible to disentangle in the returns the results of financial policies and inflation from the effects of falling rolls. Secondly, whereas in the returns on LEAs district inspectors are making some comparison between 1980 and 1979, in the returns on individual schools, HMI are reacting to the 1980 situation as they saw it. Their comments are therefore not directed solely to answering questions about whether or not the standard of educational provision or the quality of education itself has declined since 1979 as a result of financial policies. In the light of the national primary and secondary surveys, they are also concerned with whether the education now provided is good enough. "Satisfactory", as subsequently used in this report in respect of schools means "at least acceptable" by the standards prevailing at the time of the surveys. It does not, however, imply those improvements dependent on resources which were identified in the surveys as desirable or necessary to meet changing expectations.

7. This year's returns make it plain that, particularly in the schools' sector, LEAs and individual institutions have increasingly attempted to plan ahead in such a way as to minimise the effects of the economic situation and of demography. The returns, however, largely antedate the announcement of the later cut of about 1% in expenditure for the financial year 1981/82, and the details of the Rate Support Grant settlement announced on 16th December. Recent evidence suggests that while some authorities are now taking a more optimistic view of what is possible for them, others are considering giving up some previous plans.

## SUMMARY ANALYSIS OF THE CURRENT RETURNS: SCHOOLS

### Teaching staff

8. In nine-tenths of the LEAs there was an overall reduction in teacher numbers in November 1980 as compared with November 1979 that in total amounted nationally to just over 10,000 full-time equivalent posts after allowing for those LEAs where there were small increases in numbers. This reduction coincided with a widespread fall in the school population, largely in primary schools. The picture was more variable in secondary schools. In most LEAs, pupil:teacher ratios remained little altered. In nearly one-sixth of all LEAs (which included all types ) primary or secondary ratios, and in three cases both, worsened within the

range 0.5 to 0.9. About half these LEAs started with pupil:teacher ratios near the national average. The remaining LEAs were equally divided between those which started with more favourable and those which started with less favourable than average ratios. Somewhat under one-fifth of LEAs improved ratios within the range 0.5 to 1.0, but in either primary only or secondary only; these also included all types of authority. Rather more than half were from LEAs with near average pupil:teacher ratios in 1979 and most of the rest were those with more favourable than average ratios in 1979. The overall picture is of a stricter application of teacher staffing formulae than in 1979, with, on balance, a marginal bettering of ratios in primary schools and a marginal worsening in secondary schools. There continue to be considerable variations in ratio from school to school in individual LEAs and from one LEA to another, with many Shire counties being among those with less favourable ratios.

9. Reductions in teaching staff were achieved in a number of ways, some of which have adversely affected the nature of the staffing establishments of individual schools. Natural wastage – where those resigning or retiring are not replaced – was still the most common means of reducing the number of full-time teachers. No enforced redundancies have been reported. The second most common way of reducing the number of teachers in a school was to arrange for one or more to be redeployed; this was usually arranged on a voluntary basis although several returns referred to "power to direct" as a last resort. The large majority of cases of redeployment were within phases, ie primary to primary, secondary to secondary, and there was little reference to special re-training schemes. Reductions in the number of part-time and supply teachers continue but at a lower rate than in previous years when this had already been a major area of saving. There are indications that many LEAs have reached the position where they cannot reduce the level of supply cover further without causing a breakdown in schools' programmes when staff are absent owing to illness or released for in-service training.

10. Reduction through early retirement was considerably more prevalent than in previous years. The numbers accepting early retirement are quite large in some authorities, eg 280, 210, 113, 95 and 90 during the year. Such numbers occurred only in large Shire county and Metropolitan district LEAs. There is more evidence this year of the practice of making temporary appointments, with the consequent difficulty this creates for long-term curricular planning by the schools and the professional disadvantage this involves when the arrangement is applied to probationers.

11. LEAs have taken much trouble to avoid enforced redundancy, but the alternatives – natural wastage, voluntary redeployment and leaving vacancies unfilled – do not make it easy for schools to maintain appropriate cover of the curriculum, to cater for the special needs of pupils, or to plan ahead.

12. Observations on the provision of teaching staff were sent in on some 600 primary, 360 secondary and 40 special schools. In just over 500 of the primary schools and 290 of the secondary schools the staffing observed was assessed as satisfactory. Among these primary schools were 6 cases where staffing levels were being maintained specifically to preserve curricular cover.

13. In the remainder there was evidence of teachers teaching subjects (not only those in which there are national shortages) for which they were inadequately qualified or not qualified

at all; of large teaching groups; and of classes of children widely mixed in ability or age or both. In both primary and secondary schools there were cases where the teachers' collective range of expertise did not match the needs of particular age groups.

14. In the primary schools there was evidence of increasing pressure on heads to undertake heavy teaching responsibilities. Some returns highlighted the dilemma in which schools increasingly find themselves in having to choose between arranging that all classes are of moderate size or accepting larger classes for the most part in order to provide a small remedial class. Adverse effects on the curriculum were noted where the range of specialist knowledge and skills had been reduced as teachers left or were deployed. Science, mathematics, remedial work, craft, PE and music were specifically mentioned in several returns. There was a considerable increase in mixed-age classes, of which teachers had little experience.

15. There was evidence of difficulties in providing specialist cover in middle schools for subjects in addition to those in which there are national shortages of specialists.

16. In the secondary schools the problems referred to included: reduced expertise or lack of expertise in some areas of the curriculum; the existence of a disproportionate number of temporary staff in some departments, including major ones like English; probationers under pressure; staff teaching 35 to 40 (sic) periods in a 40-period week; and teaching groups combining pupils of much wider abilities including mixed target groups in major subjects for public examinations. Many returns indicated a reduced or non-existent specialist cover for minority subjects such as classics, Russian, Italian or geology and reductions in remedial work or courses for older less academic pupils.

17. The stricter application of staffing formulae based on numbers is undoubtedly one cause of the difficulties mentioned. A few authorities have tackled the problem of maintaining specialist cover of the curriculum by introducing a staffing policy based on curricular needs rather than on an overall formula based on pupil:teacher ratios. One or two have maintained a reserve of teachers to fill curricular gaps. Others discriminate positively in favour of small secondary schools or of schools with small sixth forms. In one LEA, special dispensation is given to minority subjects where small teaching groups are recognised as unavoidable. However such action is exceptional and the analysis suggests that even in these authorities further cuts will frustrate these policies.

18. A continued reduction in the employment of part-time teachers and the non-replacement of full-time remedial teachers have made it especially difficult in primary schools, but also in secondary schools, to provide special help (for example, by the withdrawal of slow learning pupils and those with learning difficulties). Additional stimulus on an individual basis for exceptionally able pupils is also more difficult to provide. Some authorities have continued a measure of enhanced staffing for schools serving areas with a concentration of social problems, but others have not been able to maintain existing policies of this kind.

19. The stricter application of staffing formulae, combined with cuts in expenditure on books and materials, has reduced the ability of some secondary schools to provide alternative or specially designed courses for less able pupils. Charging for instrumental music tuition or for swimming has taken these activities also out of the reach of some children. The growing dependence of some primary schools on parental contributions, when added to the constraints

on the numbers of teaching and non-teaching staff, also seems likely to work to the disadvantage of those from families with low incomes and other problems and the less successful pupils.

20. There are no cuts reported in the returns on LEAs or on schools in teaching staffs of special schools, though there have been one or two delays in filling vacancies.

**In-service training**

21. The amount and range of in-service training provided by LEAs were judged satisfactory in about half of them, but across the country reductions have occurred in three ways: the number of secondments to one-year or one-term courses has been reduced in somewhat over a third of LEAs, and cut out altogether in a few; financial assistance with the expenses involved for teachers attending in-service courses of any kind has been reduced in nearly two-fifths of LEAs; and LEAs own in-service programmes have been reduced in nearly one fifth. The reduction in the advisory services leading to the loss of a subject or phase adviser led to gaps in some LEA programmes. Overall there was a substantial swing from courses involving the release of teachers in school time to part-time courses attended in the teachers' own time.

22. As in 1979 there was evidence of reduced take-up of all kinds of in-service training as a result of the problems of reduced supply cover and because of the greater difficulty teachers had in obtaining financial assistance when attending courses. There was evidence of teachers withdrawing applications for courses after early acceptance because their LEA had been unable to afford them financial assistance.

23. Some 540 returns on visits to individual primary schools showed that the arrangements for in-service training were satisfactory in about 400. But the position was less favourable in secondary schools where arrangements were judged satisfactory in about 180 of the 300 schools for which there were returns.

**The induction of probationers**

24. Provision for induction remains at the low level of previous years. Some formerly good schemes have run down. There are one or two exceptions: one Metropolitan district authority has maintained part-time day release for probationers throughout the year, another has appointed an adviser and made some supply cover available. A Shire county authority has restored some of last year's cuts. All these authorities had mid-level to higher baselines of provision. Induction has been affected by the same constraints as in-service training, eg the difficulty of obtaining contributions towards travel costs, reduced numbers of advisory staff and lack of cover for release. An emphasis on school-based induction was often a necessity if the probationer was to receive any support at all. In the 380 returns which referred to induction the provision was regarded as satisfactory in about 150.

**Advisory services**

25. There were reductions in the level of the advisory service in just over a third of the LEAs, but just under one-eighth made slight increases. The improvements in most cases were of one additional appointment in an acknowledged area of need, eg special education, computing. The reductions were largely achieved by freezing posts made vacant by retirement or resignation. In some cases this involved two or three posts in an authority and resulted in teams becoming unbalanced and in gaps in phase or subject coverage. The reductions affected mainly Shire counties and Metropolitan district authorities and occurred mostly in LEAs where the advisory service was at an acceptable* or better level but also in a few where it was not. On the other hand 8 of the authorities with less than the accepted level made slight increases. Few LEAs were judged to provide satisfactory coverage of subjects, but several achieved nominal coverage by making individual advisers carry several responsibilities. Poor coverage was frequently mentioned for mathematics, English, science, modern languages and for phase responsibilities, both primary and secondary.

26. Information was sought on non-teaching staff under five heads: classroom ancillaries, technicians, library assistants, clerical staff and foreign language assistants. Reductions, though difficult to quantify, appear to have occurred on a greater scale than in previous years. About two-thirds of authorities reduced provision in one or more of the five categories. There were fewer cases of reduction in the number of foreign language assistants than in the other four categories. About one-fifth of authorities made reductions in all categories. One or two made slight increases in some. Reductions in just over one-tenth of authorities were described as substantial. The level, distribution and range of non-teaching staff available to schools were described by district inspectors as tolerable or better in two-thirds of LEAs and unsatisfactory in one-third. As with pupil:teacher ratios, the support available to schools varied within a local authority, even where needs appeared to be similar.

27. Observations on the provision of non-teaching staff were returned on nearly 900 schools, primary, secondary and special. They confirm the general picture provided by district inspectors. Special schools were least affected by cuts and secondary schools the most. Methods used to achieve reduction included delays in filling vacancies, reductions in establishments and cuts in hours worked. Primary schools were particularly affected by reduced clerical help or loss of classroom ancillary support, effectively reducing teaching time. There was frequent mention of reduced technical assistance and library support in secondary schools with consequent reduction in servicing of laboratories, workshops and home economics rooms and reduced use of libraries and of reprographic facilities. The number of foreign language assistants was reduced in 1980/81 in just over one third of the authorities (to zero in four). Among the remaining authorities who show no decline are necessarily included some 15 who have not employed any assistants since 1977 and some half-dozen who ceased to employ any in 1979. In total there has been a reduction of about 400 assistants compared with the number employed by LEAs in 1979.

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* For the purposes of this paper HMI is using, in line with the Association of Education Committees' evidence to the 1967-68 Select Committee Enquiry into HM Inspectorate, a basic minimum of 15 advisers per LEA to reflect the range of subjects, aspects and phases, with additional numbers according to size of authority.

**Per-capita funding**

28. In nearly four-fifths of the LEAs the purchasing power of per-capita funding for books, materials and equipment has been reduced compared with that of 1979/80. In a few cases the actual amounts were less than in 1979/80. Rather more than one-tenth of the LEAs made no allowance for inflation and many of the increases were markedly below the rise in prices due to inflation. Generally the supply of books, materials and equipment as observed in visits to schools is slightly less satisfactory in Shire counties than in Metropolitan districts and most favourable in the outer London boroughs and in ILEA.

**Books**

29. District inspectors reported satisfactory provision of books in just over half the LEAs. Of just over 1000 returns on visits to individual schools nearly 700 described the book supply as satisfactory. Included in the 1000 were just over 600 primary, 40 special and just over 350 secondary schools. Nearly five-sixths of the primary and all the special schools were satisfactory. The position in secondary schools gave cause for concern where nearly half the returns were unfavourable. There was evidence of an increase in the extent to which parental funding was being used for the purchase of books. The decline in rolls has eased the position in some schools, especially primary schools. Even so, there was frequent reference to the use of outworn and out-dated books in primary and in secondary schools and to shortages in secondary schools which resulted in sharing text books in class and the curtailment of homework. Inadequate library book-stock was mentioned in many returns.

**Materials and Equipment**

30. The provision of consumable materials, like paper, exercise books, pencils and paint, appeared to have first claim on per-capita allowances and the position is described as generally satisfactory in nearly nine-tenths of LEAs and in about the same proportion of the 1024 schools for which a return was made under this heading. There were, however, many references to the difficulties schools were having in obtaining an adequate range, quantity and quality of material for practical and experimental work, especially at secondary level. It was unusual to find that current needs could be met by drawing on stock built up over the years. The shortages were leading to an increase in demonstration by teachers in science and other practical subjects, and to fewer opportunities for pupils to benefit from carrying out experiments. Equipment was judged satisfactory in schools in about two-thirds of the authorities. Funds raised by parents were often used for the purchase of larger items of equipment. Even so equipment was reported as unsatisfactory in one-fifth of the secondary school returns. The position in primary schools was slightly better. The costs of repairs to or replacements of expensive items could often not be met from available school funds. This becomes an increasing problem as old and worn equipment is not replaced; where it is not working there is a further curtailment of pupils' practical experience. Where there is a lack of technical assistants the problem is aggravated.

31. In special schools per-capita allowances have been maintained at the 1979 level except in isolated cases where cuts of the order of 10% have been made. However these allowances have

not always been sufficient to cover inflation and may be used to cover additional items; the cost of running school-owned transport in some cases. A noticeable feature in these schools is the large amount of money being raised in individual schools or donated by local charities – in one case amounting to four times the per-capita allowance and in another to £20,000 in five years. There was evidence that much of this money was used to purchase essential resources rather than to provide extras.

**Premises**

32. Somewhat over half the LEAs reduced their programme for maintenance of premises and sites and repair and redecoration of premises as compared with their 1979/80 levels. District inspectors described the reduction in three-quarters of these as slight to moderate and in most of the others as substantial. One authority increased its programme substantially in an attempt to reduce a backlog of repairs which has built up over the years. The evidence of the district inspectors' returns points to a continuing low level of maintenance of a considerable number of school premises, together with overdue repairs and a poor state of decoration, in nearly half of the LEAs, even to the extent, exceptionally, of maintenance being restricted to wind-and-weather-proofing only. This may be as much a matter of history as of present policy. For example in another Shire county there are schools which have had no interior decoration for 15 years and HMI has had to point to safety hazards arising from lack of adequate maintenance. In just under a third of LEAs the state of buildings was described as satisfactory in some aspects, unsatisfactory in others. In these there are numerous examples of exterior fabric reasonably maintained but interior minor repairs, heating systems and decoration long overdue for attention. In the remaining LEAs, somewhat over a quarter, the state of school buildings was considered generally satisfactory. Over half of these LEAs had higher baselines of provision and just over a third mid-level baselines.

33. Observations on the state of premises were received on 980 schools. Of these, nearly 300 were described as poor. They included schools in both urban and rural areas, proportionately fewer in the London boroughs but about equally divided between Shire counties and Metropolitan districts. Older school buildings figured largely but, compared with previous years, newer post war buildings were increasingly mentioned as having untreated and rotting wood frames and leaking roofs. Of the 41 special schools on which observations were made the state of the premises was described as poor in 13.

34. The evidence suggests that, as in previous years, maintenance, repair and decoration remain popular targets for savings. Yet some LEAs have managed to retain a satisfactory programme. This again may be as much due to history as to present policy, reflecting past providence. In one Shire county, for example, no neglect was observed and adequate action was taken whenever there was need; and in a Metropolitan district the present general state of maintenance was recorded as good, but with heating systems a matter of concern as winter approached.

**Surplus Accommodation**

35. Information was sought on surplus accommodation noted during routine and formal inspection visits. Returns were received on over 620 primary schools and on 386 secondary

schools. Just under a third of the primary schools had surplus accommodation ranging from 1 to 6 classrooms. In many cases limited spare space was being sensibly utilised for libraries and resource centres, for television lessons or for small-group teaching of pupils with special needs. However, there were cases where rooms were unused or used merely for the storage of surplus furniture. The surplus accommodation was fairly evenly divided between permanent and temporary (hutted) accommodation. There was proportionately less surplus accommodation in the secondary schools visited; indeed there were several cases of over-crowding. About one-tenth had some spare space, some of which had been converted for valuable uses such as drama or teaching English as a second language, and for other groups of pupils with special needs. In other secondary schools spare classrooms were used for storage. One classroom had been converted into a mini-bus garage, another to house the local Young Farmers' Club, one as a creche, and a few were kept available but not used at all. In some instances of unused temporary accommodation, its removal would have released space on cramped sites and provided additional outdoor areas for educational and recreational activities. In such circumstances the cost of removal has, of course, to be weighed against the continuing cost of retention.

36. Compared with last year there was much more vigorous action on the part of LEAs over closures and amalgamation of schools, and many more authorities have firm proposals for future action. Closures or amalgmations, mainly of primary (infant with junior) schools, were reported to have taken place in over a third of authorities. Almost one-seventh of LEAs have published notices which will result in closures or mergers later this year. Just under a third of LEAs have plans for closures and mergers likely to be implemented in 1981/82. Just over a third either have a policy of no closures, or, within an area are taking no action because rolls have not fallen or are not expected to fall. HMI comment particularly on two cases, one a Shire county, the other a Metropolitan district, where viewed objectively, there is considerable scope for closure but local circumstances inhibit action.

**Parental contributions and other sources of funding**

37. Although three authorities discouraged parental contributions, in almost all the schools visited and in almost all authorities there was evidence that contributions from parents in cash, kind or labour continue and that such support is increasingly important to schools. In a few cases Department of Industry funding was used to strengthen links between schools and industry. There were many references to generous help given by parents. Some large schools were seeking the services of special fund-raising agencies and some staff were devoting official time to organising fund-raising activities. The amount of additional income schools obtained varied widely, but in a number of schools it exceeded the annual per-capita allowance.

38. The purposes for which parental contributions were used vary. Four LEAs, though not discouraging parental contributions, sought to confine this extra help to the provision of facilities over and above essential curricularneeds. But the general impression is that heads of both primary and secondary schools have a large degree of latitude and many rely on this additional finance to provide for example new sets of readers or mathematics books, new library books and other teaching materials and equipment. A disturbing outcome of such practice is that it makes more pronounced the difference in levels of resources between schools; large schools become better resourced than small ones, and all types of schools in

areas of socio-economic difficulty tend to remain at a disadvantage compared with schools in favoured areas.

**Other changes in provision**

39. Other changes which LEAs felt obliged to make took a variety of forms and were found in a number of LEAs, with only a few being widespread. Most of these changes were in the form of reductions compared with 1979 levels of provision and included cut-back or discontinuance of linked courses; the reduction or discontinuance of school library services; cuts in the careers services – by a third in one Shire county in the higher baseline group with a careers service that was considered to be at a barely satisfactory level before the reduction – and less drastically in several others; the withdrawal of subsidies for swimming lessons and instrumental music tuition; closure of residential centres; reduction in the number of education welfare officers; and cuts in special education out-county placements. There was a small number of increases in some of these categories of provision.

**Pre-school provision**

40. In one or two authorities the number of nursery places was reduced; in half a dozen others there was a reduction in the level of admission of under-5's. There was a small number of increases in this area of provision where, for example, the entry of under-5's to primary schools had been increased to compensate for a cut-back of nursery places. Overall there was an increase in numbers in nursery classes (5,600 more between January 1979 and January 1980) and there were fewer under-5's in primary schools (nearly 5,000 fewer in the same period).

## CONCLUSIONS

**Primary Schools**

41. The combination of economic constraint and falling rolls is affecting primary schools in a variety of ways. Overall, the number of teachers has fallen yet the pupil:teacher ratio has been slightly improved. Many schools have been able to draw upon stocks of books and the more durable apparatus and equipment built up in past years when the funding provided by per-capita allowances was, in real terms and even in absolute terms, larger, because it related to a larger number of pupils.

42. The overall picture, however, obscures difficulties that individual schools face. The reduction in the number of teachers has been achieved so far without compulsory redundancy, which, though helpful to teachers' morale, has not been without educational cost.

43. Some schools with falling rolls have retained staff who cannot readily be redeployed but others, whether their roll has fallen or not, have not had teachers who left replaced in sufficient numbers to maintain pupil:teacher ratios.

44. In LEAs where there are many small schools but some large ones, it has sometimes proved difficult or impossible to reduce the number of teachers in strict proportion to the fall in rolls across the range of schools and the smaller schools have gained in pupil:teacher ratio at the expense of the larger.

45. Since the resignation and natural retirement of teachers is not within the control of the LEA, and redeployment depends on a multiplicity of factors, a school cannot easily be found a new teacher who precisely fits its needs either in terms of the ages of pupils to be taught or the curricular specialism required. This has an inevitable effect on such a school's ability to improve and even, in some cases, to maintain levels of quality.

46. As numbers of children in primary schools fall, more schools are losing part-time members of staff, many of whom concentrate on children who are finding it difficult to learn to read. This is a particular example of the way in which schools tend to fall back on making common provision for children as resources become tighter. The possibility of dealing with children with any form of learning difficulty or of offering special work for the gifted is reduced. Secondary schools cannot easily make up for this at a later date.

47. The direct effects of economies are felt in some aspects of school work where costs had been directly met by the LEA, such as swimming, instrumental music, field studies; these aspects of the work also rely on the presence of specialists or enthusiasts who may leave and not be replaced.

48. A form of less obvious deterioration arises in the main stream of the schools' work, affecting English and mathematics at least as much as anything else, because of reduced ancillary support for teachers. The reduction of clerical assistance makes claims on heads' time. Moreover, more heads, as schools become smaller, have to take responsibility for a class and are less available to support teachers in the course of their work. In-service training outside the locality is harder to come by and the tendency is towards increasing local differences rather than spreading ideas across local boundaries.

49. The difficulty of maintaining quality is exacerbated by the increasing number of mixed-age classes that have to be formed as rolls fall. As the HMI survey of primary education showed, mixed-age classes of 25 or more children are likely to prove more difficult to teach well than single-age classes.

**Secondary Schools**

50. It has to be remembered that for the majority of schools and LEAs significant contraction in the secondary school population still lies ahead and management of institutional contraction within financial constraints has yet to be undertaken. The observed effects of constraints to date may therefore be more important as symptomatic of the future than the actual level and scale of effects may at first suggest. What now look like limited anxieties could become major problems, unless positive action to counter them can be built into policies.

51. Some problems, for example of staffing mismatch, are getting larger, losses of curricular provision have appeared, and the differences between schools and areas are getting more marked.

52. Visible effects on the curriculum, not in all schools but in enough to cause concern, include:

(i) actual loss of some subjects and opportunities, including foreign languages, some of the humanities, music, craft, design and technology, swimming. Often it is the opportunities of the younger pupils in the secondary school which are curtailed, in respect of subjects or areas of study which are normally introduced at the secondary stage. The curriculum of the less able throughout secondary schools is also frequently constrained. The timescale of courses in secondary schools and their organisation in relation to public examinations at 16 also means that losses cannot quickly be restored for any given age-group of pupils even if the resources of schools subsequently improve;

(ii) a narrowing of the range and content of work within given subjects, eg by reason of loss of individual practical work in science; limitations of materials in art, craft, needlework, CDT, home economics; lack of field-work in geography, and more generally limitations on homework and individual enquiry for want of sufficient and appropriate books and other source materials;

(iii) the limitations on range and quality of work inherent in increasing demands on staff to cover subjects for which they lack qualifications or experience. There are indications that the known difficulties of staffing appropriately subjects such as mathematics and English, as well as minority subjects, are now found elsewhere in the curriculum.

53. Other observed factors which bear on the conditions of teaching and learning and ultimately on standards include:

(i) reduction in the number of teaching groups within a school, leading both to increase in class sizes and to groups combining pupils of much wider abilities and needs, including mixed-target groups in major subjects for public examinations. There is at the same time less remedial teaching for pupils in need of special help;

(ii) the generally increased demands on teachers' energies and resources, including heavier teaching timetables for some teachers, among them probationers, who are also losing other forms of induction support; requirements to teach subjects for which they are not equipped, without appropriate retraining or in-service training.

**General**

54. LEAs have chosen to let the repair, maintenance and redecoration of buildings and other non-teaching costs bear the main burden of cuts. This has helped to ensure that the number of schools in difficulty because of staffing has been kept to a minimum. But the deterioration of some buildings has gone as far as it can without leading to heavy repair bills; the supply of

books and equipment – consumable materials are given priority by schools – is not such that many schools can continue much longer to rely on previously built-up stock.

55. The need to keep a balance between savings in the various aspects of resource provision continues and the balance may have to be adjusted if teachers and pupils are to have tolerable conditions in which to work and a satisfactory range of books, materials and equipment to support their work. Teachers cannot be fully effective if the resources needed to support their teaching are absent or if their qualifications and experience are not matched to what they are asked to teach.

56. The LEA advisory service is not only, on the whole, being reduced but is also having to spend a considerable amount of time in some areas on redeploying teachers rather than advising them on their professional work, either in their schools or by in-service training outside. This is a matter of concern at a time when the advisers' support and guidance to the schools and to individual teachers are and will be increasingly needed.

57. In their visits to institutions HMI's strong impression is of professional commitment and resourcefulness. Nevertheless there is evidence that teachers' morale has been adversely affected in many schools. Its weakening, if it became widespread, would pose a major problem in the effort to maintain present standards, let alone improve them.

58. Most of the above comments relate to effects in terms of the maintenance of school provision as it now exists. They need to be considered also in relation to the likely capacity of teaching staff and advisers to engage in that reappraisal of the curriculum, development of an improved system of assessment and of appropriate public examinations, and response to changing educational needs which are widely recognised as desirable. The legislation following the Warnock Report and the Government's White Paper on "Special Needs in Education" is an immediate claimant. A few authorities are particularly well disposed to plan ahead to meet current difficulties and new needs and it is disturbing that recent adjustments of financial policy, by their timing and scale, risk undermining these intentions. It has also to be recognised that planning has implications for administrative costs and staffing in both authorities and their institutions.

## SUMMARY ANALYSIS OF CURRENT RETURNS: HIGHER AND FURTHER EDUCATION

### General

59. This section of the report is mainly concerned with the effects of expenditure policies on institutions of further and higher education. The information is derived from returns made by district and specialist inspectors on all the local education authorities in England. It also includes information from 67 returns made in September 1980 on enrolments in non-advanced further education, from a detailed study of enrolment at 5 selected colleges carried out in 1979/80 and from 78 returns on the effects of expenditure observed in Autumn term 1980 in the course of routine inspection, both formal and informal, in HFE institutions. In addition, it draws on material assembled by inspectorate specialist committees.

60. The effect of LEA expenditure policies cannot be considered in isolation. Higher and further education are subject to other external pressures which currently influence demand. Among these, industrial recession and youth unemployment have had a marked influence on the range and type of demand by young people in different parts of the country and on their choice of course. The capping of the HE pool has further constrained the provision that might have been made in certain parts of the HFE system.

61. All the evidence available to HMI suggests that most branches of the HFE service have so far been able to accommodate the level of economies imposed upon them. Excepting adult education and certain branches of the youth services, there is no evidence of any general decline in range or performance. This is despite the disturbing signs indicated by HMI last year and the predictions of some LEAs and colleges that radical changes in structure and provisions were unavoidable. However, it is doubtful whether authorities and colleges are taking sufficient notice of the warning signals from the school sector which show that damage may occur unless the operation of making cuts can be conducted in a coherent and orderly manner.

**Courses**

62. Because of the failure of young people to secure employment, many more are now in the market for full-time courses. Recruitment to part-time courses, for students already in employment, has declined rapidly particularly in those areas traditionally associated with heavy industry, largely north of the Wash-Severn line. In national terms, the decrease in enrolment is of the order of 5% but local variations can be as high as 15%. This situation has brought about a marked decrease in demand for some of the courses associated with industrial training. These factors combine to present colleges with difficult problems in maintaining continuity of course provision.

63. Pre-vocational courses of a less specifically vocational but introductory nature are being given increased support by authorities. Sixty-two have retained the same level of funding, in real terms, and seventeen have increased their allocations compared with 1979/80. In some instances students who have followed such courses have experienced difficulties in finding employment locally and this is causing anxiety and discontent to them and their parents.

64. The demand for full-time general education, mainly O and A level, is considerable. Fifty-nine authorities are maintaining the same level of funding as last year, twelve are showing decreased and twelve increased support. Of those authorities showing a decrease, only two did so from the lower base-line group. The increases were made mostly by those authorities in the mid-level base-line group and only one case was recorded of increase from the lower level base-line group.

65. Observations by HMI show that there has been a significant decrease in the volume and pattern of courses for the GCE at ordinary and advanced level. Authorities have operated either by refusing to allow classes to run if numbers were significantly below fifteen or, indirectly, through restricted out-county arrangements and discretionary grant awards.

66. Two authorities are directing prospective students back to school, a further ten are restricting the range of options on offer and three are attempting to rationalize the provision made by schools and FE colleges.

67. Twenty-three authorities, all but one of which fall within the mid or higher base-line group, show reduced expenditure for part-time vocational work. Fifty-eight have maintained an unchanged level of expenditure. The reductions result from a decrease in demand in aggregate which is marked in some regions. Throughout the north and the midlands the problem is more serious; courses in engineering and building are disappearing for lack of sufficient enrolment. On the other hand, for business studies, computing, micro-electronics, electrical engineering and a number of courses serving the more modern industries, demand remains high.

68. With the changing patterns of employment, considerable attention is being given by authorities to the development of Unified Vocational Preparation and Youth Opportunity courses. Through the Manpower Services Commission, forty authorities are increasing expenditure for this work; none has made reductions. The only field in which a decrease has been observed is that of Training Opportunities provision where funds have been diverted, by the Commission, to other forms of training. In the view of HMI, the educational system is meeting the range and amount of these new demands satisfactorily.

69. Twenty-two authorities are providing additional resources to mount new courses for students whose employers agree to meet the full cost; no authority has curtailed this type of provision. Fifteen of these authorities have a deliberate policy of encouraging this work; some use the resources to subsidise other educational programmes. In only one college has HMI observed that so many full cost courses are being run that other courses are being adversely affected.

70. The demand for full-time vocational courses has increased substantially since last year and twenty-four authorities made an increased commitment to them. In only three authorities has funding been cut; none is in the lower level base-line group. The most popular areas of study are those where prospects for subsequent employment still exist, mainly in the service industries. Catering, hairdressing and beautician work are frequently reported as being increasingly popular compared with previous years. HMI report twenty-two colleges where demand for these courses has exceeded the places available.

71. In higher education there are at present no marked signs of reduction, with the exception of programmes for the B.Ed degree. The combination of higher entry requirements and more uncertain teacher employment prospects have caused a fall in recruitment and hence a fall in expenditure levels. Reduced expenditure is recorded in sixteen of the forty-two colleges on which returns were made. In work for other first degrees, both in polytechnics and other colleges, there has been an increase in expenditure in twenty-four authorities. There is no sign as yet of a general move to plan reductions. This information is derived from returns covering twenty-six polytechnics and a further thirty colleges within local authority control.

**Adult Education**

72. Adult education remains the area of FE most seriously affected by expenditure reductions. Forty-nine authorities have further reduced their allocations for general adult education. Of these authorities, nine are in the lower level baseline group. No examples of increase have been recorded. There continue to be overall reductions and concentrations of programmes throughout the country; rigidly applied minimum recruitment criteria are enforced and many minority subject courses have been withdrawn.

**Youth and Community Service**

73. Twenty-seven authorities have reduced their allocations to the Youth and Community Service. The voluntary section of the youth service faces greater difficulties. Many authorities are not increasing their grants towards the salaries of full-time employees to take account of inflation and salary increments. Several authorities have initiated charges or raised existing ones for the use of school premises, a burden which falls heavily on local voluntary units. Restrictions on the use of school premises for evening and week-end functions, the prime aim of which is to save heating and caretaking costs, are adversely affecting both statutory and voluntary provision.

**Out-County Arrangements**

74. Thirty-three authorities are now operating more severe controls on students, both in terms of direction of travel and choice of study. Authorities which gain from the system of "free trade" continue to allow many choices to their own prospective students. Other authorities are ending the free trade agreements with their neighbours. The effects of these policies on the use of existing FE capacity and on the choices available to students are not known quantitatively. It seems likely that they will create a state of considerable imbalance between available resources and student demand in some areas.

**Teaching Staff**

75. In previous years authorities have taken various measures to economise without reducing teaching staff. It is now clear that these cannot alone accommodate the expenditure reductions required. The measures affecting teaching staff are, as yet, based on voluntary redundancy and a deliberate policy of not replacing staff who secure alternative employment. No organised pattern is, therefore, emerging within a particular institution or within an authority. The reductions most easily made continue to be in the part-time staff complement; just under one half of the polytechnics and of other institutions providing higher education have recorded a decrease in expenditure on these staff. The employment of some part-time staff, however, is essential if colleges are to remain flexible in what they offer and able to keep their course-work relevant to the needs of industry. Sixteen polytechnics were recorded as having decreased their expenditure on full-time staff. The cumulative effects of reductions in the AFE pool and in the expenditure determined by the authority have in one case reached the level of requiring upwards of sixty posts to be removed from a total staff complement of the

order of seven hundred: the removal of whole sections of departments is being considered. Most polytechnics are now expected by their authorities to move towards less generous staff: student ratios. Two Shire counties specifically indicate that recent salary awards, including those for part-time teachers, must be reflected in reduced staffing levels.

76. In NAFE there is increased pressure to redeploy staff to meet the increased demand for courses for the less able and for the unemployed in a system which, in general terms, is not over-staffed. HMI has recorded seven cases of colleges where course provision has been restricted and limits have been set to the range of vocational and technical courses as a result of the unselective abolition of staffing posts. There is, at the moment, no particularly strong evidence to show that the performance of the service as a whole is being impaired by staff limitations.

77. In some colleges there are pockets of over-generous staffing, especially in higher education. One problem is that of matching existing staff expertise to current demands, a problem which will be intensified by changes in academic direction required of the service in the next few years.

**Ancillary Staff**

78. Observations on ancillary staff must be considered in the context of the varying range of provision made by authorities in their institutions. In consequence, there are differing degrees of resilience to further reductions.

79. Twenty-six authorities have reduced the numbers of administrative and clerical staff; fifty-four are maintaining last year's numbers. Twenty-one have reduced technical services whilst fifty-eight retain a constant level. Thirteen have reduced library staff. As a general practice, authorities allow vacancies to remain unfilled and, in one polytechnic, the number of unfilled vacancies for technicians is now forty.

**Staff Development**

80. Five authorities record an increase in expenditure on the seconding of staff for teacher training and two an increase for day release and short course activities. Twenty-three have reduced their allocation for secondment and twenty-five for day release and short courses. Only one authority is recorded as continuing its policy of allowing all newly appointed staff to begin initial teacher training within twelve months of appointment. The general impression is that this aspect of education, already modest in proportion, is being reduced and that it is becoming increasingly difficult to maintain and develop the training programme for FE teachers. HMI repeatedly comment on the need for more adequate training of the staff working on UVP/YOP courses.

**Materials, Equipment and Related Provision**

81. In previous years, reductions had already been made in expenditure on materials and equipment. At present one half of authorities are making reductions in consumable materials

and twenty-three in capital equipment for HFE courses. The only marked category of increase in capital expenditure is in HFE where seventeen authorities have increased their expenditure. In some colleges, the increases are made in order to restore a previously unsatisfactory situation. Comments bear out those made in previous years on the obsolescence and worn-out state of much equipment and upon the adverse effects of this both on the range of work available to students and on the degree of respect accorded by industry to the work done by colleges. Members of the HMI Engineering Committee have repeatedly advised authorities that a planned policy for the replacement of such items as machine tools and other major pieces of capital equipment is necessary if appropriate experience of safe and accurate working is to be made available to the students.

82. In the eleven teacher training institutions for which there were returns, the library services had been adversely affected by cuts in expenditure. Restrictions on transport and off-site activities were also producing difficulties. Whilst field work has been safeguarded, economies in arrangements for teaching practice have been made either by using schools near at hand or by rationing supervisory visits.

**Premises**

83. As in previous years, programmes of building maintenance continue to be a major target for economies. Just over one half of authorities, have made decreased allocations for maintenance. Viewed against the background of the varied stock of buildings in use for FE, maintenance and modification programmes are now inadequate even in a service where the tolerance of primitive surroundings is characteristically high.

84. Authorities vary in their capacity to match available premises to the range of courses to be provided. Fifteen authorities have allocated increased expenditure to make redundant schools serviceable for further education and a further seven are acquiring other types of building. Observations by HMI and the Architects and Building Branch of the Department have produced evidence of appreciable under-utilisation which may occur in any part of the HFE system, particularly in areas used for specialist purposes. This problem is more frequently observed in the advanced than in the non-advanced colleges. In some older colleges, in annexes based in old buildings and in less well-maintained temporary accommodation, there are serious problems of suitability for educational use in terms both of the safety and the general well-being of students.

**Discretionary Grants**

85. Just under half of the authorities are showing a decrease in expenditure on discretionary grants. Six authorities have increased expenditure, three from the lower level baseline group. In the remainder, funding is unchanged. Economies are made in different ways. One Metropolitan district, whilst in theory allowing for inflation in calculating its grant, is unable to maintain the total number of grants since the actual increases in fees and travel costs exceed the percentage allowed. Another has been increasing the value of individual grants

whilst decreasing the number awarded so that the total expenditure remains the same. One Shire county has cut both the number of grants awarded and their individual value; another has chosen not to attach any weight to requests from mature students. One Midland authority has placed restrictions on travelling allowances and on awards to overseas students. Twenty-two authorities are recorded as operating selection processes on the criterion that some disciplines are "acceptable" and some "unacceptable". Examples of courses which have not qualified for awards are fine art, music, drama, dance and beautician studies. One Metropolitan district has softened this type of decision by awarding a bursary for courses of this kind as distinct from a full major award. The consequences, in addition to the personal disappointment to students, are becoming evident in recruitment to certain colleges. One college of art has a markedly reduced enrolment to both its art and design course and to that in beauty therapy.

**Research and Consultancy**

86. Eight authorities have reduced support for research work, either in terms of remission of staff teaching duties or direct funding for equipment. No adverse effects on the quality of teaching have so far been observed. The disposition of consultancy fees remains as it was, varying between the retention of all or part of the fee by the authority for general or selective disbursement to the retention of it by the faculty or department for use by its members of staff.

**Careers and Counselling Service provided by the LEAs**

87. Thirteen authorities have spent more on their careers and counselling services. The careers services have been augmented to a marked extent by the addition of staff paid out of funds from the Department of Employment. Despite this funding, three authorities are recorded as falling short of what is considered to be an adequate staffing level, one seriously so.

**Support for Voluntary Organisations**

88. Twenty-eight authorities have decreased their support to voluntary organisations. Only four show an increase in such funding. At the extreme of the range, one Shire county has given no grant at all in the past year and another has made a reduction of one half in the support it gives. It is becoming increasingly common for authorities to charge voluntary organisations more to use premises for educational purposes.

**Conclusions**

89. Whereas FHE institutions are currently holding their own, the rate of adaptation to changes in expenditure and in student demand will require the FHE service to give very much more attention to coherent planning and coordination than in the past. Many of the issues now evident cross both institutional and authority boundaries particularly in the advanced sector. The non-advanced sector has particular problems in that new demands, together with the

cessation of old demands as a result of changes in industry and employment, are not easily interchangeable in resource terms. Problems are beginning to appear where a large and increasing demand for full-time general education draws resources away from the technical and vocational areas which are characteristic of the studies for which FE is traditionally known. Authorities need to be alert to the future calls likely to be made on traditional FE and take care in planning their dispositions that this capacity is preserved and maintained.

90. Given the known duplication of effort between schools and NAFE and between various divisions of advanced and higher education, there is scope for developing a coherent policy carried out at local, regional and national levels which would lead to more economical solutions.

91. Academic and support staff absorb about 70% of the total cost of the HFE system and it is essential that the best use is made of their abilities. The solutions which are available to authorities are limited but could include planned retraining of existing staff for the new range of student demand and better procedures for ensuring increased mobility of staff between institutions.

92. The limitation of expenditure on higher education is having some adverse effects upon teacher training where there is evidence, for example, that the range and scope of courses is being restricted in the important area of school experience. The combined effects of low recruitment and limitations of finance are also creating a threat to the maintenance of some of the essential phase and subject bases for the training of teachers. This may lead to problems in the balance of intake into the school teaching force in years ahead and to a reduction in opportunities for in-service training.

93. In maintaining and developing their work institutions are having to take very much more account of the efficient disposition and inter-relationships of their various resources, eg teaching and other staff; technical facilities. These are also matters of concern to the validating bodies who act independently and only in parts of the FHE service. They need to be alert to the economic situation as it affects the whole institution and to act with moderation towards the attempts being made to improve institutional efficiency.

94. The youth service is reducing provision because of the freezing of full-time posts, cuts in part-time leadership and restrictions on the use of school buildings. These follow cuts from the previous three years but most authorities and voluntary bodies are still managing to preserve the basic elements of the service. Adult education has undoubtedly been subjected to severe cuts, particularly in those forms of education with a predominantly recreational or social purpose. There have been some compensatory developments in self-financing ventures.

1
Education

PRIME MINISTER

Education Supply Day: Thursday 5 March

The Opposition motion is as follows:-

> This House, recognising the direct relationship between the maintenance and enhancement of educational standards and an appropriate investment of resources, and the fundamental importance of this investment in the struggle for national economic recovery, notes with grave concern the report by HM Inspectorate on "The Effects on the Education Service in England of Local Authority expenditure policies - Financial Year 1980-81" and calls upon Her Majesty's Government to undertake positive action to safeguard standards of provision, opportunity and performance in education.

Mr. Carlisle suggests the following Government amendment:

> This House notes the report by the HM Inspectorate on the 'Effects on the education service in England of local education expenditure policies - financial year 1980/81'; and, whilst recognising the need to restrain public expenditure, expresses confidence in the ability of the education service in England, through the co-operation of all its partners, to secure maximum educational value from the extensive resources which continue to be available to it.

The DES have sharpened up an earlier draft, and I think that this one will now do. Content?

Yes MS

told P Shaw by phone
MS 4/3

3 March 1981

MS

DEPARTMENT OF EDUCATION and SCIENCE

Elizabeth House York Road London SE1 7PH Telephone 01-928 9222

PRESS NOTICE

Expenditure per pupil chart
Dear Leo enclosed with Lord Please
for Tuesday. mb.

PA (CF file) MS 4/3 2
PRIME MINISTER
This HMI document on the effect of education cuts will cause a fuss. The quotable part is paras 35-56.
MS

13 FEBRUARY 1981

HMI DRAFT REPORT ON EDUCATION EXPENDITURE

A draft report* by Her Majesty's Inspectorate on the effects local authority expenditure policies in the 1980-81 financial year are having upon the education service in England was today made available to the members of the Expenditure Steering Group - Education (ESGE).

The draft report is mainly concerned with schools and maintained colleges of further and higher education, and the effects upon them of changes made in the level of provision of resources compared with 1979-80.

HMI have been reporting on the expenditure policies of LEAs since 1974 but this is the first time such a report is to be published and a final version is expected to be available from 23 February. The Rt Hon Mark Carlisle, Secretary of State for Education and Science, has agreed to publish the 1980-81 report following requests from the local authority associations for it to be made more widely available.

Copies of the final version of the report when published will be available free from the Publications Despatch Centre, Department of Education and Science, Honeypot Lane, Canons Park, Stanmore, Middlesex HA7 1AZ.

NOTE TO EDITORS

The Expenditure Steering Group - Education is a joint DES/local authority associations group at official level. It is chaired by a DES senior official and is a sub-group (as are equivalent groups for other local authority services) of the Consultative Council on Local Government Finance. Its prime task is to monitor trends in LEA expenditure as part of the process of consultations leading to the Government's decision on the annual Rate Support Grant settlement.

* Draft Report by HMI on the Effects on the Education Service in England on Local Authority Expenditure Policies - Financial Year 1980-81.

# REPORT BY HMI ON THE EFFECTS ON THE EDUCATION SERVICE IN ENGLAND OF LOCAL AUTHORITY EXPENDITURE POLICIES - FINANCIAL YEAR 1980-81

## INTRODUCTION

1. This is the fourth in a series of short annual reports that HMI has presented to the Expenditure Steering Group (Education) recording the effects of LEA expenditure policies on the education service in England. The same methods have been used as in previous years, bringing together two main sources of information and assessment:

i. returns based on HMI's observations made during the Autumn term 1980 in the course of routine and full inspection visits to some 660 primary and special schools, some 380 secondary schools and some 80 colleges of higher and further education;

ii. returns on all LEAs in England made in November 1980 by district inspectors, based on information currently available to them and their teams. Some comparisons were made with the position in Autumn 1979.

2. The returns on the schools and colleges, though not statistically representative nationally, or of any one local authority, constitute a typical cross-section of HMI's inspections. An interim analysis of the first 370 returns was made last November; since the end of December all the returns have been analysed. This later analysis did not reveal any substantial changes from the interim findings. It therefore seems reasonable to conclude that the findings on which this report is based are not atypical and that further inspections would not produce dissimilar results.

3. The evidence from direct observation is the crucial element in HMI's argument. Together with the more generalised collective assessment on the LEAs it allows identification of the broad effects of the measures LEAs have felt obliged to take to reduce expenditure. It also highlights issues bearing on the performance of the schools and colleges, though these may not relate solely to financial constraint. The falling school roll is one of these and it should be noted that its major impact is still to come. Side

by side with the need for overall reductions, it will involve diseconomies of scale, the impact of which is as yet imperfectly understood, and problems of honouring commitments to pupils in secondary schools who are already embarked on courses of anything from 2 to 7 years duration.

4. The effects of this year's reductions, even when these are broadly comparable in target and size, vary from LEA to LEA according to the inherited baseline* of provision which, in some cases, has already taken a series of of reductions. The choices open to any LEA similarly vary. This year's picture is therefore as patchy as last year's; but the variations continue and the gaps seem to be widening. These are often obscured in aggregated financial statistics but become apparent in the course of inspection of individual institutions.

5. The current findings accord with the forecasts HMI made in Autumn 1979 and confirm that the LEAs did what they then believed could be done and would have to be done to achieve savings. Many of the reductions forecast for the schools' sector have been made. Again as forecast, non-advanced and advanced further education are now more visibly under financial pressure and are experiencing problems stemming from a combination of economies in provision and changing student demand. The recreational aspect of Adult education continues to be a major target of cuts and retrenchment as do youth and community work.

6. In respect of the schools, which give HMI most cause for concern, two things must be stressed. First, it is not possible to disentangle the results of financial policies and inflation from the effects of falling rolls. Secondly, whereas in the returns on LEAs district inspectors are making some comparison between 1980 and 1979, in the returns on individual schools, HMI are reacting to the 1980 situation as they saw it. Their comments are therefore not directed solely to answering questions about whether or not the standard of educational provision or the quality of education itself has declined since 1979 as a result of financial policies. In the light of the national primary and secondary surveys, they are concerned with whether or not the education now provided is good enough.

*The term "baseline" used throughout this report refers to assessments of each LEA made by HMI in September 1980 which took account of the effectiveness of the education currently provided and the availability of appropriate resources. The schools and FE sectors were assessed separately. The LEAs fell into three groups. For the schools sector some 65% fell within the middle (mid-baseline group), some 20% in the higher (higher-baseline) group and some 15% in the lower (lower-baseline) group. For the FE sector in the corresponding groups were 46%, 40% and 14% of LEAs. The higher groups were better provided than the middle groups but, in general, not markedly so. The third (lower) groups even in September gave cause for concern. The economies described in this report could lead to some LEAs in the mid-baseline groups moving into the lower group.

7. This year's returns make it plain that, particularly in the schools sector, LEAs and individual institutions have increasingly attempted to plan ahead in such a way as to minimise the effects of the economic situation and of demography. The returns, however, largely antedate the announcement of the later cut of about 1% in expenditure for the financial year 1981/82, and the details of the Rate Support Grant settlement announced on the 16th December. Recent evidence suggests that while some authorities are now taking a more optimistic view of what is possible for them, others are considering giving up some previous plans.

SUMMARY ANALYSIS OF THE CURRENT RETURNS: SCHOOLS

Teaching staff

8. In nine-tenths of the LEAs there was an overall reduction in teacher numbers in November 1980 as compared with November 1979 that in total amounted nationally to just over 10,000 full-time equivalent posts after allowing for those LEAs where there were small increases in numbers. This reduction coincided with a widespread fall in the school population, largely in primary schools. The picture was more variable in secondary schools. In most LEAs, pupil:teacher ratios remained little altered. In nearly one-sixth of all types of LEAs, primary or secondary ratios, and in three cases both, worsened within the range 0.5 to 0.9. About half these LEAs started with pupil:teacher ratios near the national average. The remaining LEAs were equally divided between those which started with more favourable and those which started with less favourable than average ratios. Somewhat under one-fifth of LEAs improved ratios within the range 0.5 to 1.0, but in either primary only or secondary only; these also included all types of authority. Rather more than half were from LEAs with near average pupil:teacher ratios in 1979 and most of the rest were those with more favourable than average ratios in 1979. The overall picture is of a stricter application of teacher staffing formulae than in 1979, with, on balance, a marginal bettering of ratios in primary schools and a marginal worsening in secondary schools. There continue to be considerable variations in ratio from school to school in individual LEAs, and from one LEA to another, with many Shire counties being among those with less favourable ratios.

9. Reductions in teaching staff were achieved in a number of ways, some of which have adversely affected the nature of the staffing establishments of individual schools. Natural wastage - where those resigning or retiring are not replaced - was still the most common means of reducing the number of full-time teachers. No enforced redundancies have been reported. The second most common way of reducing the number of teachers in a school was to arrange for one or more to be redeployed; this was usually arranged on a voluntary basis although several returns referred to "power to direct" as a last resort. The large majority of cases of redeployment were within phases, ie primary to primary, secondary to secondary and there was little reference to special re-training schemes. Reductions in the number of part-time and supply teachers continue but at a lower rate than in previous years when this had already been a major area of saving. There are indications that many LEAs have reached the position where they cannot reduce the level of supply cover further without causing a breakdown in schools' programmes when staff are absent owing to illness or released for in-service training.

10. Reduction through early retirement was considerably more prevalent than in previous years. The numbers accepting early retirement are quite large in some authorities, eg 280, 210, 113, 95 and 90 during the year. There is more evidence this year of the practice of making temporary appointments, with the consequent difficulty this creates for long-term curricular planning by the schools and the professional disadvantage this involves when the arrangement is applied to probationers.

11. LEAs have taken much trouble to avoid enforced redundancy, but the alternatives - natural wastage, voluntary redeployment and leaving vacancies unfilled - do not make it easy for schools to maintain appropriate cover of the curriculum, to cater for the special needs of pupils, or to plan ahead.

12. Observations on the provision of teaching staff were sent in on some 600 primary, 360 secondary and 40 special schools. In just over 500 of the primary schools and 290 of the secondary schools the staffing was assessed as satisfactory. Among these primary schools were 6 cases where staffing levels .... of } 14.
13. In the remainder there was evidence of teachers teaching subjects (not only those in which there are national shortages) for which they were inadequately qualified or not qualified at all; of large teaching groups; and of classes of children widely mixed in ability or age or both. In

both primary and secondary schools there were cases where the teachers' collective range of expertise did not match the needs of particular age groups.

14. In the primary schools there was evidence of increasing pressure on heads to undertake heavy teaching responsibilities. About half a dozen returns indicated that staffing levels were being maintained specifically to preserve curricular cover. Some returns highlighted the dilemma in which schools increasingly find themselves in having to choose between arranging that all classes are of moderate size or accepting larger classes for the most part in order to provide a small remedial class. Adverse effects on the curriculum were noted where the range of specialist knowledge and skills had been reduced as teachers left or were redeployed. Science, mathematics, remedial work, craft, PE and music were specifically mentioned in several returns. There was a considerable increase in mixed-age classes, of which teachers had little experience.

Insert at the end of 12.

15. There was evidence of difficulties in providing specialist cover in middle schools for subjects in addition to those in which there are national shortages of specialists.

16. In secondary schools the problems referred to included: reduced expertise or lack of expertise in some areas of the curriculum; the existence of a disproportionate number of temporary staff in some departments, including major ones like English; probationers under pressure; staff teaching 35 to 40 (sic) periods in a 40-period week; and teaching groups combining pupils of much wider abilities including mixed target groups in major subjects for public examinations. Many returns indicated a reduced or non-existent specialist cover for minority subjects such as classics, Russian, Italian or geology and reductions in remedial work or courses for older less academic pupils.

17. The stricter application of staffing formulae based on numbers is undoubtedly one cause of the difficulties mentioned. A few authorities have tackled the problem of maintaining specialist cover of the curriculum by introducing a staffing policy based on curricular needs rather than on an overall formula based on pupil:teacher ratios. One or two have maintained a reserve of teachers to fill curricular gaps. Others discriminate positively in favour of small secondary schools or of schools with small sixth forms. In one LEA, special dispensation is given to minority subjects where small teaching groups are recognised as unavoidable. However such action is

exceptional and the analysis suggests that even in these authorities further cuts will frustrate these policies.

18. A continued reduction in the employment of part-time teachers and the non-replacement of full-time remedial teachers have made it especially difficult in primary schools, but also in secondary schools, to provide special help (for example, by the withdrawal of slow learning pupils and those with learning difficulties). Additional stimulus on an individual basis for exceptionally able pupils is also more difficult to provide. Some authorities have continued a measure of enhanced staffing for schools serving areas with a concentration of social problems, but others have not been able to maintain existing policies of this kind.

19. The stricter application of staffing formulae, combined with cuts in expenditure on books and materials, has reduced the ability of some secondary schools to provide alternative or specially designed courses for less able pupils. Charging for instrumental music tuition or for swimming has taken these activities also out of the reach of some children. The growing dependence of some primary schools on parental contributions, when added to the constraints on the numbers of teaching and non-teaching staff, also seems likely to work to the disadvantage of the less successful pupils and those from families with low incomes and other problems.

20. There are no cuts reported in teaching staffs in special schools, though there have been one or two delays in filling vacancies.

In-service training

21. Reductions in in-service training have occurred in three ways: the number of secondments to one-year or one-term courses has been reduced in somewhat over a third of LEAs, and cut out altogether in a few; financial assistance with the expenses involved for teachers attending in-service courses of any kind has been reduced in nearly two-fifths of LEAs; and LEAs' own in-service programmes have been reduced in nearly one-fifth. The overall picture is of a substantial swing from courses involving the release of teachers in school time to part-time courses attended in the teachers' own time. The amount and range of provision were judged satisfactory in about half of the LEAs. Some 540 returns on visits to individual primary schools showed that the arrangements for in-service training were satisfactory in about 400. But the position was less favourable in secondary schools where arrangements were judged satisfactory in about 180

insert link here.

of the 300 schools for which there were returns. As in 1979 there was evidence of reduced take-up of all kinds of in-service training as a result of the problems of reduced supply cover and because of the greater difficulty teachers had in obtaining financial assistance when attending courses. There was evidence of teachers withdrawing applications for courses after early acceptance because their LEA had been unable to afford them financial assistance. The reduction in the advisory services leading to the loss of a subject or phase adviser also led to gaps in LEA programmes.

The induction of probationers

22. Provision for induction remains at the low level of previous years. Some formerly good schemes have run down. There are one or two exceptions: one Metropolitan district authority has maintained part-time day release for probationers throughout the year, another has appointed an adviser and made some supply cover available. A Shire county authority has restored some of last year's cuts. All these authorities had mid-level to higher baselines of provision. Induction has been affected by the same constraints as in-service training, eg the difficulty of obtaining contributions towards travel costs, reduced numbers of advisory staff and lack of cover for release. An emphasis on school-based induction was often a necessity if the probationer was to receive any support at all. In the 380 returns which referred to induction the provision was regarded as satisfactory in about 150.

Advisory services

23. There were reductions in the level of the advisory service in just over a third of the LEAs, but just under one-eighth made slight increases. The improvements in most cases were of one additional appointment in an acknowledged area of need, eg special education, computing. The reductions were largely achieved by freezing posts made vacant by retirement or resignation. In some cases this involved two or three posts in an authority and resulted in teams becoming unbalanced and in gaps in phase or subject coverage. The reductions affected mainly Shire counties and Metropolitan district authorities and occurred mostly in LEAs where the advisory service was at an acceptable*

*For the purposes of this paper HMI are using the National Association of Inspectors and Educational Advisers' recommendation of one adviser to 20,000 of the total population of an LEA, with a minimum of 15 advisers to cover the range of subjects, aspects and phases.

level but also in a few where it was not. On the other hand 8 of the authorities with less than the accepted level made slight increases. Few LEAs were judged to provide satisfactory coverage of subjects, but several achieved nominal coverage by making individual advisers carry several responsibilities. Poor coverage was frequently mentioned for mathematics, English, science, modern languages and for phase responsibilities, both primary and secondary.

Non-teaching staff

24. Reduction in the provision of non-teaching staff, though difficult to quantify, appears to have occurred on a greater scale than in previous years. About two-thirds of authorities reduced provision in one or more of the five categories about which information was sought: classroom ancillaries, technicians, library assistants, clerical staff and foreign language assistants. There were fewer cases of reduction in the number of foreign language assistants than in the other four categories. About one-fifth of authorities made reductions in all categories. One or two made slight increases in some. Reductions in just over one-tenth of authorities were described as substantial. The level, distribution and range of non-teaching staff available to schools were described by district inspectors as tolerable or better in two-thirds of LEAs and unsatisfactory in one-third. As with pupil:teacher ratios, the support available to schools varied within a local authority, even where needs appeared to be similar.

25. Observations on the provision of non-teaching staff were returned on nearly 900 schools, primary, secondary and special. They confirm the general picture provided by district inspectors. Special schools were least affected by cuts and secondary schools the most. Methods used to achieve reduction included delays in filling vacancies, reductions in establishments and cuts in hours worked. Primary schools were particularly affected by reduced clerical help or loss of classroom ancillary support, effectively reducing teaching time. There was frequent mention of reduced technical assistance and library support in secondary schools with consequent reduction in servicing of laboratories, workshops and home economics rooms and reduced use of libraries and of reprographic facilities. The number of foreign language assistants has been reduced in just over one third of the authorities (to zero in a few). Among the remaining authorities who show no decline are necessarily included those half dozen who did not employ any foreign

language assistants in 1979. In total there has been a reduction of about 400 assistants compared with the number employed by LEAs in 1979.

Per-capita funding

26. In nearly four-fifths of the LEAs the purchasing power of per-capita funding for books, materials and equipment has been reduced compared with that of 1979/80. In a few cases the actual amounts were less than in 1979/80. Rather more than one-tenth of the LEAs made no allowance for inflation and many of the increases were markedly below the rise in prices due to inflation. Generally the supply of books, materials and equipment as observed in visits to schools is slightly less satisfactory in Shire counties than in Metropolitan districts and most favourable in the outer London boroughs and in ILEA.

Books

27. District inspectors reported satisfactory provision of books in just over half the LEAs. Of about 1000 returns on visits to individual schools, 700, of which 450 were primary schools, described the book supply as satisfactory. The position was more serious in secondary schools: nearly half the returns on over 350 secondary schools were unfavourable.

The 40 special schools were satisfactorily provided for. There was evidence of an increase in the extent to which parental funding was being used for the purchase of books. The decline in rolls has eased the position in some schools, especially primary schools. Even so, there was frequent reference to the use of outworn and out-dated books in primary and in secondary schools and to shortages in secondary schools which resulted in sharing text books in class and the curtailment of homework. Inadequate library book-stock was mentioned in many returns.

Materials and Equipment

28. The provision of consumable materials appeared to have first claim on per-capita allowances and the position is generally described as satisfactory in nearly nine-tenths of LEAs and in about the same proportion of the 1,024 schools for which a return was made under this heading. There were, however, many references to the difficulties schools were having in obtaining an adequate range, quantity and quality of material for practical and experimental

work, especially at secondary level. It was unusual to find that current needs could be met by drawing on stock built up over the years. The shortages were leading to an increase in demonstration by teachers in science and other practical subjects, and to fewer opportunities for pupils to benefit from carrying out experiments. Equipment was judged satisfactory in schools in about two-thirds of the authorities. Funds raised by parents were often used for the purchase of larger items of equipment. Even so equipment was reported as unsatisfactory in one-fifth of the secondary school returns. The position in primary schools was slightly better. The costs of repairs to or replacements of expensive items could often not be met from available school funds. This becomes an increasing problem as old and worn equipment is not replaced; where it is not working there is a further curtailment of pupils' practical experience. Where there is a lack of technical assistants the problem is aggravated.

29. A noticeable feature in special schools is the large amount of money being raised in individual schools or donated by local charities - in one case amounting to four times the per-capita allowance and in another to £20,000 in FIVE years. There was evidence that much of this money was used to purchase essential resources rather than to provide extras.

Premises

30. Somewhat over half the LEAs reduced their programme for maintenance of premises and sites and repair and redecoration of premises as compared with their 1979/80 levels. District inspectors described the reduction in three-quarters of these as slight to moderate and in most of the others as substantial. One authority increased its programme substantially in an attempt to reduce a backlog of repairs which has built up over the years. The evidence of the district inspectors' returns points to a continuing low level of maintenance of a considerable number of school premises, together with overdue repairs and a poor state of decoration, in nearly half of the LEAs, even to the extent, exceptionally, of maintenance being restricted to wind- and-weather-proofing only. This may be as much a matter of history as of present policy. For example in another Shire county the schools have had no interior decoration for 15 years and HMI has had to point to safety hazards arising from lack of adequate maintenance. In just under a third of LEAs the state of buildings was described as satisfactory in some aspects, unsatisfactory in others. In these there are numerous examples of exterior fabric reasonably maintained but interior minor repairs, heating systems and decoration long overdue for attention. In the remaining LEAs, somewhat over a quarter, the state of school buildings was considered generally

satisfactory. Over half of these LEAs had higher baselines of provision and just over a third mid-level baselines.

31. Observations on the state of premises were received on 980 schools. Of these, nearly 300 were described as poor. They included schools in both urban and rural areas, proportionately fewer in the London boroughs but about equally divided between Shire counties and Metropolitan districts. Older school buildings figured largely but, compared with previous years, newer post war buildings were increasingly mentioned as having untreated and rotting wood frames and leaking roofs. Of the 41 special schools on which observations were made the state of the premises was described as poor in 13.

32. The evidence suggests that, as in previous years, maintenance, repair and decoration remain popular targets for savings. Yet some LEAs have managed to retain a satisfactory programme. This again may be as much due to history as to present policy, reflecting past providence. In one Shire county, for example, no neglect was observed and adequate action was taken whenever there was need; and in a Metropolitan district the present general state of maintenance was recorded as good, but with heating systems a matter of concern as winter approached.

Surplus Accommodation

33. Information was sought on surplus accommodation noted during routine and formal inspection visits. Returns were received on over 620 primary schools and on 386 secondary schools. Just under a third of the primary schools had surplus accommodation ranging from 1 to 6 classrooms. In many cases limited spare space was being sensibly utilised for libraries and resource centres, for television lessons or for small-group teaching of pupils with special needs. However, there were cases where rooms were unused or used merely for the storage of surplus furniture. The surplus accommodation was fairly evenly divided between permanent and temporary (hutted) accommodation. There was proportionately less surplus accommodation in the secondary schools visited; indeed there were several cases of over-crowding. About one-tenth had some spare space, some of which had been converted for valuable uses such as drama or teaching English as a second

language, and for other groups of pupils with special need. In other secondary schools spare classrooms were used for storage. One classroom had been converted into a mini-bus garage, another to house the local Young Farmers' Club, one as a creche, and a few were kept available but not used at all. In some instances of unused temporary accommodation, its removal would have released space on cramped sites and provided additional outdoor areas for educational and recreational activities. In such circumstances the cost of removal has, of course, to be weighed against the continuing cost of retention.

34. Compared with last year there was much more vigorous action on the part of LEAs over closures and amalgamation of schools, and many more authorities have firm proposals for future action. Closures or amalgamations, mainly of primary (infant with junior) schools, were reported to have taken place in over a third of authorities. Almost one-seventh of LEAs have published notices which will result in closures or mergers later this year. Just under a third of LEAs have plans for closures and mergers likely to be implemented in 1981/82. Just over a third either have a policy of no closures, or are taking no action, in some cases because rolls have not fallen or are not expected to fall. In two cases, one a Shire county, the other a Metropolitan district, HMI report considerable scope for closure but local circumstances which inhibit action.

Parental contributions and other sources of funding

35. Although three authorities discouraged parental contributions, in almost all the schools visited and in almost all authorities there was evidence that contributions from parents in cash, kind or labour continue and that such support is increasingly important to schools. In a few cases Department of Industry funding was used to strengthen links between schools and industry. There were many references to generous help given by parents. Some large schools were seeking the services of special fund-raising agencies and some staff were devoting official time to organising fund-raising activities. The amount of additional income schools obtained varied widely, but in a number of schools it exceeded the annual per-capita allowance.

36. The purposes for which parental contributions were used vary. Four LEAs, though not discouraging parental contributions, sought to confine this extra help to the provision of facilities over and above essential curricular needs. But the general impression is that heads of both primary and secondary schools have a large degree of latitude and many rely on this additional finance for example to provide new sets of readers or mathematics books, new library books and other teaching materials and equipment. A disturbing outcome of such practice is that it makes more pronounced the difference in levels of resources between schools; large schools become better resourced than small ones, and all types of schools in areas of socio-economic difficulty tend to remain at a disadvantage compared with schools in favoured areas.

Other changes in provision

37. Other changes took a variety of forms and were found in a number of LEAs, with only a few being widespread. Most of these changes were in the form of reductions compared with 1979 levels of provision and included cut-back or discontinuance of linked courses; the reduction or discontinuance of school library services; cuts in the careers services - by a third in one Shire county in the higher baseline group with a careers service that was considered to be at a barely satisfactory level before the reduction - and less drastically in several others; the withdrawal of subsidies for swimming lessons and instrumental music tuition; closure of residential centres; reduction in the number of education welfare officers; and cuts in special education out-county placements. There was a small number of increases in some of these categories of provision.

Pre-school provision

38. In one or two authorities the number of nursery places was reduced; in half a dozen others there was a reduction in the level of admission of under-5's. There was a small number of increases in this area of provision where, for example, the entry of under-5's to primary schools had been increased to compensate for a cut-back of nursery places. Overall there was an increase in numbers in nursery classes (5,600 more between January 1979 and January 1980) and there were fewer under-5's in primary schools (nearly 5,000 fewer in the same period).

CONCLUSIONS

Primary Schools

39. The combination of economic constraint and falling rolls is affecting primary schools in a variety of ways. Overall, the number of teachers has fallen yet the pupil:teacher ratio has been slightly improved. Many schools have been able to draw upon stocks of books and the more durable apparatus and equipment built up in past years when the funding provided by per-capita allowances was, in real terms and even in absolute terms, larger, because it related to a larger number of pupils.

40. The overall picture, however, obscures difficulties that individual schools face. The reduction in the number of teachers has been achieved so far without compulsory redundancy, which, though helpful to teachers' morale, has not been without educational cost.

41. Some schools with falling rolls have retained staff who cannot readily be redeployed but others, whether their roll has fallen or not, have not had teachers who left replaced in sufficient numbers to maintain pupil:teacher ratios.

42. In LEAs where there are many small schools but some large ones, it has sometimes proved difficult or impossible to reduce the number of teachers in strict proportion to the fall in rolls across the range of schools and the smaller schools have gained at the expense of the larger.

43. Since the resignation and natural retirement of teachers is not within the control of the LEA, and redeployment depends on a multiplicity of factors, a school cannot easily be found a new teacher who precisely fits its needs either in terms of the ages of pupils to be taught or the curricular specialism required. This has an inevitable effect on such a school's ability to improve and even, in some cases, to maintain levels of quality.

44. As numbers of children in primary schools fall, more schools are losing part-time members of staff, many of whom concentrate on children who are finding it difficult to learn to read. This is a particular example of the way in which schools tend to fall back on making common provision for children as resources become tighter. The possibility of dealing with children with

any form of learning difficulty or of offering special work for the gifted is reduced. Secondary schools cannot easily make up for this at a later date.

45. The direct effects of economies are felt in some aspects of school work where costs have been directly met by the LEA, such as swimming, instrumental music, field studies; these aspects of the work also rely on the presence of specialists or enthusiasts who may leave and not be replaced.

46. A form of less obvious deterioration arises in the main stream of the schools' work, affecting English and mathematics at least as much as anything else, because of reduced ancillary support for teachers. The reduction of clerical assistance makes claims on heads' time. Moreover, more heads, as schools become smaller, have to take responsibility for a class and are less available to support teachers in the course of their work. In-service training outside the locality is harder to come by and the tendency is towards increasing local differences rather than spreading ideas across local boundaries.

47. The difficulty of maintaining quality is exacerbated by the increasing number of mixed-age classes that have to be formed as rolls fall. As the HMI survey of primary education showed, mixed-age classes of 25 or more children are likely to prove more difficult to teach well than single-age classes.

Secondary Schools

48. It has to be remembered that for the majority of schools and LEAs significant contraction in the secondary school population still lies ahead and management of institutional contraction within financial constraints has yet to be undertaken. The observed effects of constraints to date may therefore be more important as symptomatic of the future than the actual level and scale of effects may at first suggest. What now look like limited anxieties could become major problems, unless positive action to counter them can be built into policies.

49. Some problems, for example of staffing mismatch, are getting larger, losses of curricular provision have appeared, and the differences between schools and areas are getting more marked.

50. Visible effects on the curriculum, not in all schools but in enough to cause concern, include:

(i) actual loss of some subjects and opportunities, including foreign languages, some of the humanities, music, CDT,* swimming. Often it is the opportunities of the younger pupils in the secondary school which are curtailed, in respect of subjects or areas of study which are normally introduced at the secondary stage. The curriculum of the less able throughout secondary schools is also frequently constrained. The timescale of courses in secondary schools and their organization in relation to public examinations at 16 also means that losses cannot quickly be restored for any given age-group of pupils even if the resources of schools subsequently improve;

(ii) a narrowing of the range and content of work within given subjects, eg by reason of loss of individual practical work in science; limitations of materials in art, craft, needlework, CDT, home economics; lack of field-work in geography, and more generally limitations on homework and individual enquiry for want of sufficient and appropriate books and other source materials;

(iii) the limitations on range and quality of work inherent in increasing demands on staff to cover subjects for which they lack qualifications or experience. There are indications that the known difficulties of staffing appropriately subjects such as mathematics and English, as well as minority subjects, are now found elsewhere in the curriculum.

51. Other observed factors which bear on the conditions of teaching and learning and ultimately on standards include:

(i) reduction in the number of teaching groups within a school, leading both to increase in class sizes and to groups combining pupils of much wider abilities and needs, including mixed-target groups in major subjects for public examinations. There is at the same time less remedial teaching for pupils in need of special help;

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* craft, design and technology.

(ii) the generally increased demands on teachers' energies and resources, including heavier teaching timetables for some teachers, among them probationers, who are also losing other forms of induction support; requirements to teach subjects for which they are not equipped, without appropriate retraining or in-service training.

General

52. LEAs have chosen to let the redecoration of buildings and other non-teaching costs bear the main burden of cuts. This has helped to ensure that the number of schools in difficulty because of staffing has been kept to a minimum. But the deterioration of some buildings has gone as far as it can without leading to heavy repair bills; the supply of books and equipment - consumable materials are given priority by schools - is not such that many schools can go on indefinitely relying on previously built-up stock.

53. The need to keep a balance between savings in the various aspects of resource provision continues and the balance may have to be adjusted if teachers and pupils are to have tolerable conditions in which to work and a satisfactory range of books, materials and equipment to support their work. Teachers cannot be fully effective if the resources needed to support their teaching are absent or if their qualifications and experience are not matched to what they are asked to teach.

54. The LEA advisory service is not only, on the whole, being reduced but is also having to spend a considerable amount of time in some areas on redeploying teachers rather than on advising them in their professional work, either in their schools or by in-service training outside. This is a matter of concern at a time when the advisers' support and guidance to the schools and to individual teachers are and will be increasingly needed.

55. In their visits to institutions HMI's strong impression is of professional commitment and resourcefulness. Nevertheless there is evidence that teachers' morale has been adversely affected in many schools. Its weakening, if it became widespread, would pose a major problem in the effort to maintain present standards, let alone improve them.

56. Most of the above comments relate to effects in terms of the maintenance of school provision as it now exists. They need to be considered also in relation to the likely capacity of teaching staff and advisers to engage in that reappraisal of the curriculum, development of an improved system of assessment and of appropriate public examinations, and response to changing educational needs which are widely recognised as desirable. The legislation following the Warnock Report and the Government's White Paper on "Special Needs in Education" is an immediate claimant. A few authorities are particularly well disposed to plan ahead to meet current difficulties and new needs and it is disturbing that recent adjustments of financial policy, by their timing and scale, risk undermining these intentions. It has also to be recognised that planning has implications for administrative costs and staffing in both authorities and their institutions.

SUMMARY ANALYSIS OF CURRENT RETURNS : HIGHER AND FURTHER EDUCATION

General

57. The information in this report is derived from returns made by district and specialist inspectors on all the local education authorities in England. It also includes information from 67 returns made in September 1980 on enrolments in non-advanced further education, from a detailed study of enrolment at 5 selected colleges carried out in 1979/80 and from 78 returns on the effects of expenditure observed in Autumn term 1980 in the course of routine inspection, both formal and informal, in HFE institutions. In addition, it draws on material assembled by inspectorate specialist committees.

58. The effect of LEA expenditure policies cannot be considered in isolation. Higher and further education are subject to other external pressures which currently influence demand. Among these, industrial recession and youth unemployment have had a marked influence on the range and type of demand by young people in different parts of the country and on their choice of course. The capping of the HE pool has further constrained the provision that might have been made in certain parts of the HFE system.

59. All the evidence available to HMI suggests that most branches of the HFE service have so far been able to accommodate the level of economies imposed upon them. Excepting adult education and certain branches of the youth services and despite what HMI identified last year as disturbing signs, which continue, there is no evidence of any general decline in range and performance. However, it is doubtful whether authorities and colleges are taking sufficient notice of the warning signals from the school sector which show that damage may occur unless the operation of making cuts can be conducted in a coherent and orderly manner.

Courses

60. Because of the failure of young people to secure employment, many more are now in the market for full-time courses. Recruitment to part-time courses, for students already in employment, has declined rapidly particularly in those areas traditionally associated with heavy industry, largely north of the Wash-Severn line. In national terms, the decrease in enrolment is of the order of 5% but local variations can be as high as 15%. This situation has brought about a marked decrease in demand for some of the courses associated with industrial training. These factors combine to present colleges with difficult problems in maintaining continuity of course provision.

61. Pre-vocational courses of a less specifically vocational but introductory nature are being given increased support by authorities. Sixty-two have retained the same level of funding, in real terms, and seventeen have increased their allocations compared with 1979/80. In some instances students who have followed such courses have experienced difficulties in finding employment locally and this is causing anxiety and discontent to them and their parents.

62. The demand for full-time general education is considerable. Fifty-nine authorities are maintaining the same level of funding as last year, twelve are showing decreased and twelve increased support. Of those authorities showing a decrease, only two did so from the lower base-line group. The increases were made mostly by those authorities in the mid-level base-line group and only one case was recorded of increase from the lower level base-line group.

63. Observations by HMI show that there has been a significant decrease in the volume and pattern of courses for the GCE at ordinary and advanced level. Authorities have operated either by refusing to allow classes to run if numbers were significantly below fifteen or, indirectly, through restricted out-county arrangements and discretionary grant awards.

64. Two authorities are directing prospective students back to school, a further ten are restricting the range of options on offer and three are attempting to rationalize the provision made by schools and FE colleges.

65. Twenty-three authorities, all but one of which fall within the mid or higher base-line group, show reduced expenditure for part-time vocational work. Fifty-eight have maintained an unchanged level of expenditure. The reductions result from a general decrease in demand and a more marked one in some regions. Throughout the north and the midlands the problem is more serious; courses in engineering and building are disappearing for lack of sufficient enrolment. On the other hand, for business studies, computing, micro-electronics, electrical engineering and a number of courses serving the more modern industries, demand remains high.

66. With the changing patterns of employment, considerable attention is being given by authorities to the development of Unified Vocational Preparation and Youth Opportunity courses. Through the Manpower Services Commission, forty authorities are increasing expenditure for this work; none has made reductions. The only

field in which a decrease has been observed is that of Training Opportunities provision where funds have been diverted, by the Commission, to other forms of training. In the view of HMI, the educational system is meeting the range and amount of these new demands satisfactorily.

67. Twenty-two authorities are providing additional resources to mount new courses for students whose employers agree to meet the full cost; no authority has curtailed this type of provision. Fifteen of these authorities have a deliberate policy of encouraging this work; some use the resources to subsidise other educational programmes. In only one college has HMI observed that so many full cost courses are being run that other courses are being adversely affected.

68. The demand for full-time vocational courses has increased substantially since last year and twenty-four authorities made an increased commitment to them. In only three authorities has funding been cut; none is in the lower level base-line group. The most popular areas of study are those where prospects for subsequent employment still exist, mainly in the service industries. Catering, hairdressing and beautician work are frequently reported as being increasingly popular compared with previous years. HMI report twenty-two colleges where demand for these courses has exceeded the places available.

69. In higher education there are at present no marked signs of reduction, with the exception of programmes for the B.Ed degree. The combination of higher entry requirements and more uncertain teacher employment prospects have caused a fall in recruitment and hence a fall in expenditure levels. Reduced expenditure is recorded in sixteen of the forty-two colleges on which returns were made. In work for other first degrees, both in polytechnics and other colleges, there has been an increase in expenditure in twenty-four authorities. There is no sign as yet of a general move to plan reductions. This information is derived from returns covering twenty-six polytechnics and a further thirty colleges within local authority control. The Advanced Further Education Pool for 1981/1982 will, in all probability, bring about many changes in this state of affairs.

70. Adult Education

Adult education remains the area of FE most seriously affected by expenditure reductions. Forty-nine authorities have further reduced their allocations for general adult education. Of these authorities, nine are in the lower level baseline group. No examples of increase have been recorded. There continue to be overall reductions and concentrations of programmes throughout the country;

rigidly applied minimum recruitment criteria are enforced and many minority subject courses have been withdrawn.

Youth and Community Service

71. Twenty-seven authorities have reduced their allocations to the Youth and Community Service. The voluntary section of the youth service faces greater difficulties. Many authorities are not increasing their grants towards the salaries of full-time employees to take account of inflation and salary increments. Several authorities have initiated charges or raised existing ones for the use of school premises, a burden which falls heavily on local voluntary units. Restrictions on the use of school premises for evening and week-end functions, the prime aim of which is to save heating and caretaking costs, are adversely affecting both statutory and voluntary provision.

Out-County Arrangements

72. Thirty-three authorities are now operating more severe controls on students, both in terms of direction of travel and choice of study. Authorities which gain from the system of "free trade" continue to allow many choices to their own prospective students. Other authorities are ending the free trade agreements with their neighbours. The effects of these policies on the use of existing FE capacity and on the choices available to students are not known quantitatively. It seems likely that they will create a state of considerable imbalance between available resources and student demand in some areas.

Teaching Staff

73. In previous years authorities have taken various measures to economise without reducing teaching staff. It is now clear that these cannot alone accommodate the expenditure reductions required. The measures affecting teaching staff are, as yet, based on voluntary redundancy and a deliberate policy of not replacing staff who secure alternative employment. No organised pattern is, therefore, emerging within a particular institution or within an authority. The reductions most easily made continue to be in the part-time staff complement; just under one half of the polytechnics and of other institutions providing higher education have recorded a decrease in expenditure on these staff. The employment of some part-time staff, however, is essential if colleges are to remain flexible in what they offer and able to keep their course-work relevant to the needs of industry. Sixteen polytechnics were recorded as having decreased their expenditure on full-time staff. The cumulative effects of

reductions in the AFE pool and in the expenditure determined by the authority have in one case reached the level of requiring upwards of sixty posts to be removed from a total staff complement of the order of seven hundred: the removal of whole sections of departments is being considered. Most polytechnics are now expected by their authorities to move towards less generous staff:student ratios. Two Shire counties specifically indicate that recent salary awards, including those for part-time teachers, must be reflected in reduced staffing levels.

74. In NAFE there is increased pressure to redeploy staff to meet the increased demand for courses for the less able and for the unemployed in a system which, in general terms, is not over-staffed. HMI has recorded seven cases of colleges where course provision has been restricted and limits have been set to the range of vocational and technical courses as a result of the unselective abolition of staffing posts. There is, at the moment, no particularly strong evidence to show that the performance of the service as a whole is being impaired by staff limitations.

75. In some colleges there are pockets of over-generous staffing, especially in higher education. One problem is that of matching existing staff expertise to current demands, a problem which will be intensified by changes in academic direction required of the service in the next few years.

Ancillary Staff

76. Observations on ancillary staff must be considered in the context of the varying range of provision made by authorities in their institutions. In consequence, there are differing degrees of resilience to further reductions.

77. Twenty-six authorities have reduced the numbers of administrative and clerical staff; fifty-four are maintaining last year's numbers. Twenty-one have reduced technical services whilst fifty-eight retain a constant level. Thirteen have reduced library staff. As a general practice, authorities allow vacancies to remain unfilled and, in one polytechnic, the number of unfilled vacancies for technicians is now forty.

Staff Development

78. Five authorities record an increase in expenditure on the seconding of staff for teacher training and two an increase for day release and short course activities. Twenty-three have reduced their allocations for secondment and twenty-five for day release and short courses. Only one authority is recorded as continuing its policy of allowing all newly appointed staff to begin initial teacher training within twelve months of appointment. The general impression is that this aspect of education, already modest in proportion, is being reduced and that it is becoming increasingly difficult to maintain and develop the training programme for FE teachers. HMI repeatedly comment on the need for more adequate training of the staff working on UVP/YOP courses.

Materials, Equipment and Related Provision

79. In previous years, reductions had already been made in expenditure on materials and equipment. At present one half of authorities are making reductions in consumable materials and twenty-three in capital equipment for HFE courses. The only marked category of increase in capital expenditure is in HFE where seventeen authorities have increased their expenditure. In some colleges, the increases are made in order to restore a previously unsatisfactory situation. Comments bear out those made in previous years on the obsolescence and worn-out state of much equipment and upon the adverse effects of this both on the range of work available to students and on the degree of respect accorded by industry to the work done by colleges. Members of the HMI Engineering Committee have repeatedly advised authorities that a planned policy for the replacement of such items as machine tools and other major pieces of capital equipment is necessary if appropriate experience of safe and accurate working is to be made available to the students.

80. In the eleven teacher training institutions for which there were returns, the library services had been adversely affected by cuts in expenditure. Restrictions on transport and off-site activities were also producing difficulties. Whilst field work has been safeguarded, economies in arrangements for teaching practice have been made either by using schools near at hand or by rationing supervisory visits.

Premises

81. As in previous years, programmes of building maintenance continue to be a major target for economies. Just over one half of authorities have made decreased

allocations for maintenance. Viewed against the background of the varied stock of buildings in use for FE, maintenance and modification programmes are now inadequate even in a service where the tolerance of primitive surroundings is characteristically high.

82. Authorities vary in their capacity to match available premises to the range of courses to be provided. Fifteen authorities have allocated increased expenditure to make redundant schools serviceable for further education and a further seven are acquiring other types of building. Observations by HMI and the Architects and Building Branch of the Department have produced evidence of appreciable under-utilisation throughout the HFE system, particularly in areas designated for specialised use. In some older colleges, in annexes based in old buildings and in less well-maintained temporary accommodation, there are serious problems of suitability for educational use in terms both of the safety and the general well-being of students.

Discretionary Grants

83. Just under half of the authorities are showing a decrease in expenditure on discretionary grants. Six authorities have increased expenditure, three from the lower level baseline group. In the remainder, funding is unchanged. Economies are made in different ways. One Metropolitan district, whilst in theory allowing for inflation in calculating its grant, is unable to maintain the total number of grants since the actual increases in fees and travel costs exceed the percentage allowed. Another has been increasing the value of individual grants whilst decreasing the number awarded so that the total expenditure remains the same. One Shire county has cut both the number of grants awarded and their individual value; another has chosen not to attach any weight to requests from mature students. One Midland authority has placed restrictions on travelling allowances and on awards to overseas students. Twenty-two authorities are recorded as operating selection processes on the criterion that some disciplines are "acceptable" and some "unacceptable". Examples of courses which have not qualified for awards are fine art, music, drama, dance and beautician studies. One Metropolitan district has softened this type of decision by awarding a bursary for courses of this kind as distinct from a full major award. The consequences, in addition to the personal disappointment to students, are becoming evident in recruitment to certain colleges. One college of art has a markedly reduced enrolment to both its art and design course and to that in beauty therapy.

Research and Consultancy

84. Eight authorities have reduced support for research work, either in terms of remission of staff teaching duties or direct funding for equipment. No adverse effects on the quality of teaching have so far been observed. The disposition of consultancy fees remains as it was, varying between the retention of all or part of the fee by the authority for general or selective disbursement to the retention of it by the faculty or department for use by its members of staff.

Careers and Counselling Service

85. Thirteen authorities have spent more on their careers and counselling services. The careers services have been augmented to a marked extent by the addition of staff paid out of funds from the Department of Employment. Despite this funding, three authorities are recorded as falling short of what is considered to be an adequate staffing level, one seriously so.

Support for Voluntary Organisations

86. Twenty-eight authorities have decreased their support to voluntary organisations. Only four show an increase in such funding. At the extreme of the range, one Shire county has given no grant at all in the past year and another has made a reduction of one half in the support it gives. It is becoming increasingly common for authorities to charge voluntary organisations more to use premises for educational purposes.

Conclusions

87. There is evidence that cuts in expenditure on FHE are beginning to bite. HMI believe that more coherent planning could produce a slimmer and more efficient system within five to ten years. The issues cross institutional and even individual authority boundaries. The non-advanced sector of FE has particular problems in that new demands, together with the cessation of old demands as a result of changes in industry and employment, are not easily interchangeable in resource terms. There are also tensions between the academic and vocational sections of college work as a result of which, unless care is taken, the more cheaply-met demands of full time academic work could well absorb a disproportionate amount of the total resources available.

88. Given the known duplication of effort between schools and NAFE and between

various divisions of advanced and higher education, there is scope for developing a coherent policy carried out at local, regional and national levels which would lead to more economical solutions.

89. Academic and support staff absorb about 70% of the total cost of the HFE system and it is essential that the best use is made of their abilities. The solutions which are available to authorities are limited but could include planned retraining of existing staff for the new range of student demand and better procedures for ensuring increased mobility of staff between institutions.

90. The limitation of expenditure on higher education is having some adverse effects upon teacher training where there is evidence, for example, that the range and scope of courses is being restricted in the important area of school experience. The combined effects of low recruitment and limitations of finance are also creating a threat to the maintenance of the essential subject basis for the training of teachers. This may lead to problems in the balance of intake into the school teaching force in years ahead and to a reduction in opportunities for in-service training.

91. In maintaining and developing their work institutions are having to take very much more account of the efficient disposition and inter-relationships of their various resources, eg. teaching and other staff; technical facilities. These are also matters of concern to the validating bodies who act independently and only in parts of the FHE service. They need to be alert to the economic situation as it affects the whole institution and to act with moderation towards the attempts being made to improve institutional efficiency.

92. The youth service is reducing provision because of the freezing of full-time posts, cuts in part-time leadership and restrictions on the use of school buildings. These follow cuts from the previous three years but authorities and voluntary bodies are still preserving the core of the service. Adult education has undoubtedly been subjected to severe cuts, particularly in those forms of education with a predominantly recreational or social purpose. There have been some compensatory developments in self-financing ventures.

PRIME MINISTER

The Home Secretary reports H Committee's discussion of Mr. Carlisle's proposals for the management of public sector higher education.

I understand that a clear majority of the Committee would have favoured throwing out the proposals. I had advised the Home Secretary and Mr. Carlisle in advance of your support for the latter's approach. In the event, the Home Secretary felt it right to draw on this to keep the proposal alive. You will see that the conclusion is that DES should try a draft consultative paper on the Committee.

11 February 1981

Prime Minister to see 2.

N.P.G. Mitchell Duty Clerk
PM NSS 11/2/81

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

cc Mr Ingham

MAP to see and PA ms

FROM THE SECRETARY OF STATE

The Rt Hon Francis Pym MP
Paymaster General
Privy Council Office
68 Whitehall
London SW1A 2AT

11 February 1981

Dear Paymaster General,

HM INSPECTORATE REPORT ON THE EFFECTS OF EXPENDITURE POLICIES

You and colleagues may like to know in advance that a report by HM Inspectorate on the effects on the education service in England of local authority expenditure policies in 1980-81 is likely to receive some publicity on or soon after Friday afternoon.

Similar reports have been prepared in previous years without attracting any demands for publication. But for many weeks now (as you may have noticed from Parliamentary Questions) I have been pressed by Christopher Price's Select Committee and others to undertake to publish this year's report. Though I have given no undertaking, expectations of publication are high. Once I had received the report and assessed it, I had no doubt that publication was both right and (given that the Select Committee would keep up the pressure) tactically advantageous. Friday's timing is tied to a meeting with local authority representatives.

The report is addressed to observed educational effects and not policies. The situation it describes is a mixed one. In many respects it will provide reassurance against the voices crying that irreparable damage has already been done to the education service. But it also contains warnings that, in some areas already and to a wider extent before long, authorities are not finding it possible to maintain the standard of education service that we would have hoped for, even within our financial restraints. The widening disparities between different authorities are amongst the report's most worrying features. These passages are bound to attract public and Parliamentary attention.

My immediate reply to any Press questions will be that I had never concealed that education would have to take its share of the nation's expenditure reductions and that our latest cuts would inevitably have some impact on educational provision; that I recognised that HM Inspectorate's observations included some warnings which the Government and the local authorities would have to take seriously; that I was having it published at once for just that purpose; and that I would be talking to the local authority associations about it in the course of the discussions I was already having with them on education expenditure in the years ahead.

I propose to stress that the Report makes it clear that in many respects and places the quality of service observed continues to be satisfactory; (the Report records for example that the overall Pupil Teacher Ratio has altered little over the past year) and that in order to mitigate the impact of the present and planned further cuts all partners in the education service will need to work together to secure the best educational value from the resources available, taking account of the weaknesses revealed in the Report in assessing their expenditure priorities.

I am copying this to the Prime Minister and other members of the Cabinet, the Chief Whip and to Sir Robert Armstrong.

Yours sincerely

T A Shaw

for MARK CARLISLE

(As agreed by the Secretary of State and signed in his absence)

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

## MANAGEMENT OF PUBLIC SECTOR HIGHER EDUCATION

At H Committee we considered the proposals put to us by the Secretary of State for Education and Science for a new structure for the management of non-university higher education in England (H(81) 11). Since I understand that you had indicated that you supported these proposals in principle I thought I should let you know the views expressed by colleagues at H and the outcome of the discussion.

The Education Secretary's proposals were strongly supported by the Chief Secretary and by Ministers from the Departments of Industry and Employment. They also had the support of the CPRS. It was argued that under the present arrangements polytechnics and other institutions were not adequately meeting the needs of industry and commerce and that central control was needed if resources were to be used to the best advantage. Other members of the Committee, however, saw very considerable difficulties, both within the Party and in Parliament, if the Government proposed to take control of these institutions away from local authorities and hand them over to a new and powerful Quango. Some colleagues were also sceptical about the claims made for the potential benefits of the new centralised arrangements.

It was clear that there was no majority in the Committee in favour of the Education Secretary's proposals. On the other hand, I did not think it right for us to take a firm decision against them. I therefore suggested, and the Committee agreed, that the Education Secretary might prepare and bring back to H Committee a draft consultative document which would have the flavour of a Green Paper rather than be a firm statement of Government proposals, and which would also give some indication of the way in which the new Quango might operate. This means that if we were to decide to go down the route the Education Secretary favours there would be little chance of legislation next session, but his timetable was in any event ambitious and the reaction of colleagues this morning suggests that a further period of discussion and debate would probably be valuable.

WW

10 February 1981

PRIME MINISTER

I am told that the Open University have just discontinued their Consultancy Service. Apparently DES have told them that they should not be spending money on the Service and that any profit made through it would have to be returned to the Government.

This is a prospective growth industry in a number of areas overseas. If we are not competing, we will simply lose much of our traditional overseas market for text books without having a part in the new trade. I believe that we have been in the forefront in developing distance learning techniques - in fact, when I was in ODA two years ago we were using the OU Consultancy Service to develop distance learning techniques in Pakistan, and it was a highly promising project.

This has not formally been raised with us. Would you like us to make inquiries?

MAD

6 February 1981

W 02219

TO: MR PATTISON

2 February 1981

FROM: DR ASHWORTH

c Mr Duguid

ENCOURAGING UNIVERSITIES TO BE ENTREPRENEURIAL

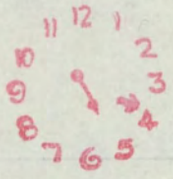
I learnt, with some surprise, that the Open University have just discontinued their consultancy services (for which there is considerable demand) because the DES has told them that they must give any profit they make back to HMT and, worse, that they should not spend any money on this activity.

Provision of distance learning material is obviously going to be a growth industry in countries such as Mexico, Venezuela and the Middle East. Further, such material will increasingly bite into traditional markets for UK textbooks.

The operation of this Government policy seems to be perverse, given that we have to develop novel value-added service industries in the future and the OU is at present a World leader in its field.

You might care to contact Noel Thompson in the DES who is familiar with the problem.

2 FEB 1981



CONFIDENTIAL

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H(81)11
5 February 1981

COPY NO 2

CABINET

HOME AND SOCIAL AFFAIRS COMMITTEE

MANAGEMENT OF PUBLIC SECTOR HIGHER EDUCATION

Memorandum by the Secretary of State for Education and Science

1. This paper proposes the establishment in England of a new structure for the management of higher education outside the universities.

BACKGROUND

2. At present, apart from the universities, just over 400 institutions offer courses of higher education. The great majority are run by 90 local education authorities (LEAs) whose individual decisions determine in a largely uncoordinated way the output of an annual expenditure of £500m. Resource constraints together with the prospect of sharply declining numbers after 1984 will oblige this sector to contract. If we are to safeguard excellence within a more cost-effective system which provides courses relevant to the nation's needs it seems to me essential that this contraction should be the result of reasoned decisions taken from a national perspective.

3. The solution most frequently advanced has been the formation of a national body to advise on the size and allocation of resources for public sector higher education. This was the method proposed by the last administration in their Education Bill of 1978. It was also put forward by the Select Committee on Education, Science and Arts in their fifth report, "The Funding and Organisation of Courses in Higher Education". I am convinced that a national body with wholly advisory functions is not the answer. The overwhelming need is for better control of the system, coordination and direction of provision from a national stand-point and cooperation with the university sector. A body whose advice LEAs were free to heed or not as they chose would simply lack the authority to deliver. What is required is a national body with executive powers, and that is what I propose.



CONFIDENTIAL

ROLE AND SCOPE OF NATIONAL BODY

4. There is no way, if specific grant is ruled out, of combining national direction with continued LEA management of the institutions concerned. It is not a matter of controlling resources centrally. I have already taken powers in the 1980 Education Act to end the unrestrained expenditure by LEAs on higher education, but this still leaves the national pattern of courses to emerge from uncoordinated (and often locally self-interested) decisions. If the size and importance of higher education justify settling resources and undertaking planning at a national level, the new national body must exercise strategic control over what happens in each institution for which it is responsible.

5. Concentrating the direction of public sector higher education in this way would facilitate co-operation with the universities which would continue under the aegis of the University Grants Committee (UGC). I considered two possible ways of proceeding without setting up a new body. The first would have enlarged the UGC to embrace the public sector institutions. I concluded this would be quite inappropriate. The nature of public sector provision having an avowedly applied emphasis is and should be different from that of universities. It is also more heterogeneous and wider in scope so that a more purposive style of management is required. There would also be formidable practical difficulties in substantially extending the UGC's responsibilities (as paragraph 7 below shows, nearly 100 institutions might need to be placed with the 44 universities now under the UGC); to say nothing of the powerful vested interest this would create. The second alternative would have been to bring the public sector institutions under my Department's direct control: this would rightly meet with strong educational and political opposition which would be difficult to rebut.

6. Nevertheless, the responsibility of the Secretary of State to establish policy objectives would remain and I should require the new national body to work within guidelines relating both to the Government's expectations of the system - for example, share of student intake, responsiveness to the country's needs for qualified manpower, teacher training capacity - and to its cost-effectiveness.

7. For the new national body to be effective it must clearly exercise control over the greater part of higher education in the public sector. As will be seen from the diagrams in the Annex, this rules out a body responsible for the polytechnics alone. Further, I would want to take this opportunity to end current arrangements whereby certain colleges (including some with church affiliations) are funded directly by my Department. My proposal is to create a new centrally funded and managed sector made up of some 98 institutions of which 29 are polytechnics, 38 are other

establishments maintained by local authorities, and the remaining 31 institutions are already centrally funded. Since virtually all the 400 institutions in public sector higher education also offer courses of further education, it is impossible immediately to avoid some non-advanced further education being drawn into the new sector, and conversely the retention in LEA institutions of some higher education. But the line has been drawn to minimise these effects: as regards higher education, the 98 institutions account for 87% of all full-time and sandwich students in the public sector and include (as a matter of policy) all initial teacher training provided outside the universities. One longer-term result of my proposal is likely to be that higher education will be increasingly concentrated in the new sector but it will be necessary to guard against the risk that LEA colleges duplicate higher education courses; and to ensure that impediments are not placed in the way of students progressing from courses of further education in an LEA college to courses of higher education in the new sector.

LEGISLATIVE PROPOSAL

8. I propose the creation through primary legislation of a Committee responsible for allocating Exchequer funds directly to the institutions in its charge, these being designated by me in regulations made under the proposed legislation. In the case of those institutions now maintained by LEAs, this will necessitate taking them out of local government ownership and giving them independent legal ststus. The legislation would require the Committee not only to work within guidelines laid down by the Secretary of State (see paragraph 6 above) but also to report to him at stated intervals. Members of the Committee would be appointed in their own right by the Secretary of State, and would number 20-25. I would want to attach significant weight to industry and business. There would be assessors from my Department, the Departments of Industry and Employment, the UGC and the Council of Local Education Authorities. The legislation might also provide for a regional structure to advise the Committee and to facilitate cooperation with LEA institutions and perhaps with universities.

TIMING

9. I should, subject to colleagues' agreement, want to seek reactions to a proposal on these lines from those concerned by means of a consultation document, but would make clear in it our commitment to act as quickly as possible. This would then provide the context for our reply to the major recommendations made in the fifth report from the Education, Science and Arts Committee. I would aim for legislation to be introduced into Parliament in the 1981/82 session, so that the new Committee couldbe established late in 1982 in readiness for the academic year 1983/84. I acknowledge that this is a tight timetable and depends significantly upon our success in securing cooperation with the local authorities.

COSTS

10. The new system stands to make better use of resources and to offer greater prospect of securing an effective contribution by higher education to the country's industrial and economic needs. My Department's preliminary analysis suggests that:

a. there will be an initial cost involved in acquiring from local authorities the premises used by institutions which transferred to the new sector. The worst (and least likely) outcome would involve central Government in buying out the local authorities' stake at a once and for all "capital" cost of over £400m. The best outcome would involve central Government in simply taking over the servicing of the local authorities' accumulated debt on the transferred property: central Government already contributes to this through RSG and the net additional cost to the Exchequer would be some £20m a year;

b. including the above £20m, the net additional recurrent cost to central Government would be about £130m a year (this could be recouped by adjusting the rate of RSG by the necessary percentage);

c. the management bill for the new Committee should be largely offset by administrative savings in my Department and the local authorities.

All this can be achieved while leaving unchanged the overall balance of expenditure between the ratepayer and the taxpayer, for example, by reducing the percentage rate of Exchequer grant in support of local authorities' remaining services. My proposal involves no net addition to public expenditure as a whole.

RECEPTION

11. The proposal can be expected to meet with the disapproval of the Opposition who will most likely continue to back a local/central compromise along the lines of the proposal contained in their 1978 Bill. To this must be added the public opposition which will doubtless be voiced by the local authority associations. On the other hand, I have already received indications that certain LEAs concede that their major institutions have developed to a point where they are inappropriate to a local authority setting. Looking beyond local authority elected members and officers, there is little doubt that the rate-payers will welcome my proposal. So too will many in the institutions (eg the Committee of Directors of Polytechnics and a fair proportion of the teaching staff in the institutions to be transferred). As for the directly funded colleges, there may

well be an initial disposition to favour remaining in that relationship with my Department; but there could be advantages for them in being part of a larger operation, and I believe their doubts can be overcome.

UNIVERSITY GRANTS COMMITTEE

12. I leave for separate consideration whether, in parallel with the creation of a Committee for public sector higher education, the UGC, now constituted by a "Treasury Minute" of 1919, should be given legal status. This could emphasis the independent standing of the UGC and facilitate cooperation between it and the new Committee. But there will be those who support the present informality, and I went more time to assess the pros and cons. Consultation on this matter would in any event be an exercise in its own right.

LEGAL BASIS OF FURTHER EDUCATION

13. Creating a new management structure for higher education as I now propose will strengthen the case for redefining the present legal basis of further education which is generally regarded as deficient. My proposals in this connection will come to Home Affairs in May, and will I expect be ready to be included in the Bill which would give effect to the proposals in this Paper.

CONCLUSION

14. I invite colleagues' agreement to the general proposal outlined in paragraphs 4 to 8 above and their endorsement of the line of action set out in paragraph 9.

MC

Department of Education and Science
5 February 1981

ANNEX

THE RANGE OF HIGHER EDUCATION

1. As far as the universities are concerned, higher education is virtually synonymous with full-time degree courses. This is not true of the polytechnics and other colleges and institutes which make up the public sector of higher education. Here courses, very often part-time or sandwich, are offered over a wide range of levels from degree courses to higher diploma and certificate courses and courses leading to a variety of professional qualifications. Indeed very few of these institutions restrict themselves even to this broader field of higher education. Most of them, especially those maintained by local education authorities, simultaneously provide further education courses up to and including GCE A levels, and the Ordinary National Certificate.

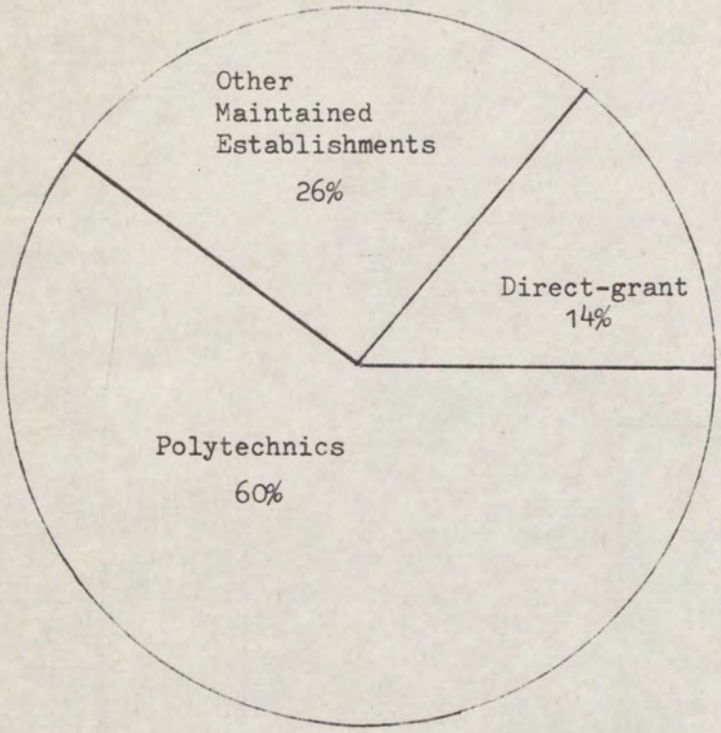
SCOPE AND CHARACTERISTICS OF THE PUBLIC SECTOR*

2. The first point to emphasise therefore is the wide institutional dispersal of the public sector. It is made up of 404 institutions, 39 funded directly by the DES and 365 maintained by local education authorities. As well as the 29 polytechnics which form the spearhead of this maintained group, there are another 193 establishments which run full-time courses; the other 143 run just part-time courses.

3. Students on higher education courses are distributed amongst these institutions in the following pattern:

*Note: this section is a snap-shot of the public sector taken at November 1978, the latest date for which complete figures are available.

DIAGRAM 1 - students on full-time and sandwich higher education courses



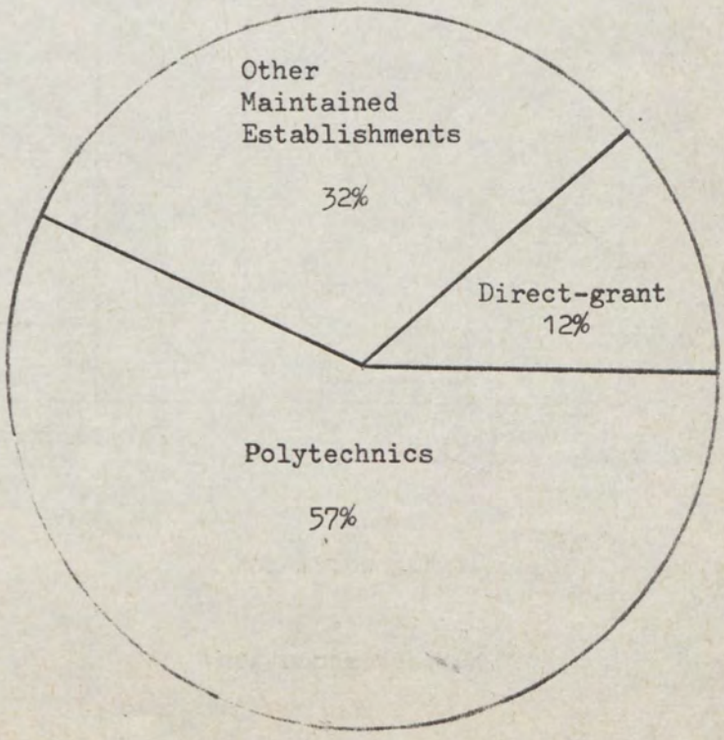

Student numbers (thousands)

| | |
|---|---|
| Direct grant | 26 |
| Polytechnic | 112 |
| Other maintained | 49 |
| Total | 187 |

DIAGRAM 2 - all students on higher education courses (part-time students have been converted into full-time equivalents)

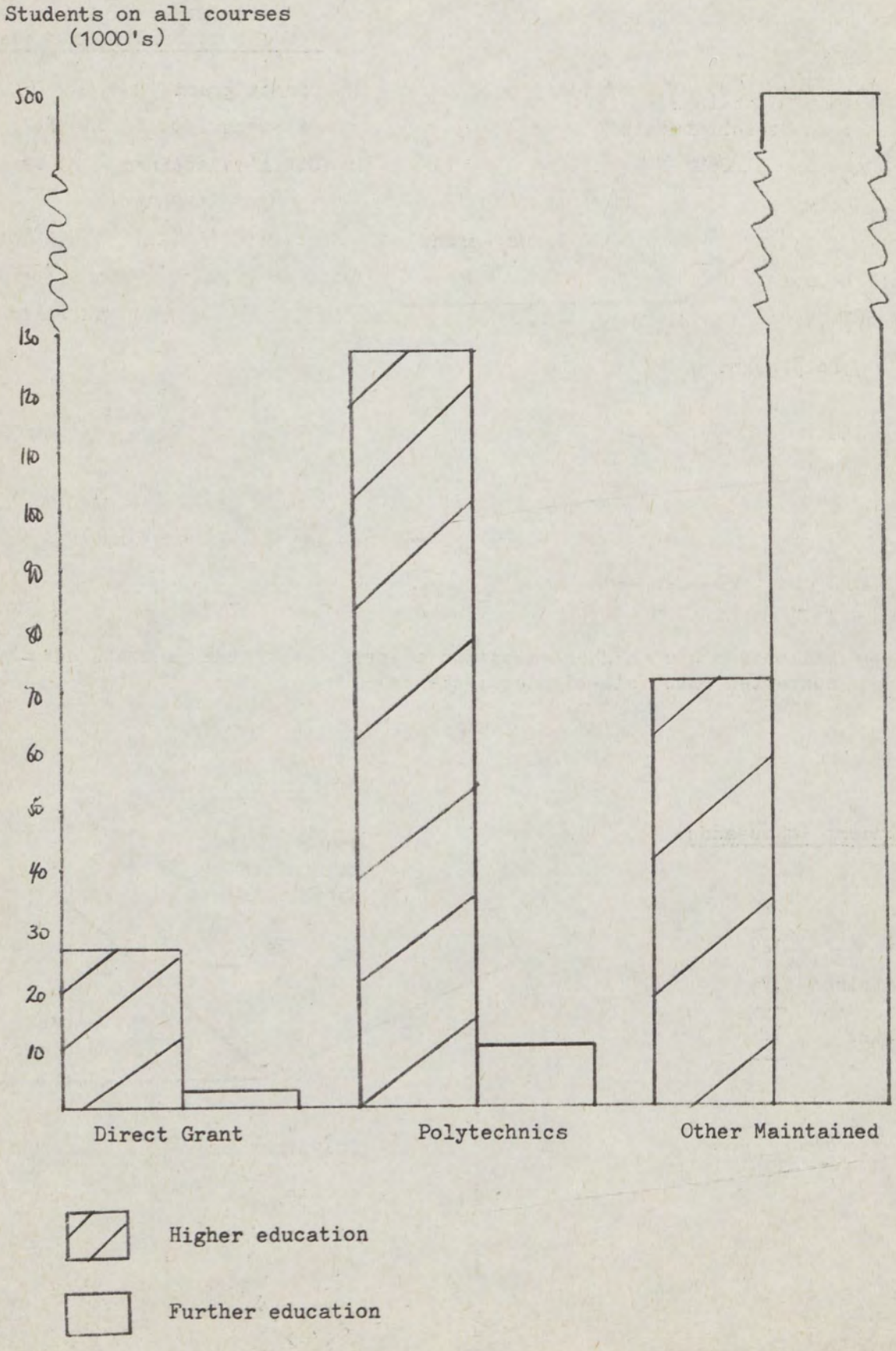
Student numbers (thousands)

| | |
|---|---|
| Direct-grant | 27 |
| Polytechnic | 127 |
| Other maintained | 71 |
| Total | 225 |



4. The second key feature of the public sector is the inter-mingling of higher education with further education. The ratio of higher to further education in the different types of institutions is shown below:

DIAGRAM 3 Ratio of higher to further education



THE INSTITUTIONS IN THE PROPOSED NEW SECTOR

5. The aim is to bring as much higher education provision as possible under national control, whilst leaving local education authorities in charge of the maximum amount of further education. With the coexistence of higher and further education in the institutions no neat division readily achieves this aim. However a pragmatic approach has been adopted to bring into the new sector all the direct grant institutions (31), all the polytechnics (29), all the other maintained establishments with some involvement in the provision of initial teacher training (26) and those other maintained establishments with at least a 70% commitment to higher education (12). These 98 institutions embrace 87% of full-time and sandwich students taking courses of higher education (81% of all students when part-time students are taken into account), and bring with them only 5% of the total of local education authorities' further education provision.

HIGHER EDUCATION LEFT IN LEA INSTITUTIONS

6. The new sector would leave 285 maintained establishments with some higher education. Of these 205 have less than 10% higher education; 27 have more than 30%; and just 12 between 50% snd 70%.

Education 2

Prime Minister

MP 21/1

MS

PRIME MINISTER

FIFTH REPORT OF THE SELECT COMMITTEE ON EDUCATION, SCIENCE AND ARTS: THE FUNDING AND ORGANISATION OF COURSES IN HIGHER EDUCATION

On 28 October last this select committee published their report on the funding and organisation of courses in higher education (HC 787-1). The report ranges widely over higher education policy and this is reflected by its 46 recommendations.

2. I have secured H committee's agreement that the Government's response should be in two stages. There is a central core of recommendations which bear upon the difficult but important question of the future of higher education in the public sector which I already have under review. The select committee themselves are not expecting an immediate response to these. The second, and numerically larger, group of recommendations deals with a wide variety of other issues within higher education. These can be answered now and H committee has agreed the terms of a White Paper which with the agreement of your Press Office will be published tomorrow, Thursday, after your Questions.

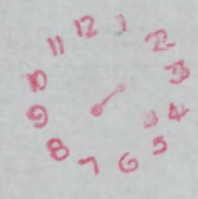
3. So that you may be aware of what we shall be saying, I am enclosing a copy of the text. I am also arranging in the usual way for advance copies to be made available to the select committee.

4. Copies of this and its attachment go to Cabinet colleagues and to Sir Robert Armstrong.

M.C.

MARK CARLISLE
21 January 1981

21 JAN 1981



*With the Private Secretary's Compliments*

Peter Shaw MAP

to SCL + PA
MS


**DEPARTMENT OF EDUCATION AND SCIENCE**

Elizabeth House
York Road
London SE1 7PH

*Telephone 01-928 9222*


– Coming out on
Thursday
MS

010

Education

# Initial Government Observations on the Fifth Report from the Education, Science and Arts Committee, Session 1979-80: The Funding and Organisation of Courses in Higher Education

*Presented to Parliament by the Secretary of State for Education and Science by Command of Her Majesty 1981*

*LONDON*
HER MAJESTY'S STATIONERY OFFICE
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## INITIAL GOVERNMENT OBSERVATIONS ON THE FIFTH REPORT FROM THE EDUCATION, SCIENCE AND ARTS COMMITTEE, SESSION 1979-80: THE FUNDING AND ORGANISATION OF COURSES IN HIGHER EDUCATION

1. The Government are glad that the Committee decided to give early attention to the management and planning of higher education. They welcome the Committee's Fifth Report on "The Organisation and Funding of Courses in Higher Education" as a contribution to developing policy in this area, that is, higher education in the universities in Great Britain and in non-university institutions in England.

2. It appears to the Government that the recommendations in the Report are broadly of two kinds: some collectively address a wide range of issues in higher education while others focus on or derive from the central recommendation for the establishment of a Committee for Colleges and Polytechnics. These latter recommendations bear directly upon consideration of the future of higher education in the public sector. The Government are grateful for the recognition in paragraph 134 of the Committee's Report that this will take a little time.

3. In the meantime the Government emphasise their concern that, faced with the early prospects of a fall in the traditional higher educational age group and of some decline in the total resources available, higher education should be organised and managed so as to safeguard excellence, promote innovation and respond effectively to the requirements for highly educated and trained manpower as these are and may evolve. The Government will continue to play their appropriate part in ensuring that this is achieved, so that the needs of the country and its citizens are well served by the higher education system.

4. The Government believe that it may be for the convenience of the House and of others with an interest that they should provide now their observations on those recommendations made in the Report which can be treated separately from the central recommendations. These are addressed in what follows, numbered as in paragraph 145 of the Committee's Report.

*Recommendation 1*

"1. Positive steps should be taken to improve the age participation rate particularly in those regions where it is low."

*Response:* The improvement of the age participation rate generally is the long-term aim of the Government within the financial constraints.

*Recommendation 2*

"2. A formula on 'level funding' more related to actual student numbers should be worked out."

*Response:* The Government takes into account the projected demand for higher education in planning provision within its total expenditure plans. As announced by the Secretary of State for Education and Science on 16 Decem-

ber 1980, the Government are now planning a reduction in expenditure on higher education. The extent to which the cost per student in higher eduation institutions can be reduced whilst maintaining standards cannot be assessed with precision; and the Government believe it would be undesirable to plan on the basis of a simple direct link between the sums available and forecast student numbers.

*Recommendation 3*

"3. Higher education institutions should be encouraged to listen closely to such messages as can be derived from the employment market but the DES suggestion that such messages be translated into guiding principles for higher education should be rejected as impracticable in so far as it relates to undergraduate education and to major subjects of study."

*Response:* In February 1980, following a proposal from the Department, the Unit for Manpower Studies was commissioned to produce a report on this subject. This has now been sent to the Committee and published. The terms of reference of the study were drawn so that the work done was complementary to the existing method of determining higher education numbers through student demand. Further studies will be undertaken by the Unit and the Department before final conclusions are reached. The Government endorse the Committee's recommendation that higher education institutions should keep themselves and their students closely informed of developments in the employment market.

*Recommendation 4*

"4. Through the Unit of Manpower Studies, and as envisaged in the Government's reply to the 1972–73 Expenditure Committee Report, the Government should publish information about employment trends for use by pupils in the schools, their parents and their teachers. The Government should further strengthen all forms of careers guidance and advice to the schools. Responsibility for this should be given to one Minister, who should be appointed forthwith, and who should, as a first priority, review the basis on which the careers advisory service is operated."

*Response:* The Government fully recognise the importance of effective careers guidance and advice for all young people and will continue to seek to improve the quality and extent of the provision in this field already made in schools by teachers, by the careers service, and by other agencies. The Government are not persuaded, however, that it would be useful at present to review the existing allocation of of Ministerial responsibilities. These arise from the responsibilities of the Secretary of State for Education and Science for education in schools and further education, and from those laid upon the Secretary of State for Employment by the Employment and Training Act, 1973. The Government accept that the Unit for Manpower Studies should continue to gather and analyse information on the graduate employment market. The Unit does not have the resources or skills to disseminate this information widely to school pupils and their careers advisers, but will continue to publish its findings in the Department of Employment Gazette and in research papers. Certain organisations already circulate information about careers following higher education. The Careers and Occupational Infor-

mation Centre (a branch of the Manpower Services Commission) distributes a booklet—"What Do Graduates Do?"—to schools and colleges across the country.

*Recommendation 5*

"5. The Joint UGC/Research Councils' Advisory Board Working Party should also consider the effectiveness of the dual funding system in a period of level funding and the implications this has for greater discrimination by the Research Councils (as well as the UGC) in the allocation of funds for the future."

*Response:* The terms of reference of the Joint Working Party require it "to review the current arrangements for the support of university research in the natural and social sciences; to consider how far these arrangements make for the most effective use of existing and likely future resources; and to report to the Advisory Board for the Research Councils and the University Grants Committee". Whether any further study is needed can be considered when the Working Party's report is available.

*Recommendation 6*

"6. The lay membership of the University Grants Committee should be increased to include further representatives of LEAs and of both sides of industry."

*Response:* Members of the Committee are all appointed on a personal basis. Ministers will keep under review the balance of membership.

*Recommendation 12*

"12. When the CCP is set up the Government should bring forward proposals under which the UGC and CCP should be under a duty to make public more information about their activities and methods of administration and the formal advice they submit to Government."

[Committee for Colleges and Polytechnics]

*Response:* The Government is in favour of disclosing as much information as possible. However they firmly believe that the confidential advice they receive from advisory bodies, including the University Grants Committee (UGC), must remain confidential if the advice is to be impartial and worthwhile; and that to require the UGC to make public details of its discussions with individual institutions would rapidly result in a reduction in the willingness of those institutions to involve the UGC in their planning arrangements. Within these necessary constraints however the UGC will continue to explain its work by publishing Annual Surveys, answering enquiries from the public and whatever other means is appropriate.

*Recommendation 16*

"16. The Department should substantially re-cast FECL 1/80 for 1981 to take account of the criticisms on course approval in paras. 89–96, but when the new public sector body is established course controls should be essentially left to the institutions themselves in the light of their perceptions of student preferences and the funds available to them."

*Response:* Further Education Circular Letter 4/80, which has now issued and a copy of which has been sent to the Committee, was prepared after consultation with representatives of the local authorities and of higher education institutions in the public sector. The circular letter notes that it is "most unlikely that the advanced course approval system will be retained in the long term in its present form." It has however been agreed with the local authorities that the present course approval system must operate for at least one more year.

*Recommendation 17 (2nd part)*

"17. . . . HMIs should restrict their inspectorial role to Non-Advanced Further Education."

*Response:* HMIs inspectorial role in public sector higher education derives from the powers and duties of the Secretary of State set out in Sections 1 and 77 of the Education Act 1944. Acceptance of this part of the Committee's recommendation without any alternative mechanism would deprive Ministers of an important source of information and informed judgement about a major part of the education service.

*Recommendation 18*

"18. The Regional Advisory Councils should be abolished. Some of their activities, not involving higher education, may need to be continued by a smaller organisation."

*Response:* It is for the LEAs to consider whether to retain the Regional Advisory Councils in their present, or some other, form. It is the Government's view that a regional dimension is likely to be necessary in higher education, but structural arrangements can be considered only against the background of decisions on how public sector higher education should be managed, and these have yet to be taken.

*Recommendation 19*

"19. Provision should be made for polytechnics to assume organisational forms which allow them more financial autonomy in 'full cost' operations."

*Response:* The Government acknowledge the importance of removing any disincentives which inhibit polytechnics from undertaking full-cost operations. A discussion paper, "Continuing Education", has recently been issued and identifies, as one of these disincentives, the arrangements for the retention of fee income from courses provided on a full basis. The Department proposes to pursue the possibility of reducing or, preferably, removing this disincentive with those concerned with the central and local financing and administration of institutions.

*Recommendation 21*

"21. Institutions of higher education and local education authorities should co-operate on an area or sub- regional basis in voluntary planning particularly for continuing education, and every institution of higher education should be required to publish an annual report on the extent to which facilities are being shared, and draw particular attention to unnecessary duplication."

*Response:* The Government support closer local co-operation over continuing education at all levels. In the post-experience vocational field, after considering responses to the discussion paper on continuing education, the Government propose to promote the development of co-operative arrangements to rationalise and co-ordinate the provision of new courses by enabling demand from potential clients at institutional, regional and national levels, to be aggregated to available provision and resources.

*Recommendation 22*

"22. To create greater flexibility, fair redundancy (as distinct from existing premature retirement) schemes should be introduced; the Government should examine the concept "tenure" in higher education, and a smaller proportion of future academic appointments should carry "tenure". Mobility of employment between schools, further education, higher education and between education, industry and commerce should be encouraged."

*Response: (a) Fair redundancy schemes:* Schemes exist at present, in the maintained sector and in universities, for teachers aged between 50 and normal retirement age who are prematurely retired by reason of redundancy or in the interest of efficiency to receive their accrued superannuation benefits and to have those benefits enchanced at the discretion of the employer. If in such a case loss of a post is caused by redundancy (that is, a post is abolished) then the retired teacher is in addition entitled to a redundancy payment. If teachers aged less than 50 are made redundant, however, they receive the normal redundancy payment.

*(b) tenure:* This is essentially a matter for negotiation of contracts between employers and employees.

*(c) mobility between establishments:* The Government firmly support the idea of greater mobility and have removed those impediments to it within their control, but believe that it would be unrealistic to envisage substantial mobility between the schools, further education and higher education at a time when none of the sectors is increasing its staffing levels.

*(d) Mobility between education, industry and commerce:* The Government welcome this recommendation in principle and indeed some interchange of this kind is already taking place especially in maintained establishments of higher education. At a time of economic recession there should be scope for redundant qualified mathematicians and scientists from industry to take up teaching; the need at present is predominantly in the schools and, for that purpose some candidates would require further training. The main impediments to full mobility are not principally educational but arise for example from the limited scope for transfer of pension entitlements between public and private sector employments. This matter is currently being examined by the Occupational Pensions Board.

*Recommendation 23*

"23. The Secretary of State should urgently pursue the suggestion that mathematics teachers for whom demand no longer exists in further or higher education should be transferred to the schools."

*Response:* It is for local education authorities to identify surpluses in the staffs of the schools and colleges which they maintain and to make plans, in consultation with the governors and staff of the institutions concerned, to correct them. These might include arrangements for schools and colleges to share staff as well as for transfers. There is a need at the national level to ensure that no unnecessary constraints are placed on the freedom of local education authorities to redeploy staff where surpluses do occur. Qualified teacher status is required for teaching in schools but not in further education establishments; and the salary scales are different. However, many further education teachers possess or are eligible for Qualified Teacher status. A graduate in mathematics or science who wishes to transfer from further education to school teaching and who is not otherwise eligible for Qualified Teacher status, may at present take advantage of the exemption which allows graduates in these subjects to enter school teaching without having first taken a course of professional training. A teacher who was redeployed from a further education establishment to a maintained school could have his salary safeguarded. For redeployment arising from reorganisation, the Burnham arrangements make such safeguarding obligatory. In other instances safeguarding is at the discretion of the employing authority.

*Recommendation 24*

"24. Use should be made of the scope, albeit limited, for facilitating change by retraining academic staff."

*Response:* The Government recognise that schemes for retraining academic staff have a part to play in promoting flexibility of provision. However, much will depend upon what sort of academic staff are potentially surplus to requirement in their present field of work, in what numbers, and whether they have the potential for redeployment in institutions and subject areas where vacancies exist. Retraining needs should therefore be assessed, and steps taken to meet them, at local level rather than necessarily by the introduction of any national programme. There is already a national scheme to encourage the retraining of staff for the teaching of shortage subjects in schools.

*Recommendation 25*

"25. The sort of information collected for the 'Universities Statistical Record' should be collected for college and polytechnic personnel. Information systems should be compatible and provide a sound data base. The DES should develop, and make available to researchers, a model capable of forecasting, under variable assumptions, the number of vacancies likely to arise and thus the scope for change in subject balance, and the data bases maintained by the Universities Statistical Record at Cheltenham and the Further Education Statistical Record at Darlington, should be made compatible."

*Response:* The Government agree that a forecasting model for higher education staff could usefully be developed. Some progress has been made on this during the past two years. However the resources required for the work of designing a satisfactory model and collecting and analysing compatible data on students and staff for universities and further education establishments would be substantial. Within the Department only limited resources can be

devoted to this work but the Government will be considering the feasibility of putting it out to contract.

*Recommendation 26*

"26. As continuing education is developed, particular attention must be given to course length and mode, and to the importance to students of offering neighbourhood co-ordination of conveniently timed courses."

*Response:* The Government have already indicated the importance which they attach to the further development of continuing education at all levels, vocational and general, and have extended the life of the Advisory Council for Adult and Continuing Education to enable it to complete its remit to develop future policies and priorities for a comprehensive system in this area. They will be studying carefully the Council's report, due in the Spring of 1981, which is expected to identify the barriers to student access in much existing provision to which the Committee has drawn attention. The Department's recent discussion paper on post-experience vocational provision lays particular stress on the need for it to be designed to remove these barriers so as to meet the requirements of employees and employers, and suggests a means of stimulating and supporting innovations in this area and preparing staff to use them. The paper also discusses ways of co-ordinating provision locally. The Government continue to attach particular importance to post-experience academic and pedagogic training for teachers, especially during a period when the intake of newly-trained teachers will be much smaller than in past years.

*Recommendation 27*

"27. Institutions should make use of the experience of the Open University in the techniques of distance learning and should anticipate the impact of new developments in technology; and funding arrangements should recognise the extra expense which trends to modular courses and part-time studies will involve."

*Response:* In its discussion paper on continuing education the Department has recognised the potential value of distance learning in the effective development of post-experience provision and the need to encourage modular courses to meet the needs of those in employment. The paper draws attention to the useful experience of the Open University, with its expertise in multi-media distance learning and teaching techniques and as an innovator of educational technology. The paper also acknowledges the need for the calls on staff time and resources arising from modular and part-time courses to be taken fully into account in staffing procedures, salary scales, conditions of service and the calculation centrally of levels of resources for institutions. It envisages pursuing with the bodies concerned what changes in administrative and financial procedures would be necessary to effect this.

*Recommendation 28*

"28. To encourage continuing education, all institutions should co-operate in the development of a formal credit system."

*Response:* In 1977 the Department initiated studies into the need for, and feasibility of the introduction of a credit transfer system for the United King-

dom. The support from students, educational establishments and professional and validating bodies revealed by these studies was substantial and the Department is now considering the technical arrangements which might be required to bring a system into being. Meanwhile the Department has already recognised in its discussion paper on continuing education that the development of post-experience provision depends in part upon credit transfer. Credit transfer would incidentally facilitate the development of an inventory of courses in higher and further education which would be valuable to promoters of new courses in assessing likely demand.

*Recommendation 29*

"29. The Open University should enjoy a similar degree of autonomy to other universities, while continuing to be directly funded by the DES."

*Response:* The question of the appropriate source of funding for the Open University is under consideration. The University's existing and potential contribution in the field of continuing education and the need adequately to safeguard its academic autonomy will be borne in mind in reaching a decision.

*Recommendation 30*

"30. The proposal for an Open Polytechnic, drawing on the experience of the Open University and admitting students without formal entrance requirements to vocational courses, should be urgently investigated."

*Response:* The further education service already offers an extremely wide variety of provision for students with all kinds of backgrounds and aspirations, including those with no or only limited formal qualifications. The Government are aware of and warmly commend the many useful initiatives which are being developed by the polytechnics and other colleges, in some instances in co-operation with the Open University, to make access to suitable provision easier. The Department is in close touch with the Department of Employment and the Manpower Services Commission about the ways in which further progress should be made. Whether some new institutional arrangements are needed is one of the matters which will be studied closely.

*Recommendation 31*

"31. For greater clarity and accountability to Parliament, responsibility for continuing education should be identified with one particular Minister."

*Response:* The Secretary of State for Education and Science already has general responsibility for continuing education at all levels; and there are arrangements for collaboration and co-ordination with other interested Departments and agencies, especially those with responsibilities in the field of training.

*Recommendation 33*

"33. The DES should commission, and circulate to institutions, a discussion document on individualised and distance learning techniques, to be prepared by the Council for Educational Technology."

*Response:* The Government fully appreciate the potential contribution of

educational technology to the development of distance, independent and individualised learning systems and techniques and are concerned to promote their effective use not only in higher education but in vocational and general continuing education at all levels. To this end, the Department has put forward for discussion in the recent paper on continuing education the concept of a resource agency which might evaluate, co-ordinate and disseminate information about such techniques, their use and their implications for teaching methods, course planning techniques, and the basis for the assessment and distribution of institutional resources; offer some pump-priming in order to stimulate and support the development of applications and materials; and assist in the training of staff in their use. Such an agency could draw heavily on the valuable investigations and experimentation undertaken by the Council for Education Technology in this field, and on that by other bodies such as the British Broadcasting Corporation and independent television companies, the Open University, the National Extension College, and examining bodies such as the Technician and Business Education Councils, and to take account of the investigations which we have asked the Advisory Council for Adult and Continuing Education to undertake with them in its second term of office into the cost effectiveness of new techniques and their particular uses in the education of adults. The Department proposes, in the light of response to the discussion paper, to consider action to provide such a resource.

*Recommendation 34*

"34. The DES should review its production of education statistics to improve their timelines and usefulness to planners of higher education."

*Response:* The Department has already made several reviews of its production of education statistics. The Committee do not appear to be aware that since 1979 the main vehicle for publication of education statistics has been Statistical Bulletins produced by the Department. These permit the publication of statistics a short time after they have been collated. As an example, estimates of student numbers in advanced further education for October 1980 will be published in January 1981. The Government will continue to seek to improve the timeliness, usefulness and availability of education statistics, subject to the need to maintain a rigorous view of value in relation to cost.

*Recommendation 35*

"35 The feasibility of establishing a central bank of information, through EPIC, regarding higher education should be studied."

*Response:* This recommendation will be considered by the Steering Committee for the Education Policy Information Centre project who will need to assess carefully whether its existing resources and staff would be sufficient for this expansion of its role. The recommendation will also be drawn to the attention of the Steering Committee for the Educational Management Information Exchange system, which will be based at the National Foundation for Educational Research and whose initial funding is being provided by the Department.

*Recommendations 36(b) and (c)*

"36(b) A higher rate of maintenance grant for students and higher salaries for teachers in certain subjects, such as mathematics, should now be considered.

(c) if a higher rate of maintenance grant is offered as an inducement in exceptional circumstances, it should be linked to a pledge to take up or continue in relevant employment;"

*Response:* As regards grants, enhanced awards for all graduates taking the Post-Graduate Certificate in Education (PGCE) in shortage subjects would be a possibility but, at a time when there has been a marked up-turn in PGCE enrolments in these subjects, the Government see the immediate priority as attracting students of high quality to teaching rather than to increase the total numbers in training. This suggests the alternative of a scholarship scheme (see below).

The settlement of teachers' salaries is a matter for the Burnham Committee, in which the Department is part of the Management side. The Standing Commission on Pay Comparability in their report on teachers' pay (1980, Cmnd 7880) expressed the view that special salary scales were not the appropriate remedy to the shortage of teachers of mathematics and physics but considered that greater flexibility in the use of existing scales might be helpful. The Burnham Committee accepted that recommendation and, in October 1980, invited local education authorities to examine, in consultation with the teachers' organisations, how teacher shortages might be relieved according to local circumstances by the use of discretionary powers in the Burnham Salaries Document. The Burnham Committee has undertaken to monitor the use made by the authorities of this discretion.

Under a scheme administered by the Manpower Services Commission, financial support is available for persons aged 28 or over who have been accepted for certain courses of training, further training or retraining in shortage subjects. Local education authorities receive premium grants from the Manpower Services Commission to defray the cost of seconding serving teachers on salary to such courses: applicants who are not serving teachers receive training awards. A training award offers in most cases a more generous level of support than a mandatory award. Applicants for training awards are required to sign an undertaking that they intend to seek a teaching post either with the local education authority to whom the application is made or with another education authority in England or Wales. Approval has been given for this scheme to continue until 1982/83.

The Department has made proposals for consultation with the interested parties for a pilot scheme of national scholarships for high calibre students of mathematics and physical science to take the PGCE at selected institutions. The national scholarship would provide £500 additional to the student's mandatory award. It is hoped to start the scheme in the academic year 1981/82. It is proposed that there should be an undertaking on the part of the scholar to give at least two years' teaching service to a local education authority and that he should receive in return an undertaking from a local education author-

ity to offer him a job at the end of his training. The form of this undertaking is to be considered further in consultation with the interested parties.

*Recommendation 37*

"37 The designation of courses as qualifying for mandatory as distinct from discretionary awards should be reviewed in the light of manpower needs."

*Response:* The problems of finding an acceptable alternative to the present system whereby designation for mandatory awards is linked to the academic level of the course are formidable. Designation at present covers courses of initial teacher training and those leading to qualification of first degree or equivalent level, Higher National Diplomas, Diplomas of Higher Education and the Higher Diplomas of the Technician and Business Education Councils. To extend designation generally to courses at lower levels would be costly and it is not clear that the available information on manpower needs is precise enough to enable relevant courses to be selected. Moreover, any system based upon manpower needs would require frequent adjustment which would result in uncertainty for both students and institutions. Nevertheless, the Government are reviewing the present awards system in all its aspects.

*Recommendation 38*

"38. The extent and form of financial support for mature students undertaking continuing education should be reviewed as a matter of urgency."

*Response:* There are already special arrangements for the assessment of grants to mature students. For example, they can qualify, subject to age and previous earnings, for an addition to the basic grant of up to £550 per annum; and commitments entered into before starting the course, such as mortgage repayments, can be offset against any income derived from other sources without reducing the amount of grant paid. The level of grant to mature students is reviewed annually.

*Recommendation 39*

"39. A discussion paper should be published by the DES before any student loan scheme is proposed and the terms of reference of the DES working party should be extended to include: equitable treatment as regards repayment and possible effects on participation in higher education by students from the lower income groups."

*Response:* The Government are studying the implications of various possibilities for the support of students by means of loans, including combinations of loans and grants. Questions of equity and the effect on participation are among the factors being taken into account. There would be wide consultation before any scheme was implemented.

*Recommendation 40*

"40. The 'home' student fee should be indexed at about 30 per cent of full cost."

*Response:* The arguments put forward by the Committee will be considered

in a review of fee policy to be undertaken in co-operation with the University Grants Committee and the Local Authority Association.

*Recommendation 42**

"42. The Government should commission, and publish as a discussion paper, a report from the CBI on the economic implications of full cost fees for overseas students."

*Response:* This is one of the subjects covered by the wide-ranging series of research projects and enquiries commissioned by the Overseas Students Trust. The Government will await the final results of this undertaking before considering whether any further research is called for.

*Recommendation 43*

"43. The concession already granted to students from EEC countries should be extended to students from British dependent territories and countries with an association agreement with the Community."

*Response:* The Government recognise the case presented by the British dependent territories, but this would cost some £8 million per annum. To extend the concession further to countries with an association agreement with the Community would cost in addition some £4m a year, and a further £20m if the Lomé Convention countries were included.

*Recommendation 44*

"44. Greek students should be charged a fee reflecting their entry into the EEC in January 1981."

*Response:* The Government's decision to charge Greek students at the home students' fee rate from the start of the 1981 academic year is in conformity with a collective decision of the Ministers of Education of the European Community. Under this agreement the concessionary rate of fee for students from new member states may be deferred until the beginning of the first academic year after accession.

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* The Report also urges (para 142) that the Education Departments of the United Kingdom should ensure that consultation takes place before fee levels are established in future and that the Northern Ireland position on overseas students should be clarified. Such consultation does take place, but regard must be had to the differing circumstances pertaining in the countries concerned. When differential fees for overseas students were introduced in Great Britain in 1967, it was decided to maintain the policy of having no differential between home and overseas fees in Northern Ireland. Two reasons for this policy were that the proportion of overseas students in Northern Ireland was much lower than the Great Britain average, and it was not desirable to reduce further the proportion of overseas students in Northern Ireland by introducing a differential fee for them; and that there was a significant flow of students in both directions between Northern Ireland and the Republic of Ireland, where universities have always charged Northern Ireland students the same fees as home students.
The Northern Ireland policy on overseas students has been reviewed annually, but successive administrations have concluded that in the particular circumstances of Northern Ireland the policy of having no differential between home and overseas students' fees should be continued. Policy for 1981–82 and subsequent years is currently under consideration.
Overseas fees for advanced further education courses in Scotland were determined after consultation with the local authorities and the grant-aided colleges involved. They were set at levels commensurate with the objective of recouping full costs for the sector and, in accordance with the views expressed in the course of consultations, were set at fixed points in line with the minima recommended for the universities.

*Recommendation 45*

"45. The Government should give further classification and guidance both as to interpretation of 'ordinary residence' and as to the administrative procedure to be followed by institutions in determining the status of applicants."

*Response:* The Government are considering what guidance might be given on the meaning of "ordinary residence" in the light of recent court cases.

*Recommendation 46*

"46. The DES should participate in, and fund part of the cost of, the Society for Research into Higher Education seminars on the Future of Higher Education."

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*Response:* The Government applaud the decision of the Leverhulme Trust to fund these seminars on the Future of Higher Education and will be receptive to invitations to participate in them.

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PM agrees
Mr Stuart.
Sir D Rayner's
office informed

10 DOWNING STREET pa

Prime Minister MF 26/6

Derek Raymer wanted you to have an opportunity to comment before a final choice is made for the DES Inspectorate Scrutiny.

The options are Toby Weaver and Nick Stuart. Background in Mr Priestley's minute, and a personal comment below from Nick.

I am sure some recent detachment from DES would be helpful, but you can perhaps best judge who would be most independently-minded. MF 27/6

10 DOWNING STREET

PRIME MINISTER

My latest impression (from fairly recent family contacts) is that Toby Weaver is beginning to feel his age. Nick Stuart's approach would, I guess, be fresher.

MS

STAFF - IN CONFIDENCE

Mr PATTISON

THE SCRUTINY PROGRAMME: HM INSPECTORATE OF SCHOOLS, ENGLAND AND WALES

1. Lady Young asked Sir Derek Rayner last week for a private meeting to discuss his letter to her of 14 November, which was copied to the Prime Minister.

2. The meeting took place this morning and was thoroughly satisfactory. Lady Young appears to be firmly in charge. The terms of reference and Sir DR's own role were agreed on the basis he suggested.

3. The main topic was the choice of an examining officer and the purpose of this minute is to seek the Prime Minister's views.

4. Lady Young has two candidates, both of whom will I think be known to the Prime Minister. Her first choice would be a retired Deputy Secretary from DES, Sir Toby Weaver, whom she regards as by far the best of several possible retired officers and, although 69, as unwearied by age. The outline CV is as follows:

- Teacher (Barking and Eton!) 1935-36
- Educational administration (Wiltshire and Essex CCs) 1936 - 41
- Admiralty, then War Office, 1941 - 46
- Ministry/Department of Education, 1946 - 73: US 1956, Deputy Secretary, 1962.
- Since retirement: Visiting Professor of Education, Universities of Southampton and London and Open University.

5. If Sir Toby Weaver were not acceptable, Lady Young's fall-back candidate would be Mr N W Stuart.

6. Mr Stuart is about to return to DES on early promotion to Under Secretary - he is 38. He has been serving on the staff of the President of the European Commission. Before that he dealt with the education element of RSG as an Assistant Secretary in DES's Finance Branch, having returned to DES from a tour of duty as Private Secretary (Parliamentary Affairs) in the Prime Minister's Office - a post for which he was poached by Mr Heath from Sir William Armstrong's private office.

7. Sir Derek Rayner would be content with either Sir Toby Weaver or Mr Stuart - both are strong-minded and able. However, he respects Lady Young's preference for the older man, which is

explained in part by her desire that Mr Stuart's energies should be harnessed to the important job in view for him, namely Schools Branch I ("schools territorial"). He would be grateful if the Prime Minister would let him know whether she has any preference.

8. You may like to remind the Prime Minister of two points:

a. Your letter of 10 November to Miss Stewart said that the Prime Minister believed that "this scrutiny should be undertaken by a civil servant in line with the practice adopted for the rest of the programme".

b. The Scottish scrutiny will be conducted by a very recently retired officer, Mr P C Rendle (Principal Finance Officer).

C PRIESTLEY
27 November 1980

CONFIDENTIAL

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Prime Minister Education
Derek Rayner sets out his approach to the HMI scrutinies.

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

MAP 14/11.

14 November 1980

The Baroness Young
Department of Education
and Science
Elizabeth House
York Road
London SE1

HM INSPECTORATES OF SCHOOLS: SCRUTINY

1. Thank you for your letter of 4 November, enclosing possible terms of reference for the scrutiny of your Inspectorate in England and of those in Wales.

2. I am on the whole happy with the terms of reference and am glad that they are broadly on all fours with those for Scotland. However, I should raise the following points with you and, insofar as they affect them, with the Secretaries of State for Scotland and Wales.

Effectiveness

3. Some emphasis was laid at the Prime Minister's meeting on 30 October on the question whether national inspection (and indeed local inspection) are effective in maintaining and improving the quality of education, one of the basic purposes for which inspection and the Inspectorates exist being to assure pupils and their parents of at least minimum standards of teaching.

4. I accordingly suggest that the terms of reference for both scrutinies should begin:

> "to consider and report on the role, organisation, staffing and effectiveness of HM Inspectorate of Schools ....."

Public expenditure and Civil Service manpower policies

5. You are right in concluding that I do not see this scrutiny (or indeed any other) automatically resulting in reduced numbers.

6. On the other hand, I think that treating the exercise "as being concerned primarily with management efficiency rather than staff cuts" does not get the emphasis quite right. In my letter to Mark Carlisle of 31 October I mentioned the questions of purpose, cost and value added. If the Scottish Inspectorate costs £3.25m pa, I would guess that yours costs about £13.5m pa with, say, another £1m for the Inspectorate in Wales, making a total of about £17 - £18 pa. That is a tidy sum and, especially but not only in these hard times, I do not think that one can or should leave the cost part of the cost effectiveness equation out.

7. Another factor points in the same direction. The human and professional talent represented by pay scales beginning at £12,325 pa is - or should be - very considerable indeed. I would like to see some consideration given to the opportunity cost of the Inspectorate to the nation.

8. So I would prefer that the Scottish scrutiny's fifth consideration ("the Government's plan to reduce public expenditure and Civil Service manpower") was included.

Examining officer/s

9. Thank you for your further letter of 7 November on this. I have also seen the letter sent to your Private Secretary by Mr Pattison at 10 Downing Street.

10. My reaction to bringing in a "major outside figure" is also, I must confess, unfavourable. One of the basic principles of the scrutiny programme is that much of the work is done on the ground. This usually calls for a serving official who is familiar with the department and with the subject to be studied. Among other things, it saves the time otherwise spent on the learning curve. The validity of the principle has in general been amply demonstrated in practice, whether on issues of national importance or of a more humdrum nature.

11. I understand that the Department has officials of a suitable intellectual quality, but that there is a feeling that using someone else would both free the scrutiny from any risk of an accusation of bias and be the means of importing into it a wider "management" perspective. I understand, too, that a definitive investigation is called for - I very much agree with this.

12. If you wanted to seek the help of another Department in getting someone from outside Elizabeth House, I should be glad to do what I could to help the Head of the Civil Service and Sir James Hamilton in doing so. It would be one of my own main objects, of course, to bring a wider management perspective into play.

13. I should make a related point. As inspection is about improving the work and management of schools and colleges, including the professional quality of teachers and lecturers, I shall find my own part in the exercise easier to play when I am able to see some Inspectors in action and also to get some consumer reactions from those inspected. I suggest that to help get consumer reaction, we should invite say, one chief education officer, one head teacher and one chief LEA inspector/adviser for discussion with the examining officer and me. (I have, incidentally, made the acquaintance of two, seemingly first-rate, comprehensive school heads, either of whom would do admirably as the head teacher.)

Publicity

14. Presumably there will have to be some sort of statement about the two scrutinies in due course. May we simply register that now and consult on a draft later?

Prime Minister's interest

15. The Prime Minister is very interested in these scrutinies. She has asked me to take a particular interest in them on her behalf (rather than a "general interest", which means much less personal involvement by me and my office) and to arrange for her to be consulted when Ministers are considering what should be done in response to the teams' findings and recommendations. I am very glad to do this and, in any case, I look forward to helping with each exercise. It means that we shall not need to keep including her among copy addressees, but I am copying this to her as well as to the Secretaries of State for Scotland and Wales.

Yours ever

Derek Rayner

14 NOV 1980

14 NOV 1980

FILE

VL8

Education

10 DOWNING STREET

*From the Private Secretary*

11 November 1980

Dear Alex

The Prime Minister has seen Lady Young's recent correspondence with Sir Derek Rayner about the proposed scrutiny on HM Inspectorate of Schools.

Mrs. Thatcher believes that this scrutiny should be undertaken by a civil servant, in line with the practice adopted for the rest of the programme undertaken under Sir Derek Rayner's auspices. The use of a major outside figure would turn the exercise into a full-scale national Inquiry, with attendant publicity, and this is not the nature of the exercise which the Prime Minister had in mind.

I am sending copies of this letter to Godfrey Robson (Scottish Office), John Craig (Welsh Office) and Clive Priestley (Sir Derek Rayner's Office).

Yours ever

Mike Pattison

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

VL6

CONFIDENTIAL

cc for information
Mr Pattison
Mr Bailey (HM Tsy)
Mr Charkham (CSD)
Mr Russell (CSD)

Sir Derek Rayner

SCRUTINY OF HM INSPECTORATES OF SCHOOLS, ENGLAND AND WALES

1. We had a word on Saturday morning about the letter from Lady Young of the previous day (copy attached) for copy addressees other than Mr Pattison.

2. We both felt that the employment of a "top hat" or "figurehead" was not on the face of it necessary but agreed that I should speak to Sir James Hamilton this morning.

3. I did so, when I began by registering reservations but saying that we might have got it wrong. Sir JH thought that we had. His conviction, which seemed to grow upon him as we spoke, was that the exercise must be done from outside DES.

4. It was not just another "Rayner" scrutiny. There would be much public interest init and he was surprised if we did not recognise the advantage there would be in having an unbiased outsider. The level at which the examination needed to be conducted was at least US, indicated by the fact that the Scottish Office was going for a recently retired PEO. Their own view was that the special circumstances of England and Wales (a larger Inspectorate, a more controversial history) pointed to someone at an even higher level, either a retired official or somebody else. DES had serving officials capable of doing the work, but the load on the Department was such that it would be difficult to spare a good AS or US for the work.

5. Sir John Boynton was known to Lady Young and was very much her choice, although he might be too busy.

6. Sir JH said that they were not looking for a figure-head but for someone who would go in and ask mordant questions. He volunteered the thought that going for an outsider was "not an underhand attempt to sabotage the scrutiny". He was keen that the inquiry should be definitive and carrying the Insepectorate well forward. The examining officer would have to get around and spend some time on the work, although he would have a Principal to do the devilling.

7. Sir JH said that his conviction was that an inside job could not be as effective as an outside one. Everyone in the DES had some involvement in the Inspectorate but very few had experience outside the Department or of management. He was very anxious to have a proper investigation done by someone with, about all else, other experience.

8. If you did not agree to that they would, he thought, find someone from inside the Department for the work but he obviously believed that you would prefer an outsider on "freedom from bias" grounds.

9. I have drafted a reply to Lady Young in which you agree, reluctantly, to the appointment of an outsider. It does of course represent a serious departure from the scrutiny format so far adopted but if, as suggested in the letter, you can influence the commission given to the outsider, I think that would be preferable to making the relationship with DES Ministers even less friendly than it is now. There is also the point, of course, that we might not come out on top if we made a fuss.

10. However if you did not like the idea of an outsider or objected to any of the names or had other names to put forward yourself, we could think again. I am interested by the emphasis which Sir JH places on "management" in this context. This explains the inclusion of the names of Barron, Runciman and Wardale in additon to that of Boynton. I detect

two clear motives here. One is the desire to break out of the stiffling cocoon of education and to bring other values to bear. The second is to do so at a level to which even the most hostile critic within the Department can make no reasonable objection. It seems plain that in proposing an outsider, Sir JH thought that he would have your strong support.

C PRIESTLEY
10 November 1980

PRIME MINISTER

Lady Young's letter below shows that DES would like to put an outsider in charge of their Inspectorate Scrutiny. They have some pretty powerful names in mind.

This will inevitably change the nature of the exercise. The scrutiny system supposedly benefits from the fact that the exercises are carried out by members of the department under review. What Lady Young has in mind will be seen as a national Inquiry (capital letter deliberate). But on the other hand, I understand that DES are not confident that any Principal or Assistant Secretary in the Department will be capable of standing up to Miss Browne on this exercise.

Content to leave Lady Young and Derek Rayner to sort this out between them?

MAD

I think he should be in the Civil Service.

10 November 1980

MAD

CONFIDENTIAL

CMA

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH

TELEPHONE 01-928 9222

FROM THE MINISTER OF STATE

Sir Derek Rayner
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

7 November 1980

Dear Sir Derek Rayner,

HM INSPECTORATE OF SCHOOLS

I wrote to you on ~~5~~ 4 November about the terms of reference for the scrutiny of HM Inspectorate in England and Wales. I now want to deal with the equally important question of appointing an examining officer.

Given the importance of the Inspectorate and the national character of its operations, I see great merit in appointing someone who is not currently in the Whitehall circuit. In considering a list of those who might be approached I have been struck by the name of Sir John Boynton, MC who seems to me to be admirably suited to the task. As an ex-Chief Executive of Cheshire County Council he has a local authority background which I believe to be a considerable asset in the job to be tackled. In the wider field, he led the electoral commission in Zimbabwe, and, most recently headed the Rampton Special Hospital Review Team, whose Report has been well-received in the DHSS. I know that Nicholas Edwards considers that he would be an admirable choice.

We are, of course, writing at very short notice and it may be possible that Sir John Boynton will not be available to take on the job. I am therefore letting you have, as a reserve list, the other names I have considered. I would like to move ahead on this aspect of the scrutiny very quickly and unless you have any reservations, I would propose to write to Sir John early next week. He may of course refuse, in which case we shall have to look again



CONFIDENTIAL

at our reserve list.

I am copying this to the Prime Minister, and the Secretaries of State for Scotland and Wales.

Yours sincerely,

AJ Stuart

BARONESS YOUNG
(agreed by Lady Young
and signed in her absenc

CIVIL SERVICE

Sir Nicholas Morrison (62): ex-Permanent Secretary, Scottish Office.

Sir Geoffrey Wardale MC (62): ex-Permanent Secretary, DOE.

INDUSTRIALISTS

Sir Donald Barron (59): Chairman, Rowntree Mackintosh Limited, member of University Grants Committee.

Hon Gary Runciman FBA (46): Chairman, Walter Runciman and Co Ltd; Fellow Trinity College, Cambridge.

ACADEMIC

Sir Henry Fisher (62): President, Wolfson College, Oxford.

Trevor Thomas (66): ex-Vice Chancellor, Liverpool; Barrister.

COVERING CONFIDENTIAL

Education

Mr PATTISON

HM INSPECTORATES OF SCHOOLS

1. Lady Young sent the Prime Minister a copy of her letter to Sir Derek Rayner of 4 November.

TPM

2. Are you content that Sir DR should cover the PM's interest as indicated in paragraph 16 of the attached reply to the Baroness?

CP ..

C PRIESTLEY
6 November 1980

Enc: Reply to Lady Young

Mr Priestley is revising para 16.

MAP 6/X..

CONFIDENTIAL

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

10 November 1980

The Baroness Young
Department of Education
and Science
Elizabeth House
York Road
London SE1

HM INSPECTORATES OF SCHOOLS

1. Thank you for your letter of 4 November, enclosing possible terms of reference for the scrutiny of your Inspectorate in England and of those in Wales.

2. I am on the whole happy with the terms of reference and am glad that they are broadly on all fours with those for Scotland. However, I should raise the following points with you and, insofar as they affect them, with the Secretaries of State for Scotland and Wales.

Effectiveness

3. Some emphasis was laid at the Prime Minister's meeting on 30 October on the question whether national inspection (and indeed local inspection) are effective in maintaining and improving the quality of education, one of the basic purposes for which inspection and the Inspectorates exist being to assure pupils and their parents of at least minimum standards of teaching.

4. I accordingly suggest that the terms of reference for both scrutinies should begin:

> "to consider and report on the role, organisation, staffing and effectiveness of HM Inspectorate of Schools ....."

Public expenditure and Civil Service manpower policies

5. You are right in concluding that I do not see this scrutiny (or indeed any other) automatically resulting in reduced numbers.

6. On the other hand, I think that treating the exercise "as being concerned primarily with management efficiency rather than staff cuts" does not get the emphasis quite right. (Indeed, I am not quite sure what "management efficiency" means.) In my letter to Mark Carlisle of 31 October I mentioned the questions of purpose, cost and value added. If the Scottish Inspectorate costs £3.25m pa, I would guess that yours costs about £13.5m pa with, say, another £1m for the Inspectorate in Wales, making a total of about £17 - £18m pa. That is a tidy sum and, especially but not only in these hard times, I do not think that one can or should leave the cost part of the cost effectiveness equation out.

7. Another factor points in the same direction. The human and professional talent represented by pay scales beginning at £12,325 pa is - or should be - very considerable indeed. I would like to see some consideration giving to the opportunity cost of the Inspectorate to the nation.

8. So I would prefer that the Scottish scrutiny's fifth consideration ("the Government's plans to reduce public expenditure and Civil Service manpower") was included.

Collaboration with DES and the Welsh Office

9. May I raise two points on this? First, I do not understand the formula, "arrangements for the collaboration between the Inspectorate and Department of Education and Science and the Welsh Office". (I assume that the definite article underlined is intrusive and can be deleted.)

10. If the Inspectors in Wales are on loan, I can understand (I think) that they need to collaborate with "the Welsh Office". The Scottish proposal refers to collaboration with "the rest of the Scottish Office", which I would have thought more appropriate in the DES case than the formula above.

11. To make sure that I have got the facts straight, I have had a look at your Votes (Supply Estimates, 1980-81, Class X). I have not been able to find a separate funding for your Inspectorate, so I assume that they do not have an existence separate from that of DES and that they are funded, like your other Civil Servants, through the Administration sub-head of Central Administration Vote (Class X, 12). Would you kindly confirm that this is so or otherwise put me right?

12. Secondly, I believe that collaboration with the rest of DES was examined comparatively recently and that some new arrangements were devised as a result, including a committee on inspection policy. The Scottish Office presumably had a good reason for including "collaboration" in their terms of reference, but I would not want it to duplicate itself in those for DES or for the Welsh Office unlessyou thought it necessary.

Examining officer/s

13. I note and welcome what you say.

Classification and publication

14. Do you think we might come down to MANAGEMENT - IN CONFIDENCE and then drop the classification when the scrutiny is known to be in existence?

15. Presumably there will have to be some sort of statement about the two scrutinies in due course. May we simply register that now and consult on a draft later?

Prime Minister's interest

16. The Prime Minister has asked me to take a particular interest in these scrutinies on her behalf and to consult her on the findings and recommendations at a stage when it is still possible for her to influence the outcome. I am very glad to do this and look forward to helping with each exercise. It means that we do not need to include her among copy addressees for the time being, so I am copying this only to the Secretaries of State for Scotland and Wales.

Derek Rayner

-6 NOV 1980

2.

Prime Minister

MP 4/11

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

MS

Sir Derek Rayner
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

4 November 1980

Dear Derek.

Thank you for your letter of 31 October. I fully agree that we should settle the terms of reference for the scrutiny of the English and Welsh Inspectorates as soon as possible. Janet Young will have Ministerial responsibility within this Department for the scrutiny. She will be writing to you tomorrow about the terms of reference for the scrutiny.

Copies of this letter go to the Prime Minister and the Secretaries of State for Scotland and Wales.

Yours sincerely

Mark

MARK CARLISLE

CONFIDENTIAL

2.

Prime Minister

3

To see arrangements for DES Inspectorate scrutiny.

MAD 5/XI

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH

TELEPHONE 01-928 9222

FROM THE MINISTER OF STATE

Sir Derek Rayner
Cabinet Office
70 Whitehall
London SW1A 2AS

4 November 1980

Dear Sir Derek.

HM INSPECTORATE OF SCHOOLS

You wrote on 31 October to Mark Carlisle about the scrutiny of HM Inspectorate of schools in England and Wales.

In collaboration with the Welsh Office we have now prepared the attached terms of reference. With minor exceptions to take account of differences between the Inspectorates, the wording follows that of the Scottish terms of reference which you have already accepted. The major difference is that we have omitted point 5 "the Government's plans to reduce public expenditure and Civil Service manpower".

There is an important point of principle involved here; we see this inquiry as being concerned primarily with management efficiency rather than staff cuts. It does not seem to me - and I gather you agree - that it will automatically result in a reduction in numbers; if it does not, point 5 will look rather odd; if it does, well and good, the reductions will contribute towards the staff cutting exercise.

On the other points you raise: I shall write to you in the course of the next day or two about the appointment of an examining officer; as to the manner of conducting the work, I suggest that we wait until we have firmly appointed an examining officer, allow him to acquaint himself with the broad issues and then arrange a meeting between you, him and his Scottish opposite number to agree a modus operandi. We shall undertake to provide any supporting staff if necessary.

I am copying this to the Prime Minister, and the Secretaries of State for Scotland and Wales.

Yours sincerely

David Young

BARONESS YOUNG

CONFIDENTIAL

To consider and report on the role and consequential staffing and organisation of HM Inspectorate of schools in England and Wales, including the main priorities of work to be undertaken, and arrangements for the collaboration between the Inspectorate and the Department of Education and Science and the Welsh Office taking account in particular of the following:

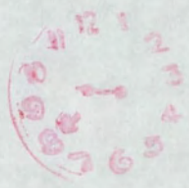
1. the responsibilities and policies of the Secretaries of State

2. the present and prospective needs of all components of the education service

3. the role of local education authorities and their staffs and of other educational agencies

4. Government statements of policy relating to the quality of education and to the Inspectorate.

-5 NOV 1980



CONFIDENTIAL

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

31 October 1980

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education
and Science
Elizabeth House
York Road
London SE1

Dear Mark.

HM INSPECTORATES OF SCHOOLS

1. This is to follow up yesterday's meeting under the Prime Minister's chairmanship and Michael Pattison's note to your private secretary.

2. We are asked to establish terms of reference for the scrutiny of your Inspectorate and I should be glad if we could agree on them by 14 November. I believe that Jim Hamilton already has a copy of the terms of reference for Scotland and, if these are not available to the Welsh Office, I should be grateful if he would very kindly make them so.

3. Following the original proposal for Scotland and yesterday's discussion, I suggest that the terms of reference should cover the role, organisation and capacity of your Inspectorate in helping to improve the quality of educational performance and the relationship between it and LEA inspectors/advisers. In all scrutinies, I am interested in the answers to three basic questions, "What is it for? What does it cost? What value does it add?", and I am sure that you too will want to see these embodied in both the terms of reference and methods of the scrutiny.

4. Given the importance of the subject I think we need also to agree on who should be the examining officer/s and how, broadly speaking, the team should approach the work. (Guidance on scrutinies is given in my Note of 2 November 1979.) If necessary, I (or my office) would be glad to discuss this with Jim Hamilton and, if the Secretary of State for Wales agreed, with Trevor Hughes.

5. I should say in conclusion that I believe in inspection and that I hope your hard-working and devoted Inspectors will not feel threatened by the fact that this examination is to take place.

6. I am copying this to the Prime Minister, the Secretaries of State for Scotland and Wales and Gordon Downey.

Derek Rayner

2

Econ Pol.
Public Exp

**10 DOWNING STREET**

PRIME MINISTER

I attach correspondence between Christopher Price (Chairman of the Education, Science and Arts Select Committee) and Mark Carlisle.

Mr. Carlisle is resisting this attempt by the Select Committee to question him on the current Cabinet public expenditure discussion.

MAP

30 October 1980

CONFIDENTIAL

c/ Master set

# 10 DOWNING STREET

*From the Private Secretary*

30 October 1980

The Prime Minister had a meeting today with your Secretary of State, and the Secretaries of State for Scotland and Wales, about the Schools Inspectorates. Sir Derek Rayner and Mr. Downey of CPRS were also present.

The discussion ranged widely over issues of educational performance, and the role and capacity of the Inspectorates in helping to achieve improvements.

As a result of the discussion, the Prime Minister concluded that the Secretary of State for Scotland should go ahead with the scrutiny he had proposed to Sir Derek Rayner. She was strongly of the opinion that a parallel scrutiny covering England and Wales would be valuable, and that the aim should be to carry this out in a similar time scale. This would enable the officials working on the two scrutinies to share their experience in the course of the exercises. She recognised that the terms of reference proposed for Scotland would not necessarily be well suited for England and Wales, and she asked Sir Derek Rayner to consult your Secretary of State and the Secretary of State for Wales quickly to establish terms of reference for the scrutiny in England and Wales.

I am sending copies of this letter to Godfrey Robson (Scottish Office), John Craig (Welsh Office) and to Gordon Downey (CPRS) and Sir Derek Rayner.

M. A. PATTISON

Peter Shaw, Esq.,
Department of Education and Science.

CONFIDENTIAL GB

RECORD OF A MEETING HELD IN THE PRIME MINISTER'S ROOM AT THE HOUSE OF COMMONS AT 1600 HOURS ON THURSDAY 30 OCTOBER 1980, TO DISCUSS THE ROLE OF H.M. INSPECTORATE IN SCOTLAND, ENGLAND AND WALES.

Present: Prime Minister
Secretary of State for Education and Science
Secretary of State for Scotland
Secretary of State for Wales
Sir James Hamilton, PUSS, DES
Mr. Trevor Hughes, PUSS, WO
Mr. Angus Mitchell (Scottish Education Department)
Sir Derek Rayner
Mr. Gordon Downey (CPRS)
Miss Sheila Browne (Senior Chief Inspector, DES)
Mr. J.F. McGarrity (Chief Inspector, SO)
Mr. E.O. Davies (Chief Inspector, WO)
Mr. N.J. Sanders
Mr. M.A. Pattison

* * * * * * * * *

The Prime Minister said that she had seen the proposal for a scrutiny of the Inspectorate in Scotland. She had some hesitations about this. She personally believed in full school inspections with a prime aim of maintaining standards. She understood that an agreement with the NUT had tended to limit these. Miss Browne said that the NUT's proposals had never been accepted. Mr. Carlisle confirmed that the number of full inspections had been built back up again.

The Prime Minister said that she wanted to see one full inspection at each level in each LEA annually. Miss Browne said that the Inspectorate operated a dip-stick system. They were limited by manpower considerations. Mr. Davies said that in Wales there was more than one inspection at secondary and one at primary level annually in each LEA. The programme had been stepped up by 25% recently. Mr. McGarrity said that in 1979/80 there had been 350 full inspections at primary level and 46 at secondary level. In response to a question from the Prime Minister, Miss Browne said that the inspection reports were issued to the Secretary

/ of State

of State, and the Inspectorate were now moving towards publication.

Sir Derek Rayner said that he would like to proceed with the Secretary of State for Scotland's scrutiny proposal. In the past, where a scrutiny subject covered several Departments, a joint exercise had proved useful. He would therefore be even happier if it were agreed that there should be a parallel exercise in England and Wales, which would need to take account of the differences in the system. He was getting many approaches from outside Government on education. There was an issue of the balance between the Inspectorate's policy and administrative work and its direct assistance to those in the education system.

Mr. Younger argued that the scrutiny would be a valuable way of looking at the system, both in terms of the Manifesto commitment to strengthening the Inspectorate and to look for possible staff savings.

Mr. Carlisle said that he would need to be clear about the purpose of the study. DES looked after 31,000 institutions. 40% of the Inspectorate's time was spent inside them. and this ratio had been constant over a 20-year period. Inspection was still a prime function. Mr. Edwards said that he had less familiarity with the system, but he had been struck by three points. First, there were now few formal inspections, but many more informal ones. Secondly, he was unconvinced that the follow-up to inspections was as effective as he would like to see. Thirdly, in discussions within the Departments, he found a slight unease about the Inspectorate's relationship with the Departments. He sensed that this was a delicate area, and was undecided as to whether the Rayner method was the best approach. Government needed a neutral informal look at the role and functions of the Inspectorate, whereas the Rayner approach on the efficiency of existing performance might be premature.

After some detailed discussion of the approach adopted by the Inspectorates in the three countries, and the links between the Inspectorates' policy work and their knowledge gained from inspection, the Prime Minister emphasised her concern at the quality of the product of much of the education system. Far too many

/ employers

employers were complaining that children were being turned out without the proper basic equipment. GEC and ICI had now found it necessary to set up their own courses for new recruits to remedy basic deficiencies. Mr. Carlisle asked whether a Rayner scrutiny might not take up time which would otherwise be spent on inspection. The current public expenditure cuts would inevitably push the Inspectorates' numbers down into the 300s. Sir James Hamilton said that he was not clear about the purpose of an enquiry in England and Wales. The Scots were looking at the possible reduction of numbers, whilst the England/Wales Inspectorate were already overloaded. It might be sensible to allow the Scottish scrutiny to be completed, then consider whether some of its conclusions were relevant to England and Wales. Miss Browne observed that Scotland had the great advantage of the notion of qualification of teachers. Mr. McGarrity suggested that, if the Prime Minister's real concern was with education in England, it might be a waste of resources to scrutinise the Scottish Inspectorate. Mr. Mitchell pointed out that the Scottish scrutiny was not directed primarily at the size of the Inspectorate. Nor was this review of the Inspectorate intended to deal with some of the wider policy issues raised at the meeting. Sir James Hamilton said that a large-scale enquiry could be mounted to tackle the issues raised by the Prime Minister.

The Prime Minister said that she had no intention of instituting another large-scale enquiry. She wanted to focus on the curriculum and the quality of teaching and she wanted to see bad teachers dismissed. Mr. Carlisle commented that he lacked the powers. He did not see a Rayner efficiency study as the best way into these issues.

Mr. Downey said that the CPRS strongly supported Sir Derek Rayner's approach. The CPRS study on education and training had uncovered much employer concern. In addition, the study had found some confusion over the relative roles of LEA advisers and inspectors. The CPRS had also found unease about the balance between policy work and inspection, although he accepted Miss Browne's view of the inevitable inter-relationship.

/ The Prime Minister

The Prime Minister asked whether simultaneous scrutinies would be the most effective way of proceeding, or whether there was merit in the DES proposal of working in sequence. Sir Derek Rayner said that working in parallel allowed the benefit of cross-fertilisation. The terms of reference proposed for Scotland might well be inappropriate for England and Wales, but he would like to invite DES to suggest appropriate terms of reference. He would then like the scrutinies to go ahead with the same time-scale, so that the study teams could keep in close touch as they worked.

The Prime Minister confirmed that she would like to see the Scottish scrutiny to go ahead on the basis already submitted, and that she would like a parallel scrutiny undertaken in England and Wales with terms of reference adapted as necessary.

3 November 1980

PRIME MINISTER

Meeting on the Inspectorate

Attendance

Secretary of State for Education plus Sir J. Hamilton, plus Miss Sheila Browne

Secretary of State for Scotland plus Mr. Angus Mitchell (Head of SED) plus Mr. J.F. McGarrity, SCI

Secretary of State for Wales plus Mr. Trevor Hughes (Permanent Secretary) plus Mr. E.O. Davies, Chief Inspector

Papers

Flag A: CPRS/Rayner note, which attempts to draw together the issues and makes some suggestions on handling.

Flag B: A note by the DES Inspectorate, forwarded by Mr. Carlisle, setting out the way the Inspectorate perceive their role.(You may not get through all this paper, but you will be particularly interested in the current inspection figures in Annex 2 of this paper.)

Flag C: A note from Mr. Priestley, recording the comments of a couple who are both head teachers in large Midland schools. (This "empirical evidence" seems to have played a large part in informing the thinking of Derek Rayner's office on this subject recently.)

Flag D: The earlier note from Derek Rayner's office, commenting on and summarising the Scottish Office scrutiny proposal.

Background

You were reluctant to approve the Scottish Office scrutiny. It was brought to your attention because of the possible conflict with a Manifesto commitment. You doubted whether further study was necessary to establish the correct role for the Inspectorate.

/We are told

We are told privately that senior management in the Scottish Office has for some time seen scope for greater efficiency and commensurate savings in the Inspectorate. Something was about to come of this at the time of the election, but the Scottish Manifesto commitment on the Inspectorate caused Ministers to wish to hold back. The scrutiny programme provided a vehicle to renew the subject, and I understand that the Scottish Office is keen to do so, and is most anxious to find a way of presenting this in a form which will not lead you to veto it.

You have recently made clear your own views on the role of the Inspectorate. You spelled them out succinctly at Cabinet last week, and Mr. Carlisle is unlikely to be in much doubt about your approach. His paper would provide a base from which he can argue that the role of the Inspectorate has been evolving in a necessary way.

I have no indication of the likely Welsh Office input. The Rayner/CPRS line is likely to follow up the ideas they floated a year ago, namely that there is scope for much better value for money from the highly trained resources available in the Inspectorate.

Handling

The discussion could quite easily go in circles unless you establish early on that there is a firm proposition to be considered. All those present will know of the Scottish Office scrutiny proposal, and will have seen the DES Inspectorate paper.

The Rayner/CPRS paper recommends that you might decide to go for a joint scrutiny covering all the countries. This is one possible outcome. But it could meet fierce resistance. There is lingering antagonism between Rayner's office and DES since the time of the DES management review which was largely conducted by Mr. Priestley. As you know, Derek Rayner regards DES as very dis-appointing territory for his exercises.

/You may

You may therefore feel that it would be easier to conclude that the Scottish Office scrutiny should be allowed to go ahead, whilst making it clear that you will want to review its conclusions personally, and that you may well wish to press for some or all of them to be applied also in England and Wales.

29 October 1980

CONFIDENTIAL

cc for information
Sir Derek Rayner
Mr Downey

Mr PATTISON

HM INSPECTORATES OF SCHOOLS: PRIME MINISTER'S MEETING, 16 00
HOUSE OF COMMONS, THURSDAY 30 OCTOBER

1. This offers the advice of CPRS and this office.

PURPOSE OF THE MEETING AND ATTENDANCE

2. The purpose is to discuss with the Scottish, Welsh and Education Secretaries how best "to initiate a look at questions of the role of the Inspectorates of Schools in all three territories" (your letter to Mr Morgan, 18 September). I interpret this as meaning, to ascertain whether the Inspectorate is an effective instrument of Government policy on educational quality.

3. The Prime Minister will be supported by Sir Derek Rayner and Mr Downey (CPRS), the Ministers by their top Inspectors:

| | |
|---|---|
| Scotland: | Mr J F McGarrity, Senior Chief Inspector |
| Wales: | Mr E O Davies, Chief Inspector |
| England: | Miss S J Browne, Senior Chief Inspector |

4. I believe that Mr J A M Mitchell, Secretary of the Scottish Education Department, may also be present.

SOME BACKGROUND POINTS

5. The Conservative Manifesto 1979 said that: "We shall promote higher standards of achievement in basic skills. The Government's Assessment of Performance Unit will set the national standard in reading, writing and arithmetic, monitored by tests worked out by teachers and others and applied locally by education authorities. The Inspectorate will be strengthened. In teacher training there must be more emphasis on practical skills and on maintaining discipline."

6. The Berrill/Rayner memorandum on efficiency in local government (January 1980) recommended reviews of the purposes and methods of inspection and of the Education Departments' contribution to the management competence of senior teachers and administrators.

7. The Prime Minister thought these points worth pursuing in their own right (your letter of 18 January to Mr Edmonds, DOE). The DES response was that Mr Carlisle did not "feel there is anything particular to pursue in respect of HM Inspectorate" (Mr Green's letter to you of 13 February). The points then made appear once again in Miss Browne's note for this meeting.

8. However, at a meeting with other Ministers, Sir Kenneth Berrill and Sir Derek Rayner on value for money in local services on 22 February, Mr Carlisle was specific in saying that the Inspectorate lack management experience and that their basic objective had not previously been concerned with cost effectiveness (Sir Derek Rayner's minute of 3 April).

9. The Prime Minister subsequently indicated that in her view, "the keys to high quality education and excellent administration are first class head teachers, effective chairmen of education committees, and good directors of education [and that] concentration on securing the right individuals for these key posts is likely to be the most effective means of guaranteeing high quality" (your minute of 5 August to Mr Ibbs).

## THE PROPOSED SCOTTISH OFFICE SCRUTINY

10. The Scottish Secretary proposed in August a scrutiny of the role, organisation and staffing of his Inspectorate covering the main priorities of the work to be undertaken and arrangements for collaboration between it and the rest of his Department. It would take account of

- the present and prospective needs of the education service
- the role of LEA advisers/inspectors (whose growth is cited as part of the "prima facie case for a substantial reduction" in HMI resources for school and FE inspection)
- the Minister's functions
- Government policy on educational quality and the Inspectorate, but also public expenditure and Civil Service manpower.

11. This is a welcome proposal, strongly supported by Sir Derek Rayner and the CPRS.

MISS BROWNE'S PAPER ON HM INSPECTORATE IN ENGLAND

12. This is a descriptive, not a discussion paper.

13. The Prime Minister is already thoroughly familiar with the field, but it may nonetheless be helpful to make these points:

a. "Inspection" (passim) is now a term of art. It means any act of an Inspector while on his lawful occasions. Simply entering a school is "inspection". This helps to get Annex (2)'s reference to "All Forms of Inspection" into perspective.

b. The Inspectorate is a high quality national force of experienced teachers and others, dependent on local work. Its basic tasks are both administrative and educational:

- providing local intelligence to HQ as required
- liaison work with LEAs
- advising HQ on educational matters
- contributing to national work, eg on curriculum development or teacher training.

c. It divides: 300 on schools and teacher training, 118 on FE.

d. The classic inspection tool ("full inspection") is now rarely used. There has been a steady retreat from it under pressure from both LEAs and the teaching profession. Annex (2) indicates that in 1979 the proportions of establishments inspected were:

| | |
|---|---|
| Primary | 0.3% |
| Secondary | 0.8% |
| Special | 0.2% |
| HFE | 1.6% |

I understand that Inspectors are not often seen in primary schools and that they feel increasingly remote from secondary schools.

e. The Education Secretary is not required to inspect where he is satisfied with LEA arrangements for inspection. He does not formally satisfy himself about this, however, and there is an uneasy dividing line between his inspectors and those of LEAs. (LEA inspectors are stronger in PE, music and the "soft subjects" than they are in science and mathematics.)

f. The Inspectorate is a small cadre given the number of establishments that might be inspected. Inspectors are at present stuck between their own local role and a wholly national (research and development-type) role. It is still uncertain which way they should go for the future.

g. As Miss Browne says (para. 13), effectiveness of activity tends to be imponderable. It is interesting that the claims made are for results at the policy rather than the delivery end of education.

h. In case any argument is mounted on the constitutional independence of the Inspectorate (on account of them being "Her Majesty's") it might be noted that the Inspectorates have no separate constitutional status. They are civil servants paid for out of the staff Votes of their Ministers. But they are - like other professional and lay advisers - expected to speak their mind. Myths associated with "Her Majesty's" have caused and continue to cause confusion about role and status.

14. Nothing is said about the cost of the Inspectorates.

15. The Scottish Office scrutiny proposal indicates an annual cost (including the support staff) of £3.25m for 118 Inspectors. The DES Inspectorate is 3½ times as large, giving an approximate cost (also including support staff) of ~~£11m~~ £13.6m. The Welsh Office Inspectorate numbers about 60, producing some £1.0m more. So the total is in the region of £18m. This goes to support a small number of highly paid staff, the lowest grade of Inspector being on a scale from £12,325 - £17,506 pa. The top grade (Senior Chief Inspector) receives £24,500 pa.

A WORM'S EYE VIEW

16. The basic question is, "What is the value added by inspection?". What difference are inspectors making to pupils and to teachers?

17. On the pupils, Dr Rhodes Boyson said earlier this month that "he found continued concern among parents of all classes, but particularly among working-class parents about academic standards, discipline and values in schools" (Times, 4 October).

18. On the teachers, I commend to the Prime Minister's attention the attached note by the Heads of two large secondary schools in the West Midlands. Their main points about present arrangements are:

> Frequency of visiting: HMI: Very variable, either a feast or a famine. LEA Advisers: Frequent visits in some subject areas (not all), which are often valuable in spite of gaps in the service.
>
> National courses: Somewhat disappointing.
>
> National surveys: Value may well lie before rather than after the event, ie in provoking good work because teachers know the surveys are being undertaken.
>
> Overall comment: "HMI seem to be too specialised and their visits too fleeting and advisers too "general" for either to have the in-depth approach needed. At times both services are unable to help with contemporary issues. HMI seem to spend too much time in assessing how we have arrived where we are now, rather than discussing with Heads and their assistants where we should be going in the future."

19. Their view of the future approximates at some points with that implied by Miss Browne, but they place a much heavier emphasis on the vigorous local expression of national criteria and policies, including sufficient inspectorial scrutiny to initiate change where necessary.

## HANDLING AND ISSUES

20. The Scots may be reasonably forthcoming, but it should be noted that the Scottish Office officials present are not among those pressing most strongly for the scrutiny.

21. The position of the DES and Welsh Office, especially the former, will probably be to stand pat; try and get others to make the running; and pick them off as they toil over unfamiliar ground. In particular, Miss Browne (a former don who has not taught in a school) can be expected to mount a strong defence of the status quo, backed up by chapter and verse.

22. The Prime Minister might say that the question of standards and "value for taxpayer's money" is still crucial. While Inspectors are a devoted and hard-working body, there must be a very serious question whether they are helping the education service achieve better results. She welcomes the Scottish Office proposal, but would like to take the opportunity to go into the issues more extensively:

- How far can central government guarantee good quality education provided by LEAs?
- The Inspector is an expensive and important commodity. If he has something extra which teachers and LEA advisers/inspectors do not have, what is it and how is it best deployed?
- Has the focus moved too far away from inspection of individual establishments to work of a research and development type?
- How far can and should the Inspectorates concentrate on such new problems as those of managing the big secondary school and those of multi-ethnic education?

- What should be done about persistent areas of weakness such as reading and writing among the less able?

23. To keep general discussion within bounds, the Prime Minister might want to focus on four key topics.

a. The inspection of individual institutions:
Inspections now appear to be more for obtaining national information than for improving the performance of the particular institution inspected. Do LEA advisers/inspectors do this adequately? What is the HMI role in giving advice to Heads, LEAs and the public?

b. Development of Heads and Deputy Heads:
Are the Education Ministers satisfied that enough is being done?

c. Management of large establishments:
Should HMI input to this be improved? What are the implications for HMI recruitment and deployment?

d. The curriculum:
Frightening slow progress seems to be made on this. How do Education Ministers see the HMI role developing? Can anything be done to increase effectiveness and reduce overlap with other bodies?

DESIRABLE OUTCOME

24. We recommend that approval should be given for the Scottish Office scrutiny to proceed, subject to what is said below, and the Prime Minister should resist any tendency on the part of the Scottish Delegation to cut out the independent element represented by the "Rayner label".

25. If Ministers want a study of the role of the Inspectorates as a whole, the question arises of what form it should take. The possibilities include:

a. An official inter-departmental committee:
This could cover all interests and review the full policy issues without the expense of a public enquiry (see below). But it could be ineffective without the cutting edge provided by the independence of the scrutiny approach.

b. A national public enquiry:
This would have to cover a wide area, would be very expensive and time-consuming, would involve the "stage army" of professional educators extensively and would probably achieve little.

c. A scrutiny in Scotland (as already proposed):
The idea would be that any lessons learnt would be extended to England and Wales, but the lessons could not be available before the end of May 1981 at the earliest.

d. A joint scrutiny covering all the countries:
This would be preferable to either an inter-departmental committee or a national public enquiry, being cheaper, better focussed and ensuring that the different countries did not go in different directions. It might be carried out under the Scottish Office official already named for the scrutiny (a retired Under Secretary) with an officer added to his team, to cover England and Wales.

26. We recommend the joint scrutiny. There are risks in either leaving England and Wales to wait until the end of the Scottish scrutiny or letting them loose on their own. ("Rayner" experience with DES so far has been very disappointing.)

CP

C PRIESTLEY
29 October 1980



Enc:

DEPARTMENT OF EDUCATION AND SCIENCE

FROM THE SECRETARY OF STATE

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

Mike Pattison Esq
Private Secretary
10 Downing Street
London SW1

28 October 1980

Dear Mike

Mr Carlisle has asked me to send to you a copy of the attached paper by the SCI about the work of the Inspectorate in England.

He hopes that the Prime Minister will find this useful for the meeting on Thursday.

I am copying this to John Craig (Wales), Godfrey Robson (Scotland), G S Downey (CPRS) and, as requested, am sending Clive Priestley's copy to you for onward transmission.

Yours sincerely

Peter Shaw

P A SHAW
Private Secretary

HM INSPECTORATE IN ENGLAND

GENERAL

1. HM Inspectorate (HMI) exists to inspect and to report to the Secretary of State on the state of education in England and by its professional advice to help Government in the discharge of its responsibilities. In the course of inspection, it also seeks by advice to help those with direct responsibility for the quality of education, namely LEAs and teachers, to get better results. It has no legal powers. How and what it inspects at any time depend on policies and initiatives of the government of the day and the strength in numbers and kind of the Inspectorate.

2. The Government's policies for reducing public expenditure and for maintaining and improving the quality of education therefore provide the framework for HMI's current work. Both require a steady flow of information and advice to Ministers and the Department based on first-hand inspection; related inspection-based work with local education authorities (LEAs), institutions, teachers and agencies such as the Council for National Academic Awards or the Schools Council; and the essential contributions (Annex 1) to the work of branches of the Department of Education and Science (DES).

3. The statutory basis of inspection is in Section 77 of the Education Act 1944 which places a duty on the Secretary of State to cause inspections to be made. This Section also provides for inspection by inspectors appointed by local education authorities.

LOCAL ADVISERS AND INSPECTORS

4. Local advisers - not all of whom inspect - operate within local policies and using local norms. HMI in their inspection reflect the national policy which local authorities are required to execute under the Secretary of State's control and direction, and use national standards derived from national inspection.

In any case local advisers do not inform and advise central government and a major purpose of HMI's inspection is to assist the Secretary of State in his statutory responsibility of controlling and directing the national education service. This is particularly true in those areas like teacher supply and training where the Secretary of State and not the LEAs has the main policy function.

HMI NUMBERS

5. In the ten years since 1970, the Inspectorate's complement has been reduced from 500 to 430 and the numbers in post are for good reasons currently 418. Of these nearly 300 are for schools and teacher training and the remainder for further and higher education. Among the schools inspectors 40 are primary school specialists and 16 for special education. All HMI are specialists with a certain general competence and inspection is organised as far as possible on a specialist basis.

6. The 418 HMI have to inspect 31,000 institutions. There are good reasons for not making straight comparisons with Scotland and Wales but it is perhaps worth mentioning that Scotland has 118 HMI for 4,000 institutions and Wales 60 for 2,400. Scotland does not inspect teacher training and Wales draws on English HMI for parts of the inspection of higher and further education.

DEPLOYMENT

7. In order to serve Ministers and the Department promptly and to keep closely in touch with policy and needs, some 40 HMI are based on the Department of Education and Science. From the Senior Chief Inspector down, all these also inspect from time to time and work with LEAs. The rest are distributed throughout the country and belong to interwoven teams of territorial and specialist inspectors.

ORGANISATION OF INSPECTION

8. The Inspectorate uses the inspection tool (formal, informal, full or partial) appropriate to the task in hand. It must organise itself to keep up a perpetual review of the system, give precise service to Ministers and the Department in connection with policy or day-to-day work, take corrective action in a minority of cases and encourage good practice on as wide a scale as possible.

9. Current figures for all types of inspection are given in the Annex (2). In 1979, 20% of all primary schools, 74% of secondary, 32% of special and 30% of independent schools received an inspection visit of one kind or another; more than 90% of higher and further education institutions, including those for teacher training, and 40% of Recognised independent Further Education colleges were similarly inspected. The figures reflect the proportionate distribution of HMI and the overall numbers of institutions.

10. With 31,000 institutions and half a million teachers and lecturers, there are limits to what even the most efficient organisation of 418 inspectors could achieve. Forward programming is used to control HMI's work so that essential inspection is not disrupted by sudden demands yet these can, where necessary, be met without undue delay. All inspection visits are concerned with standards and result in discussion within the school and where necessary with the LEA. All are recorded in the school file. Formal inspections lead to a report to the Secretary of State and the LEA or a publication or both. Publications are listed in the Annex (3).

SELECT COMMITTEE ON HM INSPECTORATE (ENGLAND AND WALES) 1967-8

11. In July 1968 the Select Committee on HMI (England and Wales) recommended that the Secretary of State's duty to cause inspections to be made should be reduced to a power and that the full scale formal inspection should be discontinued "save in exceptional circumstances". The Government of the day did not entirely accept these recommendations: the statutory duty of the Secretary of State was not changed. It is also fair to say that the ordinary

HMI did not recognise the picture of their work conveyed in the Select Committee's report or accept its conclusions. The present practice is for HMI to undertake a full inspection of an establishment whenever this is in the best interest of the purpose in hand and the manpower and financial cost can be afforded. It is a good tool in a reasonably static institution and within a structured programme, is useful as a means of comparing the effects of management or expenditure patterns or of types of school system. The number of full inspections is comparable with that of 20 years ago when the Inspectorate was 475 in number, FE was smaller and published surveys were rare.

12. Recording the results of inspection is only a beginning. For improvement or change to follow in matters like the curriculum or in-service training of teachers and heads all those with responsibility from central government through LEA to teacher have to accept the evidence, commit themselves to an identified end and understand how to achieve it. It is for this reason that inspection results have been brought together in survey reports. These provide a national framework and allow national conclusions and proposals to be made in a way that is not possible on the basis of individual inspections. There is evidence that good local authorities prefer the broad evidence and stimulus of survey reports to full inspection reports.

13. How far the education service finds it helpful to receive the advice of HMI cannot be precisely assessed and advice which is unpalatable may not always be welcome. But the sales of HMI publications, the attendance at courses (Annex (4)) and meetings arranged by HMI, and the majority of unsought views suggest that the advice is widely studied. It is a fair claim that in the last 5 years the work of HMI has made a major contribution in generating LEA action on the school curriculum as a whole and on all the major subjects; teacher deployment and management; in-service training policies; and standards (particularly by drawing attention to the hazards of mixed-ability classes and directing attention to gifted children in comprehensive schools).

CURRENT PRIORITIES

14. But whatever view is taken of the advantages which the education service derives from HMI, the scale and type of HMI activity is determined by the needs of the Secretary of State in discharging his responsibilities vis-a-vis the education service. For them as for HMI the overriding task must be to take whatever steps are possible to ensure that the quality of education is maintained and necessary changes are made within the resources available. This requires continuing assessment and professional advice throughout the country and in DES on every aspect of education. It is this range of demand which HM Inspectorate's complement has to match.

15. New tasks may well be added to those listed in Annex (1). In addition, HMI has chosen to inspect a group of middle schools since it appears they are particularly expensive to staff and equip and that teachers' targets are pitched too low for the older pupils. Other necessary inspection targets are: teachers' sense of standards, particularly but not only at the top of the primary school and in the first three years of secondary school; the education of the slow learner; the quality of sixth-form work; teacher training in both its subject and professional aspects; and the corporate management of institutions by their teaching staff.

S J BROWNE
28 October 1980

A. GOVERNMENT POLICIES AND INITIATIVES AND RELATED DES OPERATIONS REQUIRING INSPECTION AND ADVICE FROM HMI ON DETERMINED TIMESCALES

i. Cutting Public Expenditure (subsuming waste and efficiency)

School Closure Programme
Block Grant: Educational Needs Assessment
DES/Treasury Working Group
Expenditure Sub-group Education

ii. Maintaining and Improving Standards

Inner London Committee
Framework for the Curriculum
Cockcroft Committee of Enquiry into the Teaching of Mathematics in Schools
Post-Warnock White Paper: Special Needs in Education
EC Mother Tongue Legislation
Microelectronics Programme
APU and LEA Testing Programmes
Examinations - development of a single system at 16+
consultation paper on post-16 examinations
Assisted Places Scheme
Development of suitable record/assessment for non-examination pupils
Schools, Industry and Working Life
The Young Unemployed
Macfarlane Group: Education 16-19
Urban Programme
Home Office White Paper: Young Offenders: Truancy Conference
Consultative Planning Document on Non-Advanced Further Education
Consultative Document on Continuing Education
Capping the Pool and Management of Higher Education
Engineering Education and Conference
Review of Teacher Training Provision and Teacher Supply: ACSET
Measures to increase the Supply of Teachers in Shortage Subjects
Select Committee Activities
Participation in Schools Council Activities

INSPECTION FIGURES 1979 AND 1980

1. Numbers of Full Inspections

| Maintained | Numbers of institutions | 1979 | 1980 ✓ |
|---|---|---|---|
| Primary | 22,689 | 87 | 119 |
| Secondary | 4,092 | 35 | 39 |
| Special | 1,568 | 3 | 25 |
| HFE* | 547 | 9 | 12 |

✓ as programmed

* includes tertiary colleges

| Independent | | | |
|---|---|---|---|
| Schools | 2,337 | 28* | 15* |
| FE | 156 | 4 | 10 |

* (Note: Arrangements for recognising independent schools as efficient were discontinued on 1 April 1978. "Registration" and routine inspection continue).

2. All Forms of Inspection: Percentage of Institutions Visited

| Maintained | Numbers of institutions | 1979 | 1980 (2 terms only) |
|---|---|---|---|
| Primary | 22,689 | 20% | 14% |
| Secondary | 4,092 | 74% | 45% |
| Special | 1,568 | 32% | 21% |
| HFE<br>Teacher Training | 547 | 90% | 90% |
| **Independent** | | | |
| Schools | 2,337 | 30% | 14% |
| FE | 156 | 40% | 25% |

3. Delegated Functions and Other Departmental Contracts

European Schools (9): 1 HMI seconded as Head + 90 days inspection

Advanced Course Approvals: 824 course proposals processed in 1980

| | 1979 | 1980 (as programmed) |
|---|---|---|
| Services Schools Overseas (MOD) | 12 | 19 |
| Channel Islands: Schools | 15 | 11 |
| FE Colleges | 2 | 2 |
| Isle of Man Schools: | 2 | 1 |

HMI PUBLICATIONS SINCE 1973 (INCLUDING THOSE FOR PUBLICATION IN 1981)

The publications fall into three groups: descriptions and assessments of standard provision; accounts of good practice; and advice based on general inspection information.

I. DESCRIPTION AND ASSESSMENT OF STANDARD PROVISION

(i) Nursery and primary schools

| | | |
|---|---|---|
| Pre-school provision in six areas: | | 1973, preparatory work for the research programme following the 1972 White Paper, A Framework for Expansion. |
| Combined nursery centres | : | 1977, a critical study of the existing nine combined day nurseries/nursery schools. |
| Primary education in England | : | 1978, an HMI assessment of the work of a representative sample of children, with test results in reading and mathematics. |
| The education of children in First Schools | : | in preparation, an account of work in a selected group of schools. |
| The education of children in 9-13 Middle Schools | : | in preparation, and to be followed by an account of the work of children in 8-12 middle schools. |

(ii) Secondary schools

| | | |
|---|---|---|
| Curricular differences for Boys and Girls | : | 1975 |
| Mixed ability work in comprehensive schools | : | 1978, a critical account. |
| Careers Education in Secondary Schools | : | 1973 |
| Mathematics, Science, Modern Languages in maintained schools in England | : | 1977, a paper for DES regional conferences. |
| Aspects of Comprehensive Education | : | 1977, a paper for a DES conference. |
| Classics in Comprehensive Schools | : | 1977 ) |
| Modern Languages in Comprehensive Schools | : | 1977 ) critical accounts |
| Aspects of Secondary Education | : | 1979, a survey of the work of a representative sample of 14 and 15 year olds in English, Mathematics, Science and personal and social developments. |

| | | |
|---|---|---|
| Aspects of Secondary Education supplementary information on mathematics | : | 1980 |
| Mathematics in VI Forms | : | in preparation |

(iii) Pupils with special needs

| | | |
|---|---|---|
| Behavioural units | : | 1977, produced as a result of a Ministerial conference. |
| Education of children in Hospitals for the Mentally Handicapped | : | 1978 |
| Community Homes with Education | : | 1980, produced in co-operation with DHSS. |

(iv) Teacher Training and Further Education

| | | |
|---|---|---|
| Developments in the BEd Degree Course | : | 1979 |
| The Post Graduate Certificate in the Public Sector | : | in preparation |
| Modern Languages in Further Education | : | 1980 |
| Educational Provision for the Young Unemployed | : | in preparation |

II. ACCOUNTS OF GOOD PRACTICE

| | | |
|---|---|---|
| Ten Good Schools | : | 1977, accounts of some successful secondary and special schools. |
| The School Curriculum and Working Life | : | in preparation |
| Girls and Science | : | publication November 1980 |
| Gifted Children in Middle and Comprehensive Schools | : | 1977 |
| Art in Junior Education | : | 1978 |
| Craft, Design and Technology some successful examples | : | 1980 |
| School Technology | : | in preparation |
| Truancy and Behavioural Problems in some urban schools | : | 1979, description of how some schools cope with these problems. |
| Community Service in Education | : | 1974 |
| Actors in Schools | : | 1976 |

III. ADVICE BASED ON GENERAL INSPECTION INFORMATION

| | | |
|---|---|---|
| A View of the Curriculum | : | 1980, at the request of Ministers. |
| Mathematics 5-11: a handbook of suggestions | : | 1979 |
| Curriculum 11-16 Working Papers | : | 1977/79, a series of papers being used and evaluated in 41 schools in selected authorities. |
| School Geography in the Changing Curriculum | : | 1974 |
| The Teaching of Ideas in Geography | : | 1978 |
| The Use of Micro-Organisms in Schools | : | 1977 |
| Health Education in Schools | : | 1977 |
| Integrating Handicapped Children | : | 1974 |
| Educating Mentally Handicapped Children | : | 1975 |
| Safety in: | | |
| Science Laboratories | : | 1973 |
| Practical Departments | : | 1973 |
| Physical Education | : | 1973 |
| Further Education | : | 1976 |
| General Advice | : | 1977 |

DEPARTMENT OF EDUCATION AND SCIENCE

Short Courses for Teachers

HMI mount over 100 national courses each year for serving teachers in schools and colleges and for those concerned with the educational system, such as LEA Advisers and Officers. Among current priority targets are: the school curriculum and working life; the use and significance of computers and micro-processing; the training of Heads and Heads of Department; the successful teaching of all major subjects, especially those of the "core curriculum"; the education of children with special needs.

MAP
to see
MS
Why have we got this?
MS

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

FROM THE SECRETARY OF STATE

29/10.

Christopher Price Esq MP
Chairman of the Education
Science and Arts Committee
Committee Office
House of Commons
LONDON SW1 OAA

25 October 1980

Dear Christopher,

Thank you for your letter of 20 October about public expenditure on education. Although I would be willing to meet your Committee to discuss the general principles underlying the decisions on education expenditure already announced to Parliament. I cannot, of course, discuss questions of future policy which are the subject of consultations among Ministers.

I am not clear what you have in mind when you refer at the end of your letter to a "preliminary talk", but as I said at our informal meeting when the Committee started its work last year, I welcome the opportunity for informal discussions with you and your colleagues as the opportunity arises. May I suggest that your Clerk discusses the next steps with our liaison officer, Clive Booth

Yours ever

Mark

MARK CARLISLE

COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SWIA OAA
01-219 6243 (Direct Line)
01-219 3000 (Switchboard)
01-219 5774 (Direct Line)

EDUCATION, SCIENCE AND ARTS COMMITTEE

I really doubt this!
This is Public Expenditure &
Cabinet decisions
PM

20th October, 1980

Dear Secretary of State:

I have seen recently reports in the press about the possibility of further adjustments in public expenditure on education. I have discussed this with members of this Committee, and we feel that we should like the opportunity to participate in the consultations leading up to decisions in this matter.

It would be helpful, for example, if we could talk with you and your officials about the general principles underlying decisions, and in particular the balance between polytechnics and universities and between primary and secondary schools.

If you agree, perhaps your Private Office could get in touch with my Clerk about dates and times for a preliminary talk.

Yours sincerely

T.W. Keable

Christopher Price, M.P.

The Rt. Hon. Mark Carlisle, Q.C., M.P.,
Secretary of State for Education and Science,
Department of Education and Science,
Elizabeth House,
York Road,
S.E.

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~930 3422 ext~~ 233 8224

15th October 1980

Dear Mike,

I enclose two copies of the note by my Head Teachers on their views of HMI and LEA advisers, the extra one being for Nick Sanders. You are going to let me know when you want to come and talk.

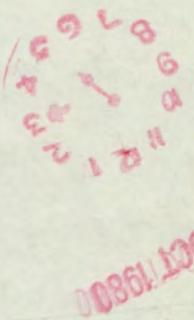
Jenk mentioned on leaving that he had told the PM that as part of his plan for this Office he would like Dave Allen promoted. This would be very agreeable to me. If you would mention it in your note it would help. Jenk made the obvious point, of course, that he did not suppose that, in a fast-moving setting,

the M had registered this detail.

When you come up, incidentally, perhaps we can have a word about dates for a Saturday or Sunday visit by you and your family, when we might (weather permitting) take your daughter to the Zoo.

Yours ever,

Jane



From C Priestley re MMD 17/X

Copy No Three

5.10.80

The role of the Inspectorates and L.E.A. advisors;

present position and future potential re Secondary Education

This memorandum is based upon our (combined) forty-two years in education, extending across ten L.E.A's and including thirteen years at Headship level.

---

1.1. The dividing line between the two services is threefold:-

a) H.M.I. are more highly qualified and specialized (and more highly paid).

b) H.M.I. collect and collate information but rarely give advice on an *in situ* basis or follow a problem through whereas advisors do give advice and follow problems through.

c) In England and Wales L.E.A's supervize probationary assistant teachers under the aegis of H.M.I.

1.2. What do the services add to the quality of the schools?

H.M.I.

Visits by H.M.I. to both schools have covered several aspects of their work. The overall quality of the schools concerned has not been altered by such visits by more than *one percent*.

This one percent came when H.M.I. were invited into the schools rather than when at their own instigation. After a week's visit by a team of H.M.I. in one school, the progress of the school was in *NO* way furthered. Following an urgent request for an in-depth dialogue made by the school to the H.M.I. involved, *NO* action of any kind ensued and thus *NO* benefit to the school accrued from this week's visit.

Advisors

Whilst their brief is frequently too broad for an in-depth approach they are both helpful and concerned when consulted over a specific problem.

1.3. Overall Comment

H.M.I. seem to be too specialized and their visits too fleeting and advisors too "general" for either to have the in-depth approach needed. At times both services are unable to help with *contemporary issues*. H.M.I. seem to spend too much time in assessing how we have arrived where we are now, rather than discussing with Heads and their assistants where we should be going in the future.

---

1.4. How often do we see H.M.I./Advisors?

H.M.I. Very variable; either a feast or a famine.

Advisors Frequent visits in *some* subject areas (not all) which are often valuable in spite of gaps in the service.

1.5. H.M.I. National Surveys and Courses

a) Courses:-

In England and Wales H.M.I. organize in-service and curricula courses whereas in Scotland these have apparently ceased. We have attended six courses organized by H.M.I. (including the Cosmos Course which is by invitation) out of which three were sound and three were lacking in substance and relevance. We find this a disappointing success rate.

b) Surveys:-

Can prove useful in provoking good work because teachers are aware that they are being under-taken. Thus their value may well lie *before* rather than *after* the event.

1.6. Potential for the services

H.M.I.

a) A body of collective information of good practice which should be *actively* and vigorously disseminated.

b) A central evaluation body which sets objective criteria to determine educational progress.

c) A body for research into current trends and problems.

d) A yardstick for standards of teaching and methodology.

e) If the Inspectorates are to fulfill their role as inspectors then that which is monitored should be scrutinized sufficiently well to initiate *change* where it is necessary.

f) Perhaps most significantly of all the inspectorates should be i/c in-service training of staff at all levels; particularly at Headship level. The management aspect of this kind of training has now largely been taken over by private initiative (for example at York University).

Headship is leadership and leaders can and should be trained. Without this element much of the remaining work done by H.M.I. is invalidated.

Advisors

a) Is the service (in spite of much effort and good work) cost effective? As with H.M.I. we feel that the in-service training of teachers is where the main emphasis should lie.

1.7. Questions for the future

a) Why no evidence of in-service or curricular courses in Scotland and why relatively *poor* management courses such as Cosmos in England and Wales?

?

b) Why the recent implication (at Manchester September 23rd) for further specialization of Secondary teachers at a time of falling rolls?

c) Should not the Inspectorate be accountable to the Secretary of State? / It is - in theory.

d) Why so little open and frank discussion when so much advice is needed and sought?

1.8. What value do the services add?

H.M.I. : Slight

Advisors : Moderate

1.9. Conclusion

The processes of learning need careful evaluation and skilfull handling. We have H.M.I./advisors whose main concern should be to promote these. We feel that neither body is handling either issue well although they each have the potential to so do.

Geoffrey Willsher

Shirley Willsher

S. & G.C.Willsher

October 1980

SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 (Llinell Union)

*Oddi wrth Ysgrifennydd Gwladol Cymru*

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)

*From The Secretary of State for Wales*

V MJS

3rd October, 1980.

Dear Mike,

MAP(OR) to see MJS 6/10

Inspectorate of Schools.

Thank you for copying me your letter of 18 September to the Scottish Office about the Prime Minister's meeting with Education Ministers which I now understand is arranged for 30 October.

I confirm that my Secretary of State will attend from the Welsh Office and will be accompanied by a senior member of the Inspectorate in Wales in the absence of our Chief Inspector who is at present on sick leave.

Yours sincerely,

D.M. Rolph
Private Secretary

M.A. Pattison, Esq.,
Private Secretary,
No. 10 Downing Street,
London, S.W.1.

PERSONAL

BF 13/x. Educatn

Mr PATTISON

HM INSPECTORATES OF SCHOOLS

1. I should be glad of a personal word some time about briefing for and the desired outcome of the intended meeting on the above.

2. I have suggested to CPRS that they and we should provide a single brief, to cut down the paper for the Prime Minister, and that in it we should suggest what might be the outcome.

3. You may like to know that the Scots will probably suggest that their Minister should be accompanied by the Head of SED as well as the Senior Chief Inspector; and that Sir James Hamilton (DES) has taken at least the provisional view that he should accompany his Minister, being superior to his SCI. (I must say that there is some sense in this, as my information is that the SCI has the Minister in a fast grip.)

4. We may run into difficulties over Sir Derek Rayner's diary and therefore have to ask whether I would be an acceptable substitute for him on this occasion.*

CP

C PRIESTLEY
1 October 1980

* Now fixed for 30th October, when he can attend.

Education

NOTE FOR THE FILE

Those attending the meeting on Thursday 30th October at 1600 hours in the House of Commons will be:

Secretary of State for Education and Science

Secretary of State for Scotland

Secretary of State for Wales

Sir Derek Rayner and a representative from CPRS

Miss Sheila Browne
Senior Chief Inspector, England

Mr. L. Davies
Chief Inspector, Wales

Mr. J.F. McGarrity
Chief Inspector, Scotland

1 October 1980

BF 29.10.80

10 DOWNING STREET

*From the Private Secretary*

1 October 1980

Mike Pattison wrote to you on 18 September regarding a meeting to discuss a scrutiny of the Inspectorate of the Schools in Scotland.

This has now been arranged for Thursday 30 October at 1600 hours in the Prime Minister's room at the House of Commons. Those present will be your Secretary of State, the Secretaries of State for Education and Science and for Wales, Sir Derek Rayner and a representative from CPRS, together with the relevant three Chief Inspectors.

I am sending copies of this letter to Peter Shaw (Department of Education and Science), John Craig (Welsh Office), Gerry Spence (CPRS) and Clive Priestley (Sir Derek Rayner's Office).

CAROLINE STEPHENS

B.R. Morgan, Esq.,
Scottish Office.

File

VB
See MAP Education

10 DOWNING STREET

*From the Private Secretary*

18 September 1980

The Prime Minister has seen Scottish Office Ministers' proposal for a scrutiny of the Inspectorate of Schools in Scotland. This is a potentially sensitive subject, given the Manifesto commitment on the Inspectorate.

The Prime Minister is most interested in the topic, but she is not convinced that a scrutiny in Scotland would necessarily be the most useful way to initiate a look at questions of the role of the Inspectorates of Schools in all three territories.

She would therefore like to have a discussion on this subject with Education Ministers for Scotland, England and Wales. We had hoped to be able to arrange a meeting this month, but this has not proved possible. The Prime Minister will now be overseas until 29 September, and the meeting will therefore have to be after the Party Conference.

Overtaken - See CS to S.O. 1.10.

I should be grateful to know if all three Departments could be represented by a Minister, perhaps with the Heads of their Inspectorates, at a meeting at 3.00 p.m. on Monday 20 October.

I am sending copies of this letter to Peter Shaw (Department of Education and Science), John Craig (Welsh Office), Gerry Spence (CPRS) and Clive Priestley (Sir Derek Rayner's Office).

M. A. PATTISON

B.R. Morgan, Esq.,
Scottish Office.

Or.

PRIME MINISTER

Scrutiny of H.M. Inspectorate of Schools, Scotland

You say that you are loth to allow this scrutiny to go ahead.

We could simply say that you would prefer to set this aside at this stage in view of the Manifesto commitment. But as you know there has been some questioning of the current role of the Inspectorate in England by both Derek Rayner and Ken Berrill, and we now have the separate suggestion in respect of Scotland. Do you think it would be useful for you to have a discussion about the use of the Inspectorate, to see whether any new initiatives or studies would be helpful? I think the meeting would need to include Education Ministers for England, Wales and Scotland, someone from C.P.R.S., perhaps Sir Derek Rayner and perhaps the Head of the Inspectorate.

Yes please

27 August 1980

I am loth to slow this scrutiny down for ideological reasons but I think it is right the Inspectorate is not being used properly. It should embark on far more full inspections of schools. I do not like the idea of an old

Prime Minister

This promises to be an interesting topic, and may produce results with implications for the English inspectorate. But in view of 'x' below, it should not go ahead without your authority - given the Welsh TV channel precedent. I think the study should be announced, as in para 5. Agree to the study?

MAD 22/8

Mr PATTISON

THE SCRUTINY PROGRAMME: HM INSPECTORATE OF SCHOOLS, SCOTLAND

1. The Secretary of State for Scotland has proposed a scrutiny of his Inspectorate of Schools in the shape of the attached scheme. The scrutiny would be supervised by Mr Alex Fletcher, MP, Minister for Industry and Education.

2. Sir Derek Rayner welcomes the proposal and commends it to the Prime Minister for approval.

understanding with the N.U.T. It is time that we changed & started full inspections resumed not.

## Political aspects

3. Ministers propose a scrutiny on the grounds that, owing to changes in the circumstances in which their Inspectors work (including the abatement of traditional functions and the rise of LEAs' own advisers) there may be a case for a substantial reduction in the resources committed. These consist of 118 highly paid staff, their supporters and associated expenditure, costing some £3.25m at 1979 prices. The proposal notes at A/ that the study will be seen by some as incompatible with the Manifesto commitment to strengthen the Inspectorate.

X

4. In response to this, the examining officer is therefore required to take all factors into account and to advise whether reducing expenditure on the Inspectorate might have serious disadvantages for education in Scotland.

5. It might be prudent to announce that the scrutiny was to take place in terms likely to forestall adverse criticism.

6. Sir Derek Rayner's preliminary view is that a slimmer Inspectorate (if so recommended and agreed) need not be a weaker Inspectorate. If its role were clear and it were better adapted to Ministers' policy for good education the effect should be one of re-inforcement even if numbers are lower.

## Length of review

7. The proposal is to employ a recently retired Under Secretary on a part-time basis and to require a report after six months (late March 1981). This period is longer than the 90 days normally allowed and should I think be queried.

## Wider implications

8. Sir Derek Rayner has seen your minute of 5 August on schools expenditure to Mr Ibbs (to whom I am copying this for information).

9. He agrees with the emphasis placed by the Prime Minister on the need for high quality heads, chairmen of education committees and directors of education. With regard to the proposed scrutiny in Scotland, he thinks the key point is how Inspectors can best help secure that education in general and establishments in particular are of good quality and merit public confidence. Hehopes that the scrutiny will, among other things, show what the Inspectorate can do to produce good heads and effective management of the resources for which heads are responsible.

10. He was impressed last year on meeting the heads of two large secondary schools in the West Midlands by the nature and scale of their educational and managerial tasks - one had 1,500 pupils, the other 1,100 - and by their disappointed hopes of getting advice and guidance from the Inspectorate. He formed a very clear impression that with the withdrawal of the Inspectorate from some of their traditional roles in the schools, they are becoming steadily more remote from and indeed unknown to the rising generation of future heads and deputy head teachers.

11. Sir Derek Rayner expects that the review in Scotland, despite the differences between it and England and Wales, to produce lessons applicable or at least relevant to Inspection down here. He suggests that this should be registered with a view to a possible follow-up exercise in London and Cardiff.

C PRIESTLEY
20 August 1980

Enc: Scheme of proposed scrutiny

EFFICIENCY AND WASTE IN CENTRAL GOVERNMENT - THE SCRUTINY PROGRAMME

The review, of which details are given below, is proposed as the next Scottish Office study to be carried out under the direction of Sir Derek Rayner:

a. Subject

Her Majesty's Inspectorate of Schools in the Scottish Education Department.

b. Cost of Carrying Out Activities

Staff costs - 1980/81 Estimated Outturn £2.2m.

Travel and Subsistence - Approximately £190,000 to £200,000 per annum.

As a guide, the basic staff costs plus accommodation and common services of the Inspectorate and their support staff would be about £3.25m (based on the 1979 edition of the Ready Reckoner for Staff Costs).

c. Reasons for Selecting this Subject

The last external review of the Inspectorate was carried out by the Commons Select Committee on Education and Science in 1967-68; its Report recommended relatively minor changes. In 1973 a review was carried out by the Management Services Division of the Scottish Office: its main recommendations resulted in changes in the senior staff structure and closer liaison between HM Chief Inspectors and administrative divisions, but it did not suggest any basic changes in the overall role or objectives of the Inspectorate.

With changes in, or the disappearance of, traditional HMI functions such as formal inspection, assessment of probationary teachers and the conduct of examinations, combined with the growth in "specialist advisers" on the staff of education authorities, there seems, against the background of the Government's general policy of disengagement from local government, to be a prima facie case for a substantial reduction in the resources devoted to Inspectorate work on schools and further education. In considering our contribution to the manpower savings target, we must clearly examine carefully the existing and prospective functions of the Inspectorate, presently numbering 118 officers on scales well above the average. Although the study will be seen by some as incompatible with the Manifesto commitment that "the Scottish Inspectorate will be strengthened" it will be a specific purpose of the exercise to assess whether a reduction in the Inspectorate would have serious disadvantages for Scottish education.

A

d. Terms of Reference

The following are proposed:

"To consider and report on the role, organisation and staffing of Her Majesty's Inspectorate of Schools in the Scottish Education Department, including the main priorities of work to be undertaken, and arrangements for collaboration between the Inspectorate and the rest of the Scottish Office, taking account in particular of the following considerations:

1. the present and prospective needs of the education service;

2. the role of staff employed by education authorities;

3. the functions of the Secretary of State in relation to education authorities and other bodies concerned with education and training;

4. Government statements of policy relating to the quality of education and to the Inspectorate; and

5. the Government's plans to reduce public expenditure and Civil Service manpower."

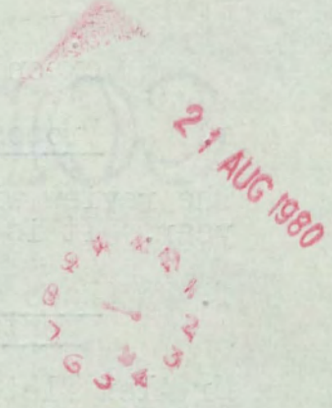
e. Proposed Starting and Finishing Dates

The review will start about the end of September this year. It is likely to take about 6 months.

f. Name of Examining Officer and Reporting Arrangements

Mr Alex Fletcher, the Minister responsible for Industry and Education, has agreed to be responsible to the Secretary of State for Scotland for this exercise. Since it will involve considerations of major educational policy, we consider that it should be undertaken on a part-time basis by an experienced Under Secretary, Mr P C Rendle, who has just retired from the post of Principal Finance Officer, and has made wide experience not only in the Scottish Education Department but in other parts of the Scottish Office.

Scottish Office
21 August 1980


21 AUG 1980

CONFIDENTIAL

Education

10 DOWNING STREET

*From the Private Secretary*

MR. IBBS

The Prime Minister has seen your minute to me (Qa 05085) about Schools Expenditure.

She was interested to see the interim report of the Working Group on Schools Expenditure, and she has considered carefully your proposal that she should take this opportunity to push ahead with some of the ideas set out by Sir Derek Rayner and Sir Kenneth Berrill in their paper of 4 January on Efficiency and Waste in Local Government. But the Prime Minister is also reluctant to embark on too many separate value-for-money initiatives at one time, and has some doubts as to whether this is an appropriate moment to press forward work on the Rayner/Berrill proposals. In her view, the keys to high quality education and excellent administration are first class head teachers, effective chairmen of educational committees, and good directors of education. She feels that concentration on securing the right individuals for these key posts is likely to be the most effective means of guaranteeing high quality.

I am sending copies of this minute to Clive Priestley in Sir Derek Rayner's Office and to David Wright in the Cabinet Office.

MAW

5 August 1980

CONFIDENTIAL

PRIME MINISTER

This note from the CPRS suggests that the Working Group on Schools Expenditure's report provides an opportunity to push ahead with some of the proposals put to you earlier in the year by Derek Rayner and Ken Berrill on efficiency and waste in local government.

This would move into the area of quality in education which has come into the argument about local authority education expenditure in Cabinet recently.

Mr. Ibbs attaches a draft letter for us to send to DES recording your wish to see more work in this field.

The Working Group's report (which you saw earlier, and is now at Flag A) is certainly an opportunity to return to these themes. You had earlier agreed that we should hold back, given the number of different pieces of work on value for money which are in hand. If we returned to the charge now, Mr. Carlisle may well think that this is a direct result of the Cabinet's arguments about interpretation of quality in education. But if you are interested in pressing these ideas at all, this report provides a logical opportunity. Would you like me to write to DES as proposed by the CPRS?

Am not very happy about the letter. All we need for high quality education and excellent administration are (i) [illegible] headteachers (ii) [illegible] Chairman of Ed Committee (iii) Good [illegible] of LEAs

Concentrate on getting these right & will have [illegible] answers. MAD

1 August 1980

Education
BF 29/VII

CONFIDENTIAL

Qa 05085

To: MR PATTISON

From: J R IBBS

## Schools Expenditure

1. The Prime Minister will have seen a copy of the letter of 4 July from the Secretary of State for Education and Science to the Chief Secretary to the Treasury enclosing the interim report of the Working Group on Schools Expenditure.

2. In the next stage of its work the Group will go on to examine the relationship of standards of provision to the quality of educational output. The Prime Minister may like to consider whether this provides an opportunity to push ahead with some of the proposals in the note of 4 January by Sir Derek Rayner and Sir Kenneth Berrill on Effieincy and Waste in Local Government. In their note they argued that both ratepayers and central government as paymasters of local government needed consistent information about the way in which local authorities spend their money and the cost-effectiveness with which they do so. In particular they recommended:

(a) more information on differences in unit costs;

(b) a review of the role of HM Inspectors in monitoring value for money;

(c) publication of guides on value for money and model staffing regimes;

(d) finding ways to improve the managerial competence of senior teachers and administrators.

3. It seems to us the Working Group should provide the raw material for these proposed instruments. We are concerned that the interim report appears to play down the lessons which can be learnt from studying variations in unit costs. It also appears somewhat defeatist about the scope for establishing what the relationship is between local authority management of resources and the quality of education provided and about the scope for influencing management practices.

4. We suggest that the Prime Minister might write to Mr Carlisle on the lines of the attached draft, reminding him of the Rayner/Berrill recommendations and suggesting that the Working Group should aim at developing some of the instruments proposed there for measuring and influencing cost-effectiveness.

5. I am sending a copy of this minute and the attachment to Sir Robert Armstrong.

JR.

24 July 1980

Att.

DRAFT LETTER FROM MR PATTISON TO THE PRIVATE SECRETARY TO THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE

Schools Expenditure

The Prime Minister has seen the letter of 4 July from your Secretary of State to the Chief Secretary. She was interested in the Working Group's proposals for handling their remit to study the relationship between the standard of provision and the quality of education. She feels it should be possible to learn valuable lessons from comparisons of unit costs in different authorities, analysis of the reasons for them, and study of the differences in the quality of education which arise in consequence. She hopes this area is going to be thoroughly investigated by the Working Group.

She noted that the Group foresaw difficulties over how far the Secretary of State could influence the managerial practices of local authorities. In this context she thought the proposals in the paper on Efficiency and Waste in Local Government by Sir Derek Rayner and Sir Kenneth Berrill were relevant. I sent you a copy of this report under cover of a copy of a letter to David Edmonds on 18 January. In particular the Prime Minister thought the Working Group ought to try to use HM Inspectors' resources to identify examples of good practice in giving value for money (recommendations 4 and 7), ~~work up model staffing regimes (recommendation 9)~~ and guidance on management of educational institutions (recommendation 8). These would be based on studies of variations in spending and quality of output in different authorities (recomendation 6).

Point before "model staffing regimes"

I am sending a copy of this letter to the Private Secretary to the Chief Secretary, to Sir Robert Armstrong, Sir Derek Rayner and Mr Ibbs.

PMG NOTE 53/80

2

PRIME MINISTER

MS

14/7

EDUCATION IN THE REAL WORLD

The Government is determined to maintain and improve the quality of education in this country.

A good education system ought to provide opportunities for every young person to develop his or her full potential. Unless we have rising educational standards, society and its economic basis will degenerate. Progress in education necessarily involves effort and sacrifice by Government and local authorities, teachers, taxpayers and ratepayers.

We have to combine this with lifting very considerably the standards of our economic performance. If we are to get the economy on the move again we have to clamp down on inflation and to reward hard work and enterprise a lot better. We cannot do either of these things without cuts in public spending.

The education services cannot be exempted from this discipline. Last year education cost nearly £9 billion, which was more than one eighth of total public spending in Britain. About half of all current spending by local authorities goes on education.

The Government intend to cut spending on education gradually so that in the five years ending 1983-84 the reduction will be just over 9%. Current spending for every youngster at school will increase (by about 5%) because the total number of pupils will drop by 13% to 14%.

Even so, declining school rolls will bring problems. We must face the fact that some schools will have to be closed or amalgamated. Half-empty schools are a waste of resources. They can also mean that children do not have the wide choice of educational opportunities which they ought to have. Education in the real world means rejecting arguments that because a school has been there for 100 years, it should be preserved even if children suffer.

All this is hard for teachers who see the number of posts falling. Nevertheless there are serious shortages of mathematics and science teachers, and we need more teachers with a strong awareness of the life outside the academic world.

Children still need a wide general education. But the country must have more

/teachers....

teachers who can pass on enthusiasm for mathematics, physics, chemistry, technology - and through its special training scheme the Government is recruiting more of them.

In the real world, we have to ask what we expect of education:

- should we expect the resources provided for education to subsidise meals even for children whose parents can afford them? Very few other countries do this.

- should employers expect schools to provide perfect workers from the day they start work? How much responsibility will employers take for training and helping the youngster once he is on the payroll?

- should parents really expect the school to provide the character training that they themselves find so difficult?

The education service, like all other aspects of life, must become more efficient, and it should concentrate on those aspects of life that are properly 'education'.

Clear thinking about priorities and a determination to manage all the resources of education as efficiently as possible will make higher educational standards possible. It is poor service to young people to argue that nothing should be changed from arrangements made in the past.

This summer over three-quarters of a million youngsters will be leaving schools and further education. They will have experienced an education system which, despite its faults, is one of the best in the world. Three-quarters of secondary school children are in schools built since the war. The number of pupils to each teacher is now 19 to 1 compared to 25 to 1 in 1961.

But many of them will be looking for jobs in the most discouraging circumstances and too many are emerging from school ill-equipped to take advantage of what job opportunities there are. This is a bad start to adult life.

/That is.....

That is one important reason why the Government is giving top priority to getting the economy right and is not shirking painful but necessary decisions. In the real world economic success and resources for education, as for anything else, go together.

Paymaster General's Office
Privy Council Office
68 Whitehall
SW1

14 JULY 1980

MAP

Education

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Mark Carlisle MP
Secretary of State
Department of Education and
Science
Elizabeth House
York Road
London SE1 7PH

9 July 1980

Dear Secretary of State

SCHOOLS EXPENDITURE

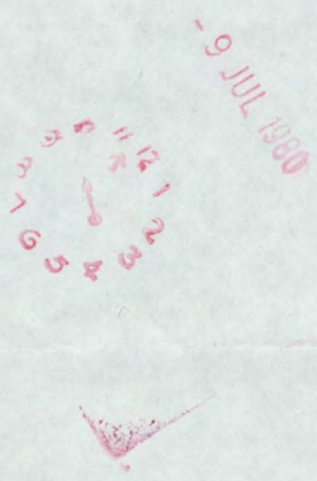
I am glad that we now have this report to illuminate our forthcoming discussions about the level of provision for expenditure on schools at a time of failing pupil numbers. It should certainly help us all to appreciate, on the one hand that it is not reasonable to expect schools expenditure to fall pari passu with the drop in pupil numbers, and on the other that there is considerable scope for judgement about precisely what level of expenditure is required in the light of the sentence in the Queen's Speech concerning "the quality of education" and in the context of the public expenditure position as it now is.

I am sending copies of this letter to the Prime Minister, other Members of Cabinet, Norman Fowler and Sir Robert Armstrong.

Yours sincerely

R. Watts

pp JOHN BIFFEN
[Approved by the Chief Secretary
and signed in his absence]


-9 JUL 1980

WGSE(80)25 (REVISE)



WORKING GROUP ON SCHOOLS EXPENDITURE

SUMMARY REPORT

1. The Working Group, of officials from HM Treasury and the Department of Education and Science, was established "to consider first, whether the resources allowed for current expenditure on primary and secondary schools in England in Cmnd. 7841 are approapriate for the purposes of maintaining up to 1983-84 the standards of provision in 1978-79, and secondly how far the quality of education is likely to be affected by the standard of provision". This report covers the first part of these terms of reference; it is a summary of the main report. (WGSE(80)24 attached).

Cmnd. 7841 plans

2. Current expenditure on schools is planned in Cmnd. 7841 to fall by 6½% between 1978/79 and 1983/84, against a fall in pupil numbers of 13%. The table shows the figures (in Part A). The initial basis of these plans was stabilised 1978/79 costs per pupil, plus a general margin of expenditure for the acknowledged diseconomies associated with falling pupil numbers and for salary drift. The original figures were later increased slightly by the Secretary of State for Education and Science from within his total agreed programme.

Standards of provision

3. The Government's commitment in the Queen's Speech was that "the quality of education will be maintained and improved". The Department of Education and Science prepares its Public Expenditure Survey plans for schools expenditure by reference to standards of provision, like pupil/teacher ratios, rather than to unit costs. The Group has accordingly examined the basis of the Department's calculations.

4. The effect of these calculations is to suggest a need for higher expenditure on schools than is provided for in Cmnd. 7841 in order to meet the Government's commitment on education. Part B. of the table annexed lists the standards of provision applied, including specific margins in

recognition of various diseconomies, and shows the costs attributed to each. The Department considers that this cannot be done within the education programme as it exists and has entered an additional bid accordingly in the 1980 Survey (Part C. of the table).

Comment

5. The allocation of resources to schools expenditure requires a judgment to be made, ultimately by Ministers, of the right balance between the Government's educational, economic and other commitments. The quality of education is difficult to measure and itself requires judgments to be made of the proper level of resources necessary to maintain it.

6. The table shows in Part B. the elements of judgment as well as fact within the Department's calculations. Standards of provision, measured as shown in the footnotes to the table, are adopted by the Department as a surrogate for the "quality of education", for purposes of resource planning. Schools expenditure in 1978/79 itself incorporated allowances for these judgmental elements and the allowances for later years are shown as additions to 1978/79.

7. The Group has examined in detail the background to each of these elements, focusing on those which represent additions to base-line costs. These are:

a. transitional diseconomies (table line 6a) which provide a one-year lag before teacher numbers are assumed to fall in line with reduced pupils. The Group considers that some recognition of the problems of reducing teacher complements is required but that the basis of the present allowance, a time-lag of one year, while an assumption which may stand up for present purposes, requires critical examination by means of an enquiry of the local education authorities to establish empirical data and more technical work;

b. structural diseconomies (table line 6b) which provide a margin of extra teachers in each school (an average of one teacher per primary school, two in each secondary) to protect the curriculum as falling pupil numbers cause schools to become on average smaller. The Group will consider questions of size of school and range of provision in its second report;

c. salary drift (table, line 7) which provides for the extra cost in real terms as teachers progress up salary scales with fewer entrants at the bottom. The Group accepts the Department's analysis of this, but has noted that there is an element of judgment in the impact which experience, with which increments are associated, may have on performance;

d. sophistication factor (table, line 9a) which provides a 2% per annum increase in expenditure on books and equipment in recognition of the increasing complexity and relative price of these items. The Group acknowledges these effects, but the allowance to be made for them is a matter of judgment. While a factor of this kind strictly represents an improvement, it is one which is virtually unavoidable;

e. adjustment factor to restore pre-1978/79 non-teaching cost standards (table, line 9b) which enables local authorities to restore expenditure they deferred from 1976/77 and 1977/78 in order to make savings in those years. The Group agrees that this is an improvement in provision over 1978/79 to which the Government is not specifically committed. Any serious deficiency in, for example, school books or repairs and maintenance reflects local authorities' decisions on priorities.

8. The additional bid, shown in Part C. of the table, is to cover the difference between the overall result of the Department's calculations and judgments, described above, and the present survey provision determined on the more general basis described in paragraph 2.

Conclusions

9. The Department is concerned with individual policies for separate aspects of education, and needs to relate expenditure provision to these policies. Unit costs alone are too aggregated for this purpose, because they cannot be related specifically to individual policies. They nevertheless provide a useful complementary analysis as a guard against incrementalism and they isolate increases or decreases to be explained. The Group agrees that good management will not necessarily be synonymous with constant unit costs.

10. With the assistance of a technical group, the Working Group has examined the methods used by the Department in preparing Public Expenditure Survey plans for schools expenditure and has concluded that they are acceptable.

11. The Group's conclusions on the main elements of judgment within the Department's calculations are set out in paragraph 6 above. The Group agrees that the concepts behind the first four of those margins are legitimate in the sense required by its terms of reference; but that the fifth (the adjustment factor) represents an improvement over the 1978/79 baseline.

12. The Group's examination suggests that it is not possible to justify objectively a level of resources which is uniquely appropriate to maintaining a particular standard of provision. There are a number of judgments as well as purely arithmetical calculations involved in quantifying the various margins. These are:

a. The length of the time lag in matching teachers to pupils as school rolls fall;

b. The allowance for additional staffing in smaller schools;

c. The amount of the sophistication factor in non-teaching costs.

In the case of salary drift the calculation is dependent on assumptions about recruitment, wastage, retirement and promotion posts but the result is not particularly sensitive to the assumptions made.

13. The judgments incorporated in the Department's calculations are those which have been adopted for expenditure plans in recent years in consultation with the local authorities and in the light of experience. However, the measurement of standards cannot be precise and other judgments are possible. It can also be argued that the maintenance of "standards of provision" does not necessarily require each individual component to be at least maintained: and that some of the margins actually purchase improvements even if these are difficult to avoid.

14. This report is concerned only with the maintenance of "standards of provision". The relationship of this to the Government's commitment on the "quality of education" will be examined separately.

Department of Education and Science HM Treasury

June 1980

CONFIDENTIAL

England, current expenditure in 1980 Survey prices

| | | outturn 1978-79 | change over 1978-79 in 1980-81 | 1981-82 | 1983-83 | 1983-84 | 1983-84 over 1978-79 |
|---|---|---|---|---|---|---|---|
| **Cmnd 7841 plans revalued** | | | | | | | |
| pupil numbers | '000s | 8049 | -340 | -569 | -814 | -1041 | -13% |
| expenditure at constant 1978-79 unit cost | £m | 3973 | -140 | -243 | -353 | - 459 | -11½% |
| general margin for diseconomies | £m | | +150 | +192 | +233 | + 205 | |
| total expenditure | £m | 3973 | + 10 | - 51 | -119 | - 254 | - 6½% |
| **DES calculation based on standards of provision** (notes on dividual lines are overleaf) | | | | | | | |
| teaching cost directly proportional to pupil numbers at implied 1978-79 pupil:teacher ratios | £m | ~~2690~~ | - 85 | -140 | -215 | - 290 | -11% |
| cost of teachers for: | | | | | | | |
| a transitional diseconomies | £m | 30 | + 20 | + 35 | + 45 | + 40 | |
| b structural diseconomies | £m | 5 | + 5 | + 10 | + 15 | + 15 | |
| c in-service training | £m | 30 | + 2 | + 2 | + 2 | + 2 | |
| cost of teacher salary drift drift | £m | | + 40 | + 55 | + 80 | + 100 | |
| non-teaching costs: | | | | | | | |
| a pupil-related (incl books equipment) | £m | 295 | - 5 | - 10 | - 20 | - 25 | - 8½% |
| b school-related (eg caretaking) | £m | 105 | - 1 | - 3 | - 5 | - 5 | - 9% |
| c school place-related (eg heating) | £m | 800 | - | - 10 | - 35 | - 40 | - 5% |
| increase over 1978-79 level for: | | | | | | | |
| a sophistication factor (books, equipment) | £m | | + 10 | + 10 | + 15 | + 20 | |
| b restoration of pre-1978-79 standards | £m | | + 25 | + 25 | + 25 | + 25 | |
| other items | £m | 15 | + 5 | + 5 | + 10 | + 5 | |
| total provision required on DES calculation | £m | 3973 | + 10 | - 20 | - 80 | - 150 | - 4% |
| **1980 Survey: DES additional bid to equate A (line 4) with B (line 11)** | | | | | | | |
| teaching costs | £m | | | + 30 | + 40 | + 55 | |
| non-teaching costs | £m | | | | | + 50 | |

General Note : (notes on individual lines of table are overleaf)

all figures are the sum of separate primary and secondary calculations; the difference between the percentage changes in lines 1 and 2 arises from the changing mix of primary and secondary pupils; all figures relate to financial (rather than academic) years; all figures in Part B. are rounded individually.

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line 5 calculated from pupil numbers x pupil/teacher ratios in 1978/79 (excluding teachers in section 7 of the table) x average 1978/79 teachers salary (primary and secondary separately). Pupil/teacher ratios used are related to pupil ages. Supply and unqualified teachers are included;

line 6a calculated by applying pupil/teacher ratios to pupil numbers in the preceding rather than current year, ie. assuming a time-lag of one year to re-deploy teachers who are surplus in their present posts;

line 6b providing one teacher per primary school, two per secondary school, in addition to teachers in line 6 of the table, to protect the curriculum as schools become on average smaller;

line 7 the change over time in the volume cost of average salary owing to incremental scales (here calculated in relation to 1978/79);

line 8a calculated separately for primary and secondary pupil numbers, weighted for over-16s. Staff costs included are related to pupil numbers one year earlier to allow for transitional diseconomies (see note (b) above);

line 8b the basic costs of running a school regardless of its size, calculated by reference to the forecast number of schools;

line 8c calculated separately for permanent and temporary accommodation in primary and secondary schools, by reference to the assumed number of school places;

line 9a an additional 2% per annum to provide for the growing complexity of textbooks, equipment and materials, and the curriculum itself;

line 9b an additional 2% of 1978/79 non-teaching outturn expenditure to allow some improvement over the especially depressed level of provision in 1978/79, following expenditure reductions imposed in the two previous years;

line 10 includes some items not shown separately: provision for teachers premature retirement; the implementation of the Health and Safety at Work Act, etc; and energy conservation savings.

WGSE(80)24 (REVISE)



WORKING GROUP ON SCHOOLS EXPENDITURE

MAIN REPORT

INTRODUCTION

1. There are two key issues in planning schools expenditure: educational standards and the restricted availability of resources. Both are derived from commitments in the Queen's Speech: the first from the commitment that "the quality of education will be maintained and improved"; the second from the commitments to "give priority in economic policy to controlling inflation through the pursuit of firm monetary and fiscal policies", to "reducing the claims of the public sector on the nation's resources", and to "promote greater efficiency in local government".

2. Both issues are to an extent imponderable and planning schools expenditure requires a judgment to be made, ultimately by Ministers, as to where the balance lies. At the present time, that judgment must also take account of the resource implications of falling pupil numbers. In the final stage of the previous round of Ministerial discussions on possible public expenditure savings, the Secretary of State for Education and Science maintained that the scope for making further economies in primary and secondary education, without damaging standards, was more limited than certain other Ministers were inclined to accept.

3. The Working Group, of officials from HM Treasury and the Department of Education and Science, was established accordingly:

> "To consider first, whether the resources allowed for current expenditure on primary and secondary schools in England in Cmnd. 7841 are appropriate for the purposes of maintaining up to and including 1983/84 the standards of provision in 1978/79 and secondly, how far the quality of education is likely to be affected by the standard of provision".

4. The Working Group has concentrated in preparing this report on the first of these terms of reference. It has considered:

a. the standard of provision in the base year of 1978/79; and

b. those elements in the Department's plans for schools expenditure which are matters of fact, and those which are matters of judgment requiring justification in terms of standards of provision.

This report also describes the preliminary thought which the Group has given to the second of its terms of reference.

THE CMND. 7841 PLANS

5. Pupil numbers in maintained primary and secondary sectors are projected to fall by 13% between 1978/79 and 1983/84. Those in primary schools started to fall in 1973/74, and the decline in secondary pupil numbers is now just commencing. The following table shows the projected number of pupils to 1983/84:

Table 1: pupil numbers — England thousands (academic years)

| | 1978/79 (actual) | 1980/81 | 1981/82 | 1982/83 | 1983/84 | % change 1983/84 over 1978/79 |
|---|---|---|---|---|---|---|
| primary (5+) | 4139 | 3807 | 3635 | 3440 | 3315 | - 20% |
| secondary | 3872 | 3832 | 3766 | 3712 | 3621 | - 6% |
| total | 8011 | 7639 | 7401 | 7152 | 6936 | - 13% |

6. The plans in Cmnd. 7841 provided for current expenditure on schools to fall less steeply, by 6½%, in recognition of the diseconomies associated with falling pupil numbers, including salary drift. The figures, after revaluation of Cmnd. 7841 expenditure to 1980 Survey prices, are set out in Table 2.

Table 2: Ordinary primary 5+ and secondary schools England, financial years
Recurrent expenditure provision in PESC baseline £m. 1980 Survey prices.

| | 1978/79 (actual) | 1980/81 | 1981/82 | 1982/83 | 1983/84 | % change over 1983/84 1978/79 |
|---|---|---|---|---|---|---|
| primary 5+ | 1679 | 1634 | 1584 | 1524 | 1455 | - 13½ |
| secondary | 2294 | 2349 | 2338 | 2329 | 2264 | - 1½ |
| Total | 3973 | 3983 | 3922 | 3853 | 3719 | - 6½ |

7. These plans for current expenditure reflect Ministers' discussions in the 1979 Public Expenditure Survey. The expenditure figures resulting directly from those discussions were based on stabilised 1978/79 unit costs plus a general margin of expenditure in recognition of the diseconomies and salary drift. The Secretary of State for Education and Science subsequently allocated some further resources from within his programme to schools expenditure. The resulting trend in (revalued) unit costs as provided in Cmnd. 7841 is as follows:

Table 3: Cmnd. 7841 Unit Costs
(Using financial year average pupil numbers). England £ 1980 SP

| | 1978/79 (outturn) | 1980/81 | 1981/82 | 1982/83 | 1983/84 | % change over 1983/84 1978/79 |
|---|---|---|---|---|---|---|
| primary 5+ | 401 | 423 | 429 | 435 | 433 | + 8% |
| secondary | 593 | 611 | 617 | 624 | 620 | + 4½% |

8. The total margin of expenditure for the diseconomies and salary drift in Cmnd. 7841 (Table 2 above) is represented by the difference between the actual planned current expenditure and the expenditure derived by applying constant 1978/79 unit costs. This is shown below:

Table 4: Cmnd. 7841 implied margin of expenditure for diseconomies of smaller scale and salary drift calculated with 1978/79 as base year.

(Using financial year average pupil numbers.) England £ million 1980 SP

| | 1978/79 outturn | 1980/81 | 1981/82 | 1982/83 | 1983/84 |
|---|---|---|---|---|---|
| primary 5+ | - | + 83 | + 102 | + 118 | + 108 |
| secondary | - | + 67 | + 90 | + 116 | + 98 |
| Total | | + 150 | + 192 | + 233 | + 205 |

THE DES ADDITIONAL BIDS

9. The Department of Education and Science prepares its plans for schools expenditure by reference to the educational policies which it considers necessary to maintain standards of provision. Teaching and non-teaching costs are calculated separately. Unit costs are regarded as a resultant. This approach informed the Secretary of State's reallocation of resources mentioned in para. 7 above. The allowance for teaching and non-teaching costs in the Cmnd. 7841 plans is, on this analysis, insufficient in the Department's view to maintain standards of provision and the Department has entered additional bids accordingly in the 1980 Survey (see 1980 Survey Report, chapter 19).

10. The Group has examined the way in which the Department estimates schools' expenditure needs. The next section of this report describes and comments on the Department's methodology, under the broad headings of teaching and non-teaching costs. The third section of the report compares the Department's approach with one that takes unit costs as its starting point. Table 5, below, sets out the expenditure provision in Cmnd. 7841 for teaching and non-teaching costs separately.

Table 5: Ordinary primary 5+ and secondary schools England
recurrent expenditure provision in PESC baseline £m 1980 Survey prices.

| | 1978/79 (outturn) | 1980/81 | 1981/82 | 1982/83 | 1983/84 | % change 1983/84 over 1978/79 |
|---|---|---|---|---|---|---|
| Teaching costs | 2757 | 2743 | 2699 | 2657 | 2586 | - 6.2 |
| Non-teaching costs | 1216 | 1240 | 1223 | 1197 | 1133 | - 6.8 |
| Total | 3973 | 3983 | 3922 | 3853 | 3719 | - 6.4 |

Schools expenditure in 1978/79 itself represents the outcome of the way in which the Department estimates expenditure needs: the Group have therefore considered carefully the allowances that are reflected in the outturn, in order to establish as clearly as possible base standards to which the later year calculations are related.

TEACHING COSTS

11 The starting-point for projection of teaching costs is observed pupil/teacher ratios* in a base year - for present purposes 1978-79. The secondary school pupil/teacher ratio is a compound ratio which reflects the relative demands made on teachers' time by different secondary age groups.+ These pupil/teacher ratios are adjusted in order to allow for the diseconomies resulting from falling school rolls. These diseconomies are of two kinds:

a. transitional diseconomies, which arise from the practical limits to the rate at which teachers can be redeployed during a period of falling rolls: projected teacher numbers for each age-group are on this account related to pupil numbers in the preceding year; and

b. structural diseconomies, arising from the need to protect the curriculum as falling rolls cause schools to become on average smaller: a formula, based on observed staffing patterns, is used which posits the employment of one teacher for each primary school and two for each secondary school additional to, and irrespective of, the number of pupils in the school.

Additions to the projection are then made in respect of teachers released for induction and in-service training, and for "supply" and unqualified teachers whose employment is deemed to be proportional to the total number of pupils. Finally the teacher numbers are multiplied by the base year average teacher salaries (primary and secondary separately) to give a teaching cost, and this cost is adjusted to take account of salary drift, the tendency for teachers' average salaries to change over time in real terms.

12 The teacher numbers provided by Cmnd 7841 are shown in Table 6. They include some allowance for the diseconomies of falling rolls. If this allowance is calculated as a residual, after account is taken of the number of

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* ie the ratios "within schools" which relate numbers of pupils to those of qualified teachers in schools at the time of the January census.

+ The weightings used to construct the compound secondary ratio reflect the actual disposition of staff within secondary schools.

teachers required to maintain the baseline (1978/79) pupil/teacher ratio, of the projected numbers of pupils under 5, and of the planned provision for induction and in-service training, it amounts to the numbers shown in Table 6.

Table 6: Cmnd. 7841: Teachers, Primary(1) and Secondary Schools (England, academic years, FTE, '000)

| In January | 1978/79 (actual) | change over 1978/79 in: 1980/81 | 1981/82 | 1982/83 | 1983/84 |
|---|---|---|---|---|---|
| Total in Cmnd. 7841 comprising: | 439.2 | - 16.5 | - 28.1 | - 39.0 | - 55.2 |
| (a) to maintain 1978/79 pupil/teacher ratios | 417.6 | - 16.2 | - 28.4 | - 40.1 | - 53.7(2) |
| (b) seconded teachers | 5.1 | - 0.3 | - 0.3 | - 0.3 | - 0.3 |
| (c) other teachers(3) | 10.5 | - 0.5 | - 0.7 | - 0.9 | - 1.2 |
| (d) implied allowance for diseconomies | 6.0 | + 0.5 | + 1.3 | + 2.3 | - |

Notes:

(1) including teachers of under fives in primary schools.

(2) in 1983/84 the provision is actually 2,800 teachers short of what would be needed to maintain the 1978/79 pupil/teacher ratio.

(3) ie. students, instructors and occasional teachers.

The Department's calculation

13. In assessing the schools' needs for teachers, the Department's methodology is related to the specific objective of maintaining, but not improving, the standards of provision in the schools: the calculation of the transitional and structural diseconomies has been devised with this objective in view. A calculation of the number of teachers required to offset these diseconomies indicates a need as follows (teachers, '000, f.t.e.):

Table 7: (academic years)

| | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|---|---|---|---|---|---|
| Primary: | | | | | |
| Transitional diseconomies | 1.7 | 2.5 | 3.4 | 3.6 | 1.2 |
| Structural diseconomies | 0.6 | 1.2 | 1.8 | 2.3 | 2.5 |
| Total: | 2.3 | 3.7 | 5.2 | 5.9 | 3.7 |
| Secondary: | | | | | |
| Transitional diseconomies | 0 | 1.7 | 3.5 | 3.3 | 5.2 |
| Structural diseconomies | -0.1 | -0.2 | 0 | 0 | 0.1 |
| Total: | -0.1 | 1.5 | 3.5 | 3.3 | 5.3 |
| Total margin required: | 2.2 | 5.2 | 8.7 | 9.2 | 9.0 |

The difference between this calculation and the residual figures in Table 6 is the basis for the Department's bid in the Public Expenditure Survey for some 7,000 additional teachers in 1981-82 and 1982-83 and 12,000 in 1983-84 to maintain the standards of provision. The cost of the bid is:

Table 8: (financial years) (£m., 1980 Survey prices)

| | 1981-82 | 1982-83 | 1983-84 |
|---|---|---|---|
| Transitional diseconomies: | 24 | 30 | 29 |
| Structural diseconomies: | 6 | 10 | 12 |
| Table 6 footnote (2) | - | - | 14 |
| Total: | 30 | 40 | 55 |

14 One of the major questions which the Group has faced is whether the approach to the calculation for staffing diseconomies is soundly based. In this first stage of work, discussion has focussed on the transitional diseconomies. Structural diseconomies depend on the sizes and hence numbers of schools: variations in size may give rise to structural diseconomies in the short as well as the long term. Structural diseconomies also relate closely to questions about the range of provision in schools and will thus appropriately be discussed in the second phase of the Group's work together with alternative assumptions about school size (see paragraph 43). The transitional diseconomies, as the two tables above show, form the larger part of the total: for primary schools their transitional nature is clearly shown as the fall in the primary school population slackens at the end of the Public Expenditure Survey period. For secondary schools the transitional component is not expected to fall until later in the 1980s.

15 There are limits to the speed with which, in practice, local authorities can redeploy teachers or lose them from their employment and it is therefore not practicable for authorities to reduce the number of teachers they employ in line with the fall in their pupil numbers. The main reasons are:

a. About one-third of teachers who are surplus in their present posts are likely to be lost through natural wastage. The incidence of natural wastage is random, and in consequence vacancies which occur are in many cases mis-matched - in subject specialisms, in location, in seniority, or in other ways - with the staff available for redeployment, which is delayed accordingly.

b. Whether individual teachers intend to leave their present posts may not be known until three months before the beginning of a school year. How readily teachers can be redeployed may depend on the nature of their contracts. The majority of teachers (it is not known how many) have customarily been appointed to particular schools - the appointments often being made by the governors of individual schools. Some authorities now include a redeployment clause in contracts. Other teachers are appointed to the service of an authority as a whole, a practice which generally facilitates redeployment.

c. Authorities cannot plan ahead for contraction in sufficiently fine detail to offset the management factors described above: they cannot predetermine the size of individual schools with precision for each year during a period of falling rolls. Intakes will be affected by parental preferences, the right of children to cross local authority boundaries with automatic recoupment, and the establishment under the Education Act 1980 of independent appeal committees for disputes over choice of schools. The amalgamation or closure of schools almost invariably involves a transitional period when the intakes or the sizes of schools, or both, fluctuate from year to year and uneconomically small teaching units have to be temporarily accommodated if the curriculum is not to be arbitrarily adjusted.

Furthermore, the pool of teachers theoretically available for redeployment will diminish: with contraction, there will be fewer vacancies at any level of seniority into which teachers who are surplus in their present posts can be redeployed; those who have once been redeployed will generally not be available for further redeployment after a short interval, and some teachers are given guarantees to that effect or a right of return to their original schools.

16. Following consultation with the local authority Associations, the Department judged that these factors should be allowed for by assuming that in sectors where rolls are falling there would be, on average across the country as a whole, a time-lag of one year between the identification of a teacher who is surplus in his present post and his departure from that post. This was not intended to imply that authorities should accept that a year's time-lag was a reasonable practice, but to form the basis for making national forecasts of teacher numbers. This approach was used, with the agreement of the Treasury, in the 1977 and 1978 Public Expenditure Surveys. (The approach in Cmnd. 7841 was expenditure-led, and the outcome is described in paragraph 12 above.)

Discussion

17. The use of a one-year time-lag is open to question on two main grounds:

a. is one year on present evidence the appropriate period of lag?

b. might changes to local authorities' management practices permit the assumption of a shorter, or a diminishing, time-lag?

18. The Group recognises the arguments in paragraph 15 above for some allowance for transitional diseconomies. On the other hand, the quantification of these arguments is difficult to judge. The number of vacancies arising from natural wastage is large in relation to the number of teachers needing to be redeployed; many teachers - if not the majority - might be presumed to give longer notice (at least one school term) of leaving their present posts; the number of teachers, surplus in their present posts, whose movement is constrained by their having already been redeployed is quite small in relation to the total number of such surplus teachers, though it will grow: further investigation may indicate more clearly the extent to which difficulties of planning are increased when rolls are falling.

19. The Group has accordingly considered whether local authorities' capacity to plan ahead in detail might reasonably be expected to permit contraction of the school system to be managed with an (average) time-lag of less than one year; and whether authorities' practices in managing the teacher force might be adapted in order to facilitate the redeployment of their teachers (eg. by recruiting teachers to the service of the authority as a whole rather than to particular schools, and by being ready in appropriate cases to make teachers compulsorily redundant). The Department would not claim that one year is necessarily the right period.

20. The Group considers that some recognition of the problems of reducing teacher complements is required, but that the basis of the present allowance, a time-lag of one year, while an assumption which may stand up for present purposes, requires critical examination. The Department is discussing with the local authority Associations in ESGE what empirical verification might be made of the relevant factors, and the technical aspects of the question will be studied further.

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21. The calculation of structural diseconomies is closely related to questions about schools' curricula and about the distribution of schools by size. The Group will consider such questions in its second report and this calculation has not been examined further at this stage. But the Group notes that the Department is working on a new approach to assessing the schools' needs for teachers in a way which will relate the distribution of schools by size and type, the range of provision, and the requirement for teachers. It is hoped that, when operational, the approach might be able to supersede the present method for calculating structural diseconomies and provide a more sophisticated basis for assessing schools' needs for teachers.

SALARY DRIFT

22. The teachers' pay structure consists mainly of a number of separate incremental scales. The increments are paid automatically unless there are exceptional circumstances of unsatisfactory service. They reflect increasing seniority but not necessarily improved teaching ability: this is because older teachers may be less able to meet the requirements of a changing curriculum and may be less willing to adapt to modern teaching methods.

23. Salary drift arises when the average cost of salaries at constant prices changes. This may be because of a changing proportion of the number of teachers on particular scales or because of a change in the incremental position of teachers within the scales. With a rapidly expanding teacher force and the recruitment of large numbers of teachers at the lowest point on the basic scale, salary drift is likely to be negative. But at the present time with limited recruitment and an increasing average age for the teacher force, salary drift is forecast to be positive and substantial. On the basis of the Department's forecast, and with the assumptions made about natural wastage, the number of retirements and the number of promotion posts, the cost is forecast to increase from £40m. in 1980-81 to £112m. in 1983-84 allowing for the planned reduction in teacher numbers in Cmnd 7841. This represents just over 4% of the teachers salary bill in 1983-84. A change of one percentage point in wastage or of 7% in the number of promotion posts would change expenditure by £10m. The effect of changing the number of school closures or the graduate/non-graduate entry ratio is minimal. Premature retirement of 5,000 rising to 7,500 teachers a year by 1983-84 would reduce the cost of drift by £20m although in first year this would be largely offset by lump sum and pension enhancement payments. The Group intends to examine the scope for a possible scheme of this kind in its second report.

24. The Group accepts the Department's forecasts of salary drift, but in judging the extent to which salary drift can be accepted as not altering standards of provision, the purpose of incremental scales needs to be borne in mind. Increments are designed as a condition of service to reward experience on the presumption that suitable experience engenders better performance. Thus if the teaching force as a whole becomes more experienced, it may be argued that there is an improvement in standards of provision. On the other hand this needs to be set against the point above that increased seniority does not necessarily lead to improved teaching ability.

NON-TEACHING COSTS

25. In forecasting schools' non-teaching costs, the Department distinguishes between costs related to the number of schools, those related to the number of school places, and those related to the number of pupils. The third of those three forecasting categories includes, for example, expenditure on books and materials and on some non-teaching staff. The first category (related to the number of schools) includes expenditure on "overhead" staff such as caretakers and secretaries and some of the costs of administration. The second category (related to the number of school places) includes the major part of non-teaching staff costs and expenses such as the upkeep of premises, heating and lighting. (Thus all categories include both staff and other costs.)

Cmnd. 7841 provision

26. Table 9 sets out the expenditure provision in Cmnd. 7841, broken down between these categories. (Books and equipment expenditure is shown separately from other pupil-related expenditure because of the additional "sophistication" factor which this provision includes.) The bracketed figures in the Table represent the expenditure provision which the Department's forecasting models show to be necessary to maintain base year (1978/79) standards. It will be seen that the forecasting model figures are some £5m. higher than Cmnd. 7841 provision in 1981/82 and some £50m. higher in 1983/84. The £50m. shortfall in 1983/84 has been put forward as an additional requirement in the Department's 1980 PESC Report.

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Table 9

Breakdown of England Primary 5+ and Secondary non-teaching costs underlying Cmnd. 7841

| Financial years. | £m. 1980 Survey prices. | | | | |
|---|---|---|---|---|---|
| PRIMARY 5+ | actual 1978/79 | planned 1980/81 | 1981/82 | 1982/83 | 1983/84 |
| School related | 50 | 49 | 48 | 47 | 46(47)* |
| Pupil related (books and equipment) | 60 | 55 | 52 | 50 | 47(48) |
| Sophistication factor (2%) | | 2 | 3 | 4 | nil (5) |
| Pupil related (other) | 44 | 42 | 40 | 39 | 36(37) |
| School place related | 342 | 336 | 327 | 307 | 300(302) |
| 1979/80 adjustment factor | | 10 | 7(9) | 9 | nil (9) |
| Total (£m): | 495 | 493 | 478 (480) | 456 | 429 (447) |
| Total (Index): | 100 | 99.6 | 96.6 | 92.1 | 86.7 |
| FY Index pupil numbers | 100 | 92 | 88 | 83 | 80 |
| SECONDARY | | | | | |
| School related | 57 | 56 | 56 | 55 | 54 (55) |
| Pupil related (books and equipment) | 134 | 133 | 132 | 130 | 126 (127) |
| Sophistication factor | | 5 | 8 | 11 | nil (13) |
| Pupil related (other) | 60 | 60 | 60 | 59 | 57 (58) |
| School place related | 456 | 464 | 464 | 458 | 453 (455) |
| 1979/80 adjustment factor | | 14 | 11(14) | 14 | nil (14) |
| Total (£m.): | 706 | 733 | 730 (733) | 726 | 691 (722) |
| Total (Index): | 100 | 103.8 | 108.4 | 102.8 | 97.9 |
| FY Index pupil numbers | 100 | 99 | 92 | 89 | 87 |
| Total Primary and Secondary ( £m.) | 1200 | 1226 | 1208(1213) | 1182 | 1120 (1169) |
| Total (Index): | 100 | 102.2 | 100.7 | 98.5 | 93.3 |

* Bracketed figures are unconstrained forecasting model totals: in 1983/84 it has been assumed for present purposes that the shortfall in provision will affect all categories.

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Basis of the Department's forecasts

(i) Analysis into forecasting categories

27. The starting point of the calculation is an apportionment of the base year expenditure into the forecasting categories described in paragraph 25 above. This apportionment is made because the three expenditure determinants - numbers of pupils, schools and school places - which are used to trend forward the base year expenditure, move at different rates. Much of the analysis is straightforward; the apportionment of non-teaching staff costs, which represent nearly 40% of the total, is more difficult. The present apportionment of staff costs reflects the findings of a 1977 survey of non-teaching staff and has recently been confirmed by information on local education authorities' 1978/79 revenue outturn returns. On the basis of this analysis, and on current expenditure plans (ie. reflecting the shortfall noted above) non-teaching staff costs will fall by 6% (c. £25m.) between 1978/79 and 1983/84.

28. The main question which the Group raised on the apportionment of expenditure into forecasting categories concerned the validity of projecting the base year apportionment as constant throughout the Survey period. It was noted that this method fails to take into account the variation that can occur over time in the relationship between different kinds of expenditure and the number of pupils, schools and school places. The Group therefore thought it useful to investigate the sensitivity of expenditure forecasts to changes in the apportionment. The exercise showed that, within a plausible range, variation did not make a significant difference to the expenditure forecasts.

(ii) School-related and places-related costs

29. The forecasts of the number of schools and of school places which underlie these expenditure forecasts are based on evidence about the total size of the school building stock collected in the 1976 PAR "A Study of School Building". This evidence has subsequently been updated to take account of information about new places coming into use and places taken out of use. The projection of places taken out of use is consistent with the Cmnd. 7841 policy assumption that authorities between April 1975 and April 1983 would take out of use 835,000 school places, reflecting (though not pro rata with) the decline in pupil numbers (1.4m.). It will be seen from the bracketed figures in Table 9 that, on this calculation, the Cmnd. 7841 expenditure provision for school-related and places-related costs is insufficient to meet the forecast requirements in 1983/84.

30. The Group has noted that the projection of the number of school places used for forecasting distinguishes between places in permanent and in temporary accommodation. This distinction is made because (a) the running costs of temporary accommodation are appreciably higher than the running costs of permanent accommodation and (b) the closure of permanent accommodation (ie. whole schools) implies associated institution-related savings. The Department's current assumption is that the majority of places taken out of use will be in temporary accommodation. A related assumption is that closure of whole schools will not occur until pupil numbers in the schools concerned have fallen by 40%. The Group has examined the short-run and long-run cost implications of varying these assumptions. The results so far suggest that variations in these assumptions produce little change in the forecast expenditure requirement.

(iii) Pupil-related costs

31. About 90% of this category of expenditure consists of non-teaching staff costs. The forecast of this staff cost element makes some allowance for the assumed impracticability for authorities of reducing numbers of non-teaching staff as fast as pupil numbers decline. The allowance takes the form of lagging the index of pupil numbers, the basis of the forecast, by one year. (In form, therefore, it is analogous to the allowance made for transitional diseconomies in forecasting teacher numbers.) The cost of this allowance which is subsumed within the pupil-related expenditure forecasts, shown in Table 9, is relatively small - of the order of £1.7m. in 1980/81 and £2.5m. in 1982/83. In 1983/84, however, because of the £50m. shortfall referred to above, the cost of the allowance is not included in the Cmnd. 7841 baseline.

32. Two issues arise on this allowance, first whether it is in principle, justified and secondly, whether, if it can be justified, the choice of a one-year lag is about right. On the issue of principle, the Group has noted that the majority of non-teaching staff are part-timers and that, unlike teachers, they will not usually be appointed to the service of particular schools; on this basis one would expect that the prompt redeployment of non-teaching staff would be easier than in the case of teaching staff. On the other hand, local authorities would still be faced with the difficulty of predicting the numbers of pupils on roll at particular schools for the reasons discussed in paragraph 15c above. The Group will be considering these arguments in greater depth and also looking at the choice of a lag of one year in its further work.

(iv) Pupil-related costs - (books and equipment)

33. This area of expenditure is projected forward from the base year by reference to the movement of pupil numbers. The Department then includes an additional 2% pa. (compounded) in the forecast to allow for the growing "sophistication" both of the school curriculum itself and of some key school text books, equipment and materials. As Table 9 shows, the expenditure provision in Cmnd. 7841 is not sufficient in 1983/84 to meet any of the cost of the sophistication allowance.

34. The Group have agreed that the sophistication allowance, in so far as there is provision for it within the current expenditure plans, represents an improvement on 1978/79 standards of provision. The case for this improvement rests on the growing demands that are being made on the school curriculum: at primary level, for example, the Government is encouraging the introduction of more science teaching while, at secondary level, schools are being pressed to respond to the development of micro-electronic technology and generally to do more to prepare pupils for working lives in industry and commerce. While it is true that micro-electronic equipment is becoming cheaper, schools are using more and also require more materials, including books, to use in association with it. Her Majesty's Inspectorate of Schools advise that text books, and in particular science books are becoming out of date (and therefore need to be replaced) more and more quickly. Additionally diseconomies of smaller scale will affect school libraries and there is therefore a limit to the extent to which shortages of books will ease as school rolls fall. The Group has accordingly agreed that the sophistication allowance represents an unavoidable improvement. Its amount is of course a matter of judgment.

(v) Overall adjustment of non-teaching cost

35. As Table 9 shows, the forecasts include the simple 2% addition* to total non-teaching costs that was embodied in the 1979/80 and 1980/81 Rate Support Grant settlement. This is carried forward, in so far as the Cmnd. 7841 expenditure provision is sufficient, to 1981/82 and 1982/83. There is no provision for it in 1983/84. Under the last Government's expenditure plans, the 2% adjustment of non-teaching costs was one of a series of similar annual allowances, the effect of which was to be cumulative, beginning in 1978/79 and ending in 1982/83. The purpose of these allowances was to enable authorities, over a period of years, to cover expenditure that had been deferred in 1976/77 and 1977/78. In those years, local authorities, under pressure to make quick savings, (especially in 1976/77 when revised budgets were called for), cut

* under the heading 'adjustment factor'.

expenditure on school books, equipment and materials and on the repairs and maintenance of school premises rather than on staff. It is in these areas, unlike staff, that cuts can be made at relatively short notice. Hence the justification for the upward adjustments of the non-teaching costs forecasts under the last Government's expenditure plans was that, if authorities did not restore expenditure to its original level, standards of provision would progressively deteriorate as stocks of books etc. ran down and as a backlog of premises and maintenance work mounted. The view of HMI is that stocks of books and materials in the schools are in fact seriously depleted and that the current state of disrepair and poor decoration of some school premises is having an adverse effect on standards of education.

36. The Group have agreed that, notwithstanding these arguments, the adjustments which are allowed for within the current expenditure plans have to be seen as an improvement over actual per capita expenditure in 1978/79. In reaching this conclusion the Group have taken into account the fact that the Government is not committed to building back the effects of reductions in the previous Government's expenditure provision. The Group have also been mindful that while local authorities exercised their discretion in 1976/77 and 1977/78 to make reductions at short notice in provision for books etc. and upkeep of premises, they have not been prevented from restoring these in due course by making alternative reductions in other areas.

 CONFIDENTIAL

UNIT COSTS

37. The governing principle adopted by the Department in estimating its needs for public expenditure on schools is the maintenance of standards of provision. In assessing the resources required to maintain standards of provision, the Department takes into account each of the allowances that has been discussed in paragraphs 11-35. Unit costs are seen as a "resultant", rather than the basis for these plans. Treasury Ministers, on the other hand, recommended that financial provision for schools expenditure in the 1979 Survey be made by reference to stabilised 1978/79 unit costs plus a general margin of expenditure in acknowledgment of the problems of reducing scale. The end result, as described in paragraph 7, was an allocation of resources in Cmnd. 7841 which declined at half the rate of the fall in pupil numbers. The difference between these two approaches is what has given rise to the Department's additional bid.

38. The Group agrees that unit costs are useful as a yardstick, allowing increases or decreases to be isolated and related as appropriate to the changing composition of the school population, the problems of reducing scale etc. It is recognised that good management will not necessarily be synonymous with the maintenance of constant unit costs. Unit costs also illuminate any tendency towards "incrementalism" in financial management over a run of years, and they could help to emphasise the need for local authorities to run schools as efficiently as possible. Unit costs may also have a role to play in Ministers' consideration of the allocation of resources between services within a constrained global total.

39. The argument against undue emphasis upon unit costs is that the Department is concerned with individual policies for separate aspects of the education service, and needs to ensure that expenditure provision is related to these. It should be possible to explain projected increases in unit costs by references to the changing composition of the units and to the various determinants of expenditure which relate to standards of provision.

OTHER MATTERS

40. In the short time available the Group has given the weight of its attention to an examination of the standards of provision in 1978-79 and the conclusions in the final section of this report set out the consequences as we see them for the period up to 1983-84. But the Group has begun to think about the relationship between the standards of provision and the quality of education and the following is a summary of the ground so far covered, together with a note on what further work will be undertaken.

CONFIDENTIAL

41. Implicit in the present methods of forecasting expenditure on schools is the wider question of how far the Secretary of State can influence the managerial practices of local authorities; and this question forms a bridge to the second part of our terms of reference because of the (assumed) relationship between managerial practices and the quality of education provided. We have felt constrained to examine this question within the confines of the present system of RSG and not, for example, to revive arguments about specific grant or to consider the extent to which the present proposals for Block Grant could be used to give central government a stronger say in the disposition of sectoral expenditure by individual authorities.

42. It follows that one cannot look to the forecasting methodology to ensure that particular policies pursued by the Department will be faithfully and precisely adopted by local authorities. The essential nature of RSG is that authorities are free to spend what they receive as they choose. But the models can and do include normative judgments about the policies which, in the Department's view, authorities ought to pursue. The "sophistication" and "adjustment" factors already discussed represent judgments by the Department about the level and emphasis of expenditure on books, equipment, repairs and maintenance. The assumption about the number of school places to be taken out of use is intended as a means of inducing authorities to pursue a realistic policy of school and place closure. The one year time-lag should not obscure the fact that the approach to teaching costs assumes a downward drift in numbers which influences authorities' policies on recruitment and deployment.

43. In our second report we shall examine ways in which the Department influences, or might influence, authorities' managerial practices outside the operation of RSG. This will include a review of factors of the kind discussed in paragraph 15. We shall also consider an accelerated retirement scheme as a way of helping authorities' staffing policies. An important emphasis of our work, however, will be on the policies which the Department is pursuing on the school curriculum. In relation to this, we shall look at the structural diseconomies of scale in the present teaching costs model

(see paragraph 21 ) and report on the work which the Department is doing on a demand-based model of secondary school staffing which is designed to relate policies for school staffing more closely to the schools' educational needs. The Group will also continue its examination of possible measures of the quality of education, taking into account a study already begun of historical unit costs: but it has already become clear that this raises very difficult problems.

Department of Education and Science

HM Treasury

June 1980

ANNEX

MEMBERS OF THE WORKING GROUP

DES

J H Thompson (Chairman)
C A Clark
B D Cullen
R H Stone
N Summers

HM TREASURY

C H A Judd
J D Pole

The following also attended the meetings and gave advice on technical matters:

R B Ladley (DES)
D J Lewis (DES)
R B Stannard (HMT)

SECRETARIAT

B R Morris (HMT) } (Joint Secretaries)
Mrs H M Williams (DES) }
P M Hubbard (DES)

-4 JUL 1980

nr

CONFIDENTIAL

Educ 2

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Parliament Street
LONDON SW1

4 July 1980

Mr Prime Minister

You might like to glance at the 3-page summary of this report MAP 4/VII

Dear John.

SCHOOLS EXPENDITURE

In the final stages of the 1979 Public Expenditure Survey I maintained that the scope for making further economies in primary and secondary education, without damaging standards, was more limited than some other Ministers were inclined to accept. Subsequently it was agreed that a working group of officials from the Treasury and my Department should be established: -

> "To consider first, whether the resources allowed for current expenditure on primary and secondary schools in England in Cmnd 7841 are appropriate for the purposes of maintaining up to and including 1983-84 the standards of provision in 1978-79 and secondly, how far the quality of education is likely to be affected by the standard of provision. "

The working group has now submitted to us an interim report covering the first part of this remit. (It hopes to report on the second part later in the year.) I understand that you agree with me that both the main report and a summary of it should be circulated to our colleagues before we embark on the 1980 Survey on 10 July. I am therefore sending both documents, with copies of this letter, to the Prime Minister, the other members of the Cabinet, Norman Fowler and Sir Robert Armstrong.

Yours ever

Mark

MARK CARLISLE

CONFIDENTIAL

Education

Pls. trace earlier papers
cf say not there

JS
cc TSy

10 DOWNING STREET

*From the Private Secretary*

31 March 1980

The Prime Minister has read your letter of 28 March about SSRC funding, and she is now content for Mr. Macfarlane to write to Professor Wright on the lines proposed in your letter of 6 March. She still believes, however, that there is scope for further economies in the SSRC programme, and she would be grateful for a copy of SSRC's latest Annual Report.

T. P. LANKESTER

Robert Green, Esq.,
Department of Education and Science.

TR

N

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

FROM THE SECRETARY OF STATE

M A Pattison Esq
10 Downing Street
LONDON
SW1

28 March 1980

Dear Mike,

Thank you for your letter of 7 March about the Social Science Research Council (SSRC).

When the present Government took office, the SSRC's projected grant-in-aid for 1979/80 was £16.5m at 1979 survey prices. The grant-in-aid for 1980-81 is now to be £1.8 million less. Mr Carlisle announced in Parliament the new figure of 14.7m for 1980/81, together with the grants-in-aid of the other research councils, last December. (In the 1980/81 Estimates this figure will appear as a cash figure of £19.75m out of a total Science Budget of some £400m).

For 1981/82 my Secretary of State, on the advice of the Advisory Board for the Research Councils (ABRC), will further reduce the SSRC grant-in-aid by £0.7 million (at 1979 survey prices) to £14 million. Thus the SSRC's grant-in-aid for 1981/82 will be 15.2% less than that inherited by the Government for 1979/80.

Under its Charter, the SSRC has to give some financial support to research into all the main disciplines which come under the rubric of the "social sciences". These include many disciplines affecting national needs, and this point is illustrated by the attached tables containing for 1978/79 a breakdown by disciplines of SSRC's expenditure, and the main subjects for which SSRC entered into new research commitments.

About half the SSRC's grant-in-aid goes on postgraduate training because the Council is the main body which supports training at this level for the social sciences. The relevant subjects cover the wide span of disciplines listed in Table I, and in many of them the SSRC is in effect responding to the needs of industry, commerce, and the public sector, for highly trained specialists. In 1978/79

out of 1,393 SSRC postgraduate awards, 445 were in education, management and planning, 404 were in various "mainstream" social sciences and statistics, and the remaining 554 included psychology, economics and political science. In its 1980/81 awards the SSRC has reduced allocations in those subjects where there is a reduced demand for academic staff and increased it in those where manpower demand is strong, ie management and industrial relations, and education.

The SSRC has a new chairman, Mr Michael Posner, who has made a start in redirecting the SSRC's efforts to match the nation's needs more closely and has shown himself responsive to the broad guidance given to him by the Secretary of State and Mr Macfarlane last Summer. It will take time to complete this process and Mr Carlisle recognises that, as a legacy of the past, certain weaknesses eg on postgraduate training and some (minor) lunatic research projects will still catch the headlines.

In judging how much of the Science Budget to give to the SSRC after 1980/81, my Secretary of State feels that he should rely heavily on the ABRC which consists of eminent scientists predominantly from the natural sciences. He will shortly be discussing this question with Sir Alec Merrison, the Board's Chairman.

Yours ever,

Robert Green

R J GREEN
Private Secretary

TABLE I

BREAKDOWN OF SSRC'S EXPENDITURE IN 1978-79 BY DISCIPLINE, IN PERCENTAGE TERMS

| | PERCENTAGE OF TOTAL EXPENDITURE |
|---|---|
| Management and Industrial Relations | 15 |
| Economics; Economic and Social History | 16 |
| Education | 8 |
| Computing; Statistics; Linguistics | 4 |
| Human Geography and Planning | 6 |
| Political Science and International Relations; Area Studies | 8 |
| Psychology | 13 |
| Sociology and Social Administration | 11 |
| Social Anthropology; Law and the Social Services | 4 |
| Miscellaneous (including SSRC's Research Units) | 6 |
| Central Administration | 9 |
| | 100 |

TABLE II

NEW RESEARCH COMMITMENTS ENTERED INTO BY SSRC IN 1978-79; MAIN GROUPINGS: ACTUAL EXPENDITURE/COMMITMENT

| | | £000 |
|---|---|---|
| 1. | Economies, Statistics and Computing | 1,592 |
| 2. | Management and Industrial Relations | 1,302 |
| 3. | Energy and the Environment | 665 |
| 4. | Education and Child Development | 1,576 |
| 5. | Population, Migration, Health | 818 |
| 6. | Social Organisation and Social Services | 2,654 |
| 7. | Other Research, including Political Studies | 497 |
| | | 9,104 |

File

RH

BTF 14-3-80

7 March 1980

The Prime Minister has seen your letter to me of 6 March, about the Social Science Research Council.

She has commented that she has a lot of sympathy with the view that we just cannot afford anything like £16.5 m. on this work at present. She has expressed considerable surprise that this figure has been cut back by no more than £0.4 m. for 1980-81, and she remains to be convinced that there is not scope for a considerably higher cut in the light of others which have been necessitated by the Government's policy on public expenditure.

She would, therefore, be grateful if your Secretary of State would reconsider the advice which he has tendered.

M A Pattison

R J Green Esq
Department of Education and Science

BV

1.

PRIME MINISTER

Mr Carlisle's reaction to Esmond Wright's letter on SSRC.

Agree that Mr Macfarlane should write as proposed overleaf? - you have acknowledged

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

FROM THE SECRETARY OF STATE

M A Pattison Esq
10 Downing Street
LONDON SW1

MAP 6/3

6 March 1980

Dear Mike,

Thank you for your letter of 8 February enclosing copies of a letter which the Prime Minister has received from Professor Esmond Wright about the Social Science Research Council, and for her reply. Mr Carlisle has asked me to offer the following comments.

2. Despite its title, the subjects which contain the word "social", namely social anthropology, sociology and social administration, between them accounted for only 10 per cent of the total value of SSRC's research grants in 1978-79. The Council also supports research in economics, education, human geography and planning, linguistics, management and industrial relations, psychology and statistics. All of these subject areas are, in my Secretary of State's view, of unquestionable importance to the solution of national problems and Mr Carlisle feels that the subject balance of SSRC activities is defensible in relation to the Council's Charter objectives.

3. It is true that SSRC's administration costs are, in percentage terms, higher than those of the other Research Councils. But there are good reasons for this. Compared with the other Councils, a much higher proportion of its budget is used in awards to postgraduate students (many of them for essentially vocational training) and these are expensive to administer; many of its research grants are for amounts of less than £10,000, which make them disproportionately costly to administer; and it has fewer large Institutes and Research Units (whose administrative costs tend to be concealed in their overall costs).

4. That having been said, the Secretary of State has in fact cut the SSRC's grant-in-aid in real terms. The process of reduction began in the last year of the previous Government and was reinforced in June 1979 with a further cut of £1.5m or over 8%, a substantially greater proportionate cut than was applied to any of the other Councils. This has been followed by a further reduction of £0.4m for 1980-81. For the years after 1980-81, the Secretary of State is still considering advice on guidelines for each of the Research Grants recently given to him by the Advisory Board for the Research Councils; but he thinks it likely that SSRC will be cut further in 1981-82.

5. All this has, we believe, served also to teach the Council's staff a lesson in humility. The new Chairman and chief executive, Michael Posner, has displayed from the outset a practical approach to the Council's work which could certainly not be described as "self-important".

6. The Parliamentary Under Secretary, Mr Neil Macfarlane, has seen this correspondence. He is an old friend of Professor Wright, and proposes to write to him along the following lines:

> "The Prime Minister has shown me your letter of 30 January concerning the role of the SSRC.
>
> When we took office last May we conducted a close appraisal of the Research Councils, and the SSRC was no exception. We have cut the grant in aid in real terms by £1.5 million in 1979/80, and £0.4 million 1980/81. I am however greatly encouraged by the work of the Chairman, Michael Posner, who has displayed a much more practical approach to his duties and is well aware of what work needs to be done to review the role of this Research Council. I believe Mr Posner is widely respected, but equally I am well aware of the wider views of many people in the UK who regard social sciences with a degree of scepticism.
>
> As Junior Minister responsible for the Research Councils I am anxious for the programme of rationalisation to continue".

I have a lot of sympathy with the view that we just can't afford anything like £16.5m on this work at present. I am worried that it has not been cut harder now that £0.4m = 1980-81. Clearly there is more scope here in the light of other cuts which DES know about - full stop.

MG

Yours ever,

Robert Green

R J GREEN
Private Secretary

B/F 6.3.80

Education

10 DOWNING STREET

*From the Private Secretary*

8 February, 1980

Dear Robert

I enclose a copy of a letter from Professor Esmond Wright to the Prime Minister about the Social Science Research Council. I am also enclosing a copy of the brief acknowledgement which the Prime Minister sent.

She would be interested to have Mr. Carlisle's comments in due course.

Please do not give this exchange too wide a distribution

Yours ever

Mike Pattison

R.J. Green, Esq.,
Department of Education and Science.

FILE

TSC

R. Pattison

10 DOWNING STREET

THE PRIME MINISTER

7 February 1980

Dear Esmond,

Thank you for your letter of 30 January, and your good wishes.

I have taken note of your comments about the SSRC, and I shall ask Mark Carlisle to have a careful look at it.

Yours ever

Margaret

Professor Esmond Wright

VLG

**10 DOWNING STREET**

PRIME MINISTER

Professor Wright suggests that SSRC should be squeezed.

I understand that '79/80 provision is a total of £16.515m. after a cutback of £1.5m.

Within the total, the running costs of Headquarters amount to £1.797m., and a further £0.739m. goes on a number of research units, although these expenses are largely those of the research staff at the units.

Would you like to acknowledge as in the attached draft?

MAP

6 February 1980

C.R.

1. Correct addressee's name
2. Return to me to pass to DES. MAP 7/2

Tel. 387 5534/5

UNIVERSITY OF LONDON
Institute of United States Studies
31 Tavistock Square
London WC1H 9EZ

Director: Professor Esmond Wright
Secretary: Dr Howell Daniels

Rt Hon Margaret Thatcher
10 Downing Street
LONDON
W1

30 January 1980

RS/2

Dear Margaret

Forgive the intrusion.

But if you are looking for cuts in education (as I know - and hope - you are, despite noises from Vice-Chancellors) please have a cold and clinical look at the S.S.R.C. I know no academic I respect who has any respect for it. Not just the absurd projects (it is almost a safe rule in academia that anything with the adjective "social" before it is merely bubble and froth) but the absurdly large and self-important bureaucracy who staff a large building in the Temple. Cuts here of a remorseless kind would warm a lot of hearts!

You are doing absolutely splendidly. Just keep it up through the long, long haul.

Warmest regards,

Esmond

Professor Esmond Wright

L

Education PA

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

2

FROM THE SECRETARY OF STATE

PRIME ~~MINISTER~~

A little more about teacher numbers - consistent with the figures we gave you earlier. NS

Nick Sanders Esq
10 Downing Street
London
SW1

28 September 1979

Dear Nick

I understand that when Peter Wilson wrote to you on 18 September with some information about teacher numbers, he promised to send you a further note on the Daily Telegraph article of 17 September.

--- I now enclose this note.

Yours ever

Phil Hunter

P J HUNTER
Private Secretary

20 SEP 1979

TEACHERS IN 1979-80

1 The Education Estimates of the Chartered Institute of Public Finance and Accounting (CIPFA), published in July and reported in the Daily Telegraph of 17 September, report local education authorities' collective intention to employ 483,577 teachers in England and Wales in January 1980. This would represent an increase of 12,977 over the number of teachers recorded (on a rather different basis) as being employed in January 1979, and of 6,632 over CIPFA's own estimate for January 1979 of 476,945. This is partly a paper increase since CIPFA have included in their estimate, for the first time, the category 'teachers in education other than in schools', which accounts for an apparent year-on-year increase of some 2,000 teachers.

2 The CIPFA estimates were aggregated on the basis of local authorities' estimates made in February 1979. They therefore antedate the General Election, the new Government's statements about local authority manpower and the Chancellor of the Exchequer's Budget statement about local authority expenditure in 1979-80.

3 The Department expects the total number of teachers employed in England and Wales to fall in the current school year, both in the light of the Government statements mentioned above and also because the number of secondary school pupils is now beginning to fall. The projection of teacher numbers made by the Department and the local authorities in ESGE, for the purpose of forecasting local authority expenditure in 1979-80 and 1980-81, is some 467,000 in January 1980, a decrease of $3\frac{1}{2}$ thousand from the January 1979 figure: this projection is however subject to considerable uncertainty. Firm information about the number of teachers actually employed in September, at the beginning of the school year, will be available in November.

4 The component parts of the two forecasts, and the methods of calculation, are so different that an attempt at a precise reconciliation of the figures would be helpful. The Department's experience is that the CIPFA estimates, compiled as they are at the beginning of the financial year, tend to overstate somewhat the provision which authorities actually make.

Teachers Branch
Department of Education and Science
September 1979

# RECORD TOTAL OF TEACHERS

By Our Education Correspondent

MORE teachers than ever before are being employed by local authorities, despite a steep drop in the pupil population and the closure of scores of schools.

Statistics disclosed today by the Chartered Institute of Publice Finance and Accountancy, which provides a guide to the way local authorities allocate their educational expenditure, show that 483,577 teachers will be employed in 1980. This is more than 6,600 up on the 1979 school year.

For the fourth year running, there has been a steep fall in primary school pupil numbers. Between last January and next, there will be 195,000 fewer such pupils.

Over the same period, there has been a drop of 11,000 secondary school pupils, though this is slightly offset by an increase in their numbers in English non-metropolitan counties.

In all, there will be 247 fewer primary schools next January compared with the figure for January, 1978.

## More nursery schools

There is good news for the advocates of nursery education. A marginal increase in the number of pupils at nursery schools has been noted—up from 147,000 to 152,000.

And there is also an improvement in teacher-pupil ratios—up from 23·9 pupils to one teacher in 1976 primary schools to 22·3 to one in 1980 and from 17 to one in secondary schools to 16·5 to one.

The cost of food contained in a school meal comes on average to 16·9p while the total average cost of the meal, counting salaries and overheads totals 54·9p.

S

ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

FROM THE SECRETARY OF STATE

✓ NJS
to see with PM

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

18 September 1979

Dear Nick

You told me yesterday that the Prime Minister wanted some information about educational expenditure and pupil teacher ratios, and later gave details to Richard Jameson. The information available is now attached: we do not yet know what detailed action local authorities will take in 1980-81 following the Government's decisions in July.

If you have any queries perhaps you would speak to Richard Jameson direct.

Yours sincerely

Peter

P A WILSON
Private Secretary

18 SEP 1979

Education

10 DOWNING STREET

THE PRIME MINISTER

11 September 1979

Dear John

Thank you for taking the trouble to write to me on 23 August with your observations on the public handling of the higher education question.

Information about what is in mind in terms of student numbers has certainly dribbled out in an unsatisfactory fashion. The Chairman of the University Grants Commission wrote to all Vice-Chancellors and Principals of Universities on 15 August. The crucial sentence in his letter read:

> "In this situation, the Committee advises universities so to arrange their admissions procedures that the number of home undergraduates admitted in October 1980 can if necessary be restricted to 94 per cent of the number being admitted in October 1979; universities should not for the present make firm offers which would be likely to result in that 94 per cent figure being exceeded."

As you say, this was an interim holding position. Final dispositions cannot be made until we have taken the wider public expenditure decisions on which this depends.

Although some of the reporting of this letter last month was unhelpful and ill-informed, there has been a fair amount of useful comment more recently. I have seen one or two pieces

/recognising

recognising that there is an unevenness of quality in the universities, and recommending that any cuts should not necessarily be spread evenly.. The general public reaction has not been hostile to the thought of some tightening of opportunities at this level.

As you suggest, we are looking at ways of ensuring the best use of available funds, and no-one is making assumptions that the money could not be used more productively in some areas. But I have to take issue with your comment that many more students could be admitted at zero marginal cost, if only because of the effect on claims for maintenance grants. As you point out, a switch to student loans would not help on this front in the short term.

I hope this reassures you that we are thinking along the lines you suggest. I am grateful to you for setting out your thoughts for me. I try to keep a close eye on the handling of publicity on all potentially controversial questions like this, and it is helpful for me to have informed private comment when things do seem to have gone wrong.

signed

MT

The Lord Vaizey

3

10 DOWNING STREET

PRIME MINISTER

You wanted to send a personal reply to Lord Vaisey's observations on the handling of publicity about higher education constraints.

I passed the queries on without revealing their source to DES - Lord Vaizey's letter is at A and mine at B. The DES response is at C. I attach a draft reply.

7 September 1979

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Mike Pattison Esq
10 Downing Street
London SW1

6 September 1979

Dear Mike.

Thank you for your letter of 29 August about the recent publicity surrounding future university student numbers.

In the first place I should make it clear that neither we nor the UGC have made any announcements about future student numbers. Indeed the events have to be seen against the decision not to make any general announcement about public expenditure in advance of the White Paper. Nevertheless it was agreed that contact should be maintained with bodies with responsibility for expenditure to the extent that they needed to know the way the Government's mind was moving. We accordingly let the Chairman of the UGC know that so far as 1980/81 was concerned universities could not expect a level of funding higher than that set at budget time for 1979/80. At the same time we invited him to give us the Committee's most realistic assessment of the number of students which universities would be likely to admit in 1980/81. We expect, in fact, to have much discussion with the Committee about the relationship between the level of UGC funding and the total number of university students which those funds can sustain; and any presumption that a reduction in funding would mean a pro rata reduction in admissions is totally premature.

It goes without saying however that expenditure decisions are liable to make some difference to the admissions policies of universities. Accordingly on 15 August the Chairman of the University Grants Committee, after taking advice informally from those members of the Committee who were available, issued a letter to all Vice-Chancellors and ... Principals of universities, of which I enclose a copy. Admissions this year ie in October 1979 are still geared to a policy of some growth in total numbers and the letter to the universities was, as you will see, simply a prudent warning to them not to commit themselves too far in offering places for Autumn 1980 - a process that will soon begin - until the Government's expenditure plans are known. I draw

your attention particularly to the cautious wording of the last sentence. The Department regards this as a holding operation until decisions have been taken about the savings required of the universities in the period up to 1983/84. When these are fully known we can consider the implications for student numbers.

As regards the publicity itself, we do not know the source from which the Guardian secured information about the UGC Chairman's letter. The BBC having had news of the impending article in the Guardian, telephoned Dr Boyson at his home at 7.30 am on the 21 August. During the day Dr Boyson, briefed by officials, talked to journalists and gave interviews on BBC Radio and TV, and you will have seen the articles and letters in the Press. The story has now more or less run its course, though no doubt a certain amount of comment and discussion will continue. Although some of this is confused and sometimes plainly tendentious, there has been a good deal of useful and informed comment eg Auriol Stevens' article in The Observer, the Guardian Leader of 22 August, and an article in 'Nature'. The latter for example argues the need to recognise that quality is not uniform in the universities and if there have to be cuts they should not fall evenly everywhere. The comment does not betray any special alarm on the part of members of the public at the prospect of cuts in university expenditure. This will not be lost on the universities when the decisions which Ministers must take in the next few weeks are announced.

Finally, on the specific points mentioned in your letter these can and no doubt will be dealt with in the discussions we shall be having with the UGC. It would not, I think, be contested by the UGC that there is scope for cutting expenditure up to a certain point without reducing opportunities for higher education - the question is where that point lies and how much reduction would be entailed by cutting beyond that point. For example, two-year degree courses were introduced in the aftermath of war for mature ex-service students and are, of course, offered by the University College of Buckingham. We also intend to discuss with the UGC whether, and if so how, any reduction in student numbers could distinguish between subjects. Finally I am afraid that many more students could not be admitted at zero marginal costs, if only because of the consequential awards expenditure which is no inconsiderable part of the cost of higher education - for example, the standard maintenance grant for students in London in the coming academic year is £1485. As the Prime Minister recognises a switch to a student loan system would not help in this regard in the short term.

As regards the general question of the handling of publicity, higher education is only one part of the education service and the Department will have to deal with the whole service when the Government makes known its expenditure plans later this year; and would expect to conform with any general publicity policy agreed upon at the time.

Yours ever
Philip Hunter

P J HUNTER
Private Secretary

UNIVERSITY GRANTS COMMITTEE
14 Park Crescent London W1N 4DH

Telephone 01-636 7799 ext

Your reference Letter reference 13/79

Our reference 44/52/018

Date 15 August 1979

TO ALL VICE CHANCELLORS AND
PRINCIPALS

Dear

I am sure that you have been following very closely the press reports of the Government's consideration of public expenditure for 1980/81 onwards and will wish to know as soon as possible its effect for the university system in general and your own university in particular.

Although no Government decisions on precise levels of expenditure are likely until the Autumn the Committee has concluded that it is inevitable that the target of 308,000 students in 1981/2 and the indicated figures of grant associated with it will be superseded. It follows, therefore, that the student targets for individual universities and the allocations for 1980/81 and 1981/82 announced in Sir Frederick Dainton's letter of 5 July 1978 and mine of 3 May 1979 will also have to be reconsidered. During the coming months the Committee will be undertaking a review of allocations and student numbers to 1983/84 in the light of Government decisions on public expenditure. I will write to you about the planning of this review as soon as possible after the September meeting of the Committee, at which it will be considered.

Universities will need to make various key decisions related to 1980/81, for example on student admissions, very soon, probably before Government decisions are announced, and certainly well in advance of the Committee's own review of the period to 1983/84. In this situation, the Committee advises universities so to arrange their admissions procedures that the number of home undergraduates admitted in October 1980 can if necessary be restricted to 94 per cent of the number being admitted in October 1979; universities should not for the present make firm offers which would be likely to result in that 94 per cent figure being exceeded.

Yours sincerely,

Edward Parkes

Edward Parkes

-6 SEP 1979

Education HS

10 DOWNING STREET

*From the Private Secretary*

29 August 1979

BF 6.9.79

As I mentioned to you on the telephone, it has recently been suggested to the Prime Minister that publicity about reductions in planned expenditure on higher education has not been well handled.

It is argued that there is ample scope for cuts without reductions in opportunities for admission. In previous periods, I understand that such measures as two-year honours degree courses have been adopted.

The Prime Minister has also noted that the student targets announced by the University Grants Commission on 3 May have been interpreted as a 6% cut, when the announcement spoke of making only 94% offers until details had been worked out. These are far from identical propositions. Some of the recent publicity from DES has, for instance, stressed the importance of physics, at a time when it appears that many physics departments are having to encourage overseas students to apply for places in the UK to fill existing opportunities.

Against this background, the Prime Minister has heard it suggested that alternative approaches could allow many more students to be taken in with zero marginal costs. At the same time, whilst there is much to be said for student loans in the long term, the public expenditure savings from such a transfer would not begin to come through for several years.

The Prime Minister is much concerned about the correct public presentation of reductions in the planned growth of expenditure. She has some sympathy with the arguments put to her about these particular examples, in a field where she has considerable experience. I would be grateful if you could let me have comments on these specific points, and on the general question of how you are trying to handle publicity on higher education in this context. The Prime Minister will want to consider how she should respond when such arguments are repeated to her.

M. A. PATTISON

SB.

Philip Hunter, Esq.,
Department of Education and Science.

HS

29 August 1979

The Prime Minister has asked me to thank you for your letter of 23 August. You will not be surprised to hear that she does not dissent from what you have said, and she will be writing to you about all this shortly.

M.A. PATTISON

The Lord Vaizey

**10 DOWNING STREET**

PRIME MINISTER

This letter from Lord Vaizey argues that the publicity about reductions in forecasted spending on higher education has been mishandled. Would you like me to turn Lord Vaizey's points into questions which I can put to DES in your name?

Would you like to send a brief acknowledgement to Lord Vaizey - draft attached.

MAD

We should have to reply in detail.

28 August 1979

He is quite right - it has been mishandled

Private

HOUSE OF LORDS

23 August 1979

Dear Margaret,

Welcome back – and many congratulations on everything!

May I offer some (unsolicited) advice on the higher education question? As you know, there is ample scope for cuts, with no reductions in opportunities for admission. That was S. Williams' policy. And when you and I were at university, extraordinary numbers were packed in with few extra resources. (I believe, for example, that both Bill Pile and Ken Berrill took 2-year Honours courses – and the birth bulge is no less an emergency than the demobilisation at the end of the war).

By accident or design, however, the UGC has dug a trap and poor Rhodes has fallen in to it.

Parkes announced the student targets on May 3 – 2 days before the new government – and his new letter has been (deliberately?) misinterpreted as a 6% cut. What the letter says is "only make 94% offers till we have worked out the details" – which is quite another thing! And then Rhodes rushes in with a lot of drivel about the importance of physics (when the country has hundreds of half-filled laboratories, with physics professors desperately fishing for

overseas students to fill them). The result is a feared hullabaloo.

Surely all this is unnecessary? A little ear-stroking and masses more students could be got in with zero marginal cost. And while I'm in favour of student loans (not least because they avoid means-testing), the savings in public expenditure don't show till at least 4 years after their introduction — at the earliest, therefore, 1985.

This is an example of an unnecessary political fiasco with no real benefit in resource saving and an unnecessary antagonising of a natural Conservative constituency — all the polls show students & lecturers are (in the majority) your supporters. Bring Parkes back & make him sing the right tune.

With every good wish

Yours ever

John Vaizey

Observer
27.8.79

# What Boyson is up to

AURIOL STEVENS looks into the implications of the Government's plans for 'utilitarian' higher education.

LAST WEEK'S furore over Government plans to cut the number of students entering universities next year was misplaced but instructive. There are no such plans. Indeed, the Government has as yet no discernible policy on higher education. None the less, the apparent threat served to highlight the problems facing higher education —and gave Dr Rhodes Boyson a no doubt welcome opportunity to fly some personal kites.

The University Grants Committee has simply warned the country's 45 universities to be cautious when making firm offers for next autumn. The chairman, Dr Edward Parkes, has advised them not to commit themselves to more than 94 per cent of this year's entry.

Dr Parkes's letter should prevent universities making firm offers they might later have to withdraw. It should also give the committee some room for manoeuvre when it comes to distributing what money it does get from the Government. This would allow it to encourage a shift in priorities that it (or the Government) may wish to see.

All the indications are that money (in real terms) allocated to the universities next year will be kept pretty strictly to the level they received this year. This means no increase at a time when wages are rising faster than inflation and when the number of young people suitably qualified for university courses is rising because of the birth-rate bulge of the early 1960s.

This does not necessarily mean that it will be harder to get a place on a degree course. Projections for the number of students — and therefore for the cost of universities—over the next five years have constantly had to be revised down by the Education Department.

There is clear evidence that a growing proportion of suitably qualified young people is taking jobs instead of continuing to study. Indeed, Dr Rhodes Boyson, the junior Minister responsible for higher education, was faced with just this reaction when out stomping his constituency last week. 'They say they want to go out to work,' he told me. 'I've never come across that before.'

The Government has no power to dictate how many students universities take. Attempts to enforce a quota for overseas students have demonstrated just how ineffective Government exhortations can be, when it comes to handling Britain's traditionally autonomous universities. Frustration of the quota ruling is at least in part responsible for the present disagreeable policy of pricing overseas students out of the market to make room for British students without increasing numbers and to save money.

What the Government can control is the amount of money given to the UGC. The committee in turn can carve up the cake more or less as it sees fit. Only in medicine and veterinary science are there any strict limits on the number of places for a particular subject. Beyond that, each university deploys its own resources. If it chooses to increase the teaching load of its staff rather than cut student numbers in all or any subject, it can do so.

The only other way the Government could limit numbers would be to change the regulations controlling the availability of student grants; these cost the country some £350 million a year. In accordance with the principle recommended by the Robbins Report in 1963, anyone who is suitably qualified can get a mandatory grant, if he or she gets a place on a degree course or certain other designated advanced courses.

## 'Soft-option' subjects

Two E grades at A-level or the equivalent are the prescribed standard. Many people, among them university teachers, think this is too low. Some 1,600 out of the 74,000 students who went to university last year had only two or three E grades.

Such students tend to be concentrated in under-subscribed courses. The enthusiasm that greeted the apparent intention to cut university entry last week might suggest that cutting out these students and these courses would be a benefit: a healthy pruning of wastrels and 'soft-option' arts subjects.

However, it just happens that the under-subscribed courses are usually in science, maths and technical subjects, and young people graduating in these subjects find it much easier to get jobs than arts and social science graduates do.

Figures for university graduate employment published by the Central Services Unit in Manchester in July show a fall in unemployment among new university graduates from 5.6 per cent in 1977 to 4.7 per cent in 1978. The survey also showed the highest ever percentage of new graduates going straight into jobs last year, although the total number of new graduates had increased by 3,000 to 63,056.

Arts and social science graduates are the most likely to take further training after their first degree, bringing their whole higher education time up to the four years that is normal in all other Western countries. Scientists are more likely to go straight into jobs.

Last week Dr Boyson himself drew attention to the shortage of science teachers. Without qualified teachers the number of students in these subjects taking up higher education is not likely to increase rapidly, whatever the market demand. It is difficult, therefore, to see how either the Government, the UGC or the local authorities which support the polytechnics and colleges could afford to be too fierce about closing under-subscribed courses.

The pattern for non-university graduates is similar. The country's 130 polytechnics and the colleges of higher education do not generally enjoy the same prestige as the universities and do not, on the whole, attract students as well qualified in terms of A-level grades. As a result, unemployment among graduates with degrees from the non-university colleges is nearly double that for university graduates. But, just to complicate matters, graduates from sandwich courses in these colleges —a combination of on-the-job training and academic study —which are closely tailored to the needs of employers, have a lower rate of unemployment than university graduates have as a group.

There are indications that the message of the market is not lost on potential students. The overall proportion of young people with A-levels who apply for higher education has been falling anyway until this year. But within the total the demand for university places has been stronger than for courses at polytechnics and colleges.

Applications for this autumn through the Universities Central Council for Admissions are more than 6 per cent up on last year's and applications from girls are up 11 per cent. Applications for science and technology-based subjects, for computer studies, accountancy and law have all been growing fast.

Figures for polytechnics and colleges are still not available; they are still recruiting. Last year's figures, however, showed an overall fall in the number of full-time degree students, but a rise of 6 per cent in the number on sandwich courses.

Some detail is added to this picture by a study just completed of admissions to Warwick University, Lanchester Polytechnic and a college of education in 1976. All three of them are in Coventry.

The study, which will be published in full in *Higher*

OBSERVER PAGE 11

*Education Review* next month, indicates that the 'ytechnic and college [redacted] are less well qualified [redacted] terms of A-level passes, b[redacted]re more likely to be studying science and technology and are more career-oriented than the university students are. The university had a higher proportion of arts and social science students and a higher proportion of students who said they were going to university for social reasons and because they were not ready to settle on a career.

## 'I haven't got a gun'

The question now must be how far—if at all—the Government will seek to change the balance between the universities and higher education run by local authorities.

Dr Boyson was at pains to say last week, in the wake of the storm caused when Dr Parkes's letter became public, that all Boyson himself intended for now was to raise questions. Among those he did raise were: the possibility of partially replacing some student grants with loans; the scrutiny of uneconomic courses; job prospects for graduates and per capita costs of higher education compared with those in other countries.

'I am not holding a gun in anyone's back,' he said. 'I haven't got a gun and I don't want one. All I can do is put bright lights on various fronts.'

Some people may regret that Dr Boyson has no gun. In practice, the effect of holding down spending in the face of the increasing numbers of 18-year-olds will mean stagnation in higher education. The first reaction will be to stop filling academic vacancies. This has already happened in some places. Economies will depend at least in part on how fast professors and lecturers resign or die, and what subjects they teach. Redundancies are neither easy nor cheap to negotiate. Hiring new people even in subjects that are deemed desirable or are in demand will be difficult. It will also be difficult to expand courses that break new ground outside the traditional academic mould and might better serve the economy and the needs of those people who opt for work at 16 or 18, but would like to study further at, say, 25.

Ruthless shooting of dilettantes and lame academic horses could no doubt make room for this essential flexibility. However, manpower planning in higher education —or elsewhere—is a dangerous and difficult game for governments to engage in. The lead time is long, the mechanisms for change vague, and it will never be possible to define precisely what sort of training best fits 18-year-olds for 40 years of working life.

What the Government can and should do is look at the structure of the non-university part of higher education to see how finance, planning and admissions might be improved.

The polytechnics, colleges and the Council for National Academic Awards which approves their degrees have done an excellent job in the last decade in introducing flexibility, new types of courses for new types of students. Forced as they have been to hustle at the bottom end of the market, they have often pushed the universities into paying more regard to demands from the marketplace than their academic traditions might otherwise have predisposed them to do.

If this country is embarking on a period of utilitarian higher education rather than learning for its own sake—and the signs are that it is—the polytechnics and colleges may need more protection from the Government than market forces would apparently warrant. The Government holds the balance between the two sectors by virtue of its direct control of the University Grants Committee grant. But Mrs Thatcher's Government does not like interfering with the market.

Furthermore, the universities, as they have amply demonstrated in the past week even in the middle of the summer vacation, are a redoubtable vested interest. The most likely outcome, and the best the local authority sector can hope for, is that the squeeze will be applied equally to both sectors.

MORN: STAR 25-8-79

# Students: no second chance

Cuts in student places in higher education will not only deprive many qualified 18-year-olds of an opportunity to study but are bound to reduce opportunities for "second chance" students, college lecturers have warned the government.

The stern warning comes from the National Association of Teachers in Further and Higher Education which accuses the government of abandoning the Robbins principle of higher education planning.

The Robbins principle says that higher education should be afforded to those qualified and seeking places

E. NEWS 24.8.79

# My right to learn —by a schoolboy

I MUST protest about the Government's cut of six per cent in the university intake.

I have just taken 'O' level GCE exams and found that difficult enough in itself, partly due to the caretakers' strike—which resulted in unfinished courses—and also due to the fact that certain syllabuses did not comply with what we had studied.

I am now still awaiting results by post, far later than I had been led to believe, with now only a week or so until the autumn term. To top this the Government has cut the number of university entrants.

People of my age should at least have a chance to establish careers for themselves and not be crushed by thoughtless Government measures.—ROBERT KELLY (17), *Hjord, Essex.*

observer

nature

30 August 1979

# Dr Boyson's provocative challenge

No-one likes cuts in higher education — but if they must come, let them be selective

There was an uneasy feeling around in the British higher education community at the time of the first Conservative budget (in June) that such belt-tightening as was called for (it included the unwelcome increase in VAT) was not the end of the matter. The Government was taking its time brooding about education and science, and was not really expected to show its hand before the Autumn. Now at least one aspect of the forthcoming white paper on education has been made clear, namely that there will be a cut of up to 6% in student intake into universities in 1980. The University Grants Committee, on the recommendation of the Department of Education and Science, has alerted universities not to make 1980 commitments beyond 94% of their 1979 levels.

Dr Rhodes Boyson, the UK Minister in charge of higher and further education, has defended the proposed cuts on the grounds that Britain now has "the most expensive higher education system in the world". This seems hard to justify in the face of recently published figures which in fact show that Britain's spending on education is the third-lowest sum per capita in the Common Market (*Euroforum;* 13 July 79). In 1975 an average of £144 was spent on education per head of population compared with figures of £277 in Denmark, £239 in Holland and £209 in Belgium. Only Ireland and Italy came lower on the list.

It is clear that Dr Rhodes Boyson, minister in charge of higher and further education, is flexing his muscles to do what politicians have traditionally shrunk away from — interfere in the sacred area of a university's autonomy to teach what subjects it wishes. He is reported to have said that he would defend keeping alive all subjects currently being taught, but "in some universities, not all". It is clear that Dr Boyson would seek to impose the least restraint on mathematicians and "hard scientists" whom he regards as in short supply, but he adds ominously that "there is no shortage in certain arts subjects", and he has apparently asked officials at the Department of Education and Science to report on subject areas which have large graduate unemployment. This, of course, makes the assumption that the present-day predilections of employers should control the future of British universities.

However it is important to see these cuts in their detailed perspective — and the number of potential university students change substantially year by year. Recently the percentage of eighteen-year-olds who have been both able and willing to pursue a university course has remained fairly static. On the other hand, the baby boom of the late 1950s and early 1960s has raised the numbers of those in the eighteen-year-old bracket by a few percent each year. These numbers will continue to grow into the early 1980s, but thereafter will show a progressive decline until by the mid-1990s there will have been a drop of 25% on the peak value in the early 1980s.

It has been a matter of discussion for some time whether universities should be restricted in their intake for the next few years in order to 'tunnel' through the peak, whether they should be allowed to expand up to the early 1980s but then be forced to contract with declining numbers seeking admission, or whether they should be allowed to expand but then encouraged to maintain peak numbers by more vigorous recruitment programmes or by extending opportunities for continuing education, or education at a later stage in life. The last Labour government seemed to be moving towards the last option, whereas the present Conservative government looks as if it is intent on 'tunnelling'. By so doing they will of course begin to close out options on continuing education.

One further piece of perspective must be added. Following the Robbins Report, there was an enormous expansion of university places in the 1960s to meet the Robbins principle that all students who wished to go to university and who were qualified should be allowed to do so. New universities sprung up and hired staff in vast numbers, thus giving the priorities of the mid-1960s enormous emphasis in the university system. There have been continuing discreet mutterings among academics about the quality of some of the departments formed and about the low standards of entry that apply in some places. So although the university community as a whole will throw up its hands in horror at Dr Boyson trespassing on their territory and daring to declare certain preferences, some thoughtful people will be quietly curious to see whether a politican will be able to pull off what has needed to be done for some time but which academics could never bring themselves to do — to recognise that the quality is not uniform throughout the British university system and to make an effort to ensure that if there have to be cuts, they do not fall uniformly everywhere.

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10 DOWNING STREET

*From the Private Secretary*

10 July 1979

Your Secretary of State and Lady Young met the Prime Minister last night to discuss proposed cuts in educational expenditure. Mr. Carlisle explained that whilst significant and worthwhile savings could be achieved, there were serious dangers in rushing for heavy cuts in 1980-81, and risking a reaction that might prevent the achievement of a more balanced programme in later years. He also drew attention to the particular difficulties for the education programme, given that central government had little direct control over the allocation by local authorities of Rate Support Grant funds: it was likely that local authorities would choose to make significant cuts in their contribution to education, thus putting educational standards at risk through cuts from both local and central government expenditure.

Mr. Carlisle asked whether it would be helpful if he circulated for Thursday's Cabinet discussion a paper which already existed in draft in the Department. The Prime Minister said that she was prepared to agree to this, in view of the valid case that education might suffer double cuts. She noted that the Secretary of State did not dissent from the overall strategy of reducing public expenditure, but wished to develop this over a longer period. She suggested that, if his paper were to propose what he considered to be a realistic level of public expenditure reduction for 1980-81, it should show a more rapid progression in the cuts in later years.

I am sending copies of this letter to Alistair Pirie (Chief Secretary's Office) and to Martin Vile (Cabinet Office).

M. A. PATTISON

Philip Hunter, Esq.,
Department of Education and Science.

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NOTE OF A MEETING ON EDUCATION EXPENDITURE HELD AT THE HOUSE OF COMMONS AT 1930 ON MONDAY 9 JULY

Present: Prime Minister
Secretary of State for Education
Minister of State for Education (Lady Young)
Mr. M. A. Pattison

* * * * * * * * * * *

Mr. Carlisle explained that his major concern was the scale of reduction in services and the number of redundancies implied by the expenditure cutting options. Although the school population was now beginning to decline, the last part of the bulge was working through to the most expensive areas of education. The Prime Minister commented that the cuts were against planned, not existing, levels of expenditure. She did not accept that standards could only be raised by greater spending. She drew attention to the growth in real terms since her last year at DES of the cost of educating, for example, the under-fives. There were now far fewer primary pupils. Mr. Carlisle agreed that the cost per pupil at this level had increased in real terms from £270 in 1973/74 to £334 now, but at secondary levels the increase was minimal and there had been a decline at the over-sixteen level, in the polytechnics, and in the universities. The Prime Minister observed that the centralisation of primary education was expensive. Three small village schools were much cheaper than one new one. There were savings in maintenance, transport, meals when pupils could return home, and in some cases in heating costs.

Lady Young stressed that the Education Ministers had no wish to backtrack on the public expenditure elements of the Conservatives' election winning platform. But there was a problem of timing. Savings in local government, through the Rate Support Grant, inevitably led to cuts in education. In areas where central Government hoped to make savings, legislation would be required. Mr. Carlisle quoted the example of school meals, where there were enormous variations in the cost of a service for which charges were set on a national scale. The local education authorities

/ wished

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wished to remove existing legislation and put the responsibility back on them. The Prime Minister agreed that this kind of local flexibility was needed. There had been suggestions earlier of budgets for individual schools, with local flexibility. Mr. Carlisle added that his review of controls had shown that many could be dispensed with. A simple example was school buses, where vacant seats should be available for public use at a charge. Legislation would be necessary on school meals, school transport, and school closures. County Councils were asking for the right to charge for nursery education. The County Councils were also seeking legislation to allow them to set their own school hours and to give them some control over the leaving age. He agreed with the Prime Minister that these were both difficult proposals, although there could be some national legislation to cover e.g. early leaving for recognised apprenticeship.

In the longer term, Mr. Carlisle was confident that at least £50 m. and possibly £100 m. could be raised from overseas students, who could be asked to pay the full fees with support from overseas aid applied selectively.

The Prime Minister complained of the present total inability to replace bad teachers by good. Mr. Carlisle said that current expenditure reduction proposals would require 70,000 teacher redundancies next year. The DES paper had proposed 90,000 over four years, allied with other developments such as charging for 16 year olds. The Prime Minister commented that this was a ludicrous proposal which should never have been set in writing.

Mr. Carlisle agreed, but recalled that Mr. Nigel Lawson had advocated this in Opposition. The level of staff cuts required to meet the proposed reductions in expenditure were based on advice from local authority leaders, mainly Conservatives. Their advice was consistent. At headquarters level, DES have already undergone major cuts, so that its staff was below 2,600 before the Arts were removed. An increase in the Inspectorate was now necessary to improve standards.

/ Mr. Carlisle

Mr. Carlisle agreed that the local authorities had taken the easy way out in respect of teachers, and had made previous savings on capitation, building and other forms of expenditure because they had been unwilling to tackle the National Union of Teachers. The paper put to him by local authorities said that a total of 150,000 teachers and other staff would have to be shed from the system, and these proposals made no provision for the redundancy payment costs. Teacher wastage was now about 20,000 per annum, and the output from teacher training had been reduced from 60,000 in the Prime Minister's time at DES to 20,000 per annum now. Since 1972/73, teacher numbers had increased by 60,000, but 33,000 of these were necessary to retain the 1972/73 pupil/teacher ratio. Lady Young agreed that the problem of poor teachers was one of the keys to the problem of spending, but again time would be required.

Mr. Carlisle reiterated that the local authorities had total freedom on how to apply Rate Support Grant cuts. The Prime Minister commented that many schools now seemed to have excessively expensive equipment, but could no longer afford books. Lady Young re-emphasised that much could be achieved over time, but that any rush to achieve huge cuts in 1980/81 would lead to some very awkward decisions. The result could be a situation in which the Government was unable to maintain its longer term cost reduction strategy in education. The Ministers and the Department were working flat out to develop a proper strategy, but this should not be jeopardised by unnecessary speed at the outset. The Prime Minister asked how fast progress could be made. Mr. Carlisle said that some of the legislative requirements could be included in the local government's Miscellaneous Provisions Bill. Consultation with local authorities need not take long, as they were pressing for some of the legislation. To be effective in 1980/81, it would have to be passed this year. He could add three more clauses to the reduced version of the Education Bill he had inherited. There could be difficulties in the Legislation Committee, and the guillotine might be necessary. The aim must be to restore something to the Counties, to the Conservative supporters who had been hardest hit by Labour's education policy.

Lady Young said that the ILEA pre-empted too much. The Prime Minister said she favoured getting management of schools back to smaller authorities. She had no good word for Local Education Authorities, most of which had caved in when they should have stood firm against the excesses of the previous Government's policies.

Lady Young drew attention to possible savings at polytechnics now being identified by Dr. Boyson. In the university sector, there had recently been severe financing problems, and further serious cuts might only be achieved by contemplating some closures.

Mr. Carlisle asked whether it would be helpful if he were to put in a paper for the forthcoming Cabinet discussion showing what he considered to be realistic 1980/81 cuts. The Chief Secretary's paper contained no explanatory section on education, unlike other programmes. The Prime Minister agreed that he should do this, acknowledging that there was an important point to be considered over the effect on education of Rate Support Grant cuts. The paper should show greater cuts in succeeding years if there was to be a more limited reduction in 1980/81. Overall, she was angered by the phenomenal sums being spent per child yet producing poor education.

10 July 1979

PRIME MINISTER

Your meeting with Mr. Carlisle on education has now been rescheduled for Monday. This folder contains the papers you had for the meeting with Mr. Biffen:

Flag A: Mr. Carlisle's minute requesting the meeting; ✓
Flag B: Mr. Carlisle's letter to the Chief Secretary on educational spending; ✓
Flag C: Note from Sir Kenneth Berrill on the subject; ✓
Also: Flag D: My note of your talk with Mr. Biffen. ✓

We have also included loose in the folder last year's Treasury Red Book in the version you wanted. (This actually is a "previous Administration" paper).

As I noted for the earlier meeting, Mr. Carlisle's correspondence with Mr. Biffen, and Sir Kenneth Berrill's note, are both based on the expectation that decisions are now to be taken for several years ahead. In fact, the Treasury now hope to secure final agreement only on the 1980/81 figures at Cabinet next week, and to postpone the final decisions on later years until the autumn.

MAD

Tim will also be putting next week's cabinet papers on public expenditure in the box.

6 July 1979

CC Mr. Pattison

PRIME MINISTER

You asked to see the PESC Report prepared by officials last year so that you could see the option cuts put forward for the Education Budget then. I attach the report,* and the option cuts are at Flag A.

In fact, all of the options in last year's report are covered in Mr. Carlisle's letter to the Chief Secretary, which you have seen. (This is with the one exception of libraries, where last year's report suggested imposing charges for borrowing - this would mean a saving of £10 million per year.) Mr. Carlisle's options are much tougher both in quantity and coverage. This follows from the fact that last year the Labour Government were looking for cuts of 2½% in each year of the Survey period, while this year we are looking for 7½% in 1980-81 rising to 18.1% in 1983-84.

TL.

* Report removed and replaced on Econ Pol: Public Expenditure June 78. Pt 22 JC.

5 July 1979

Note of a Meeting between the Prime Minister and the Chief Secretary at 10 Downing Street on Wednesday, 4 July, at 1115

The Prime Minister said that she wished to have a word about the public expenditure exercise before she saw the Secretary of State for Education, who wished to discuss with her the implications of this exercise for the education programme.

The Chief Secretary recalled that public expenditure was being reviewed on the basis of the options of cuts agreed in Opposition or a 7½% reduction. The target was to maintain public expenditure at 1977/78 levels in real terms in a situation where no growth seemed likely over the next year or two. It could be argued that this was a realistic, not gloomy, view. The Prime Minister said she was sceptical about the no growth forecast. North Sea oil and the industry built around it ought to generate some growth. The Chief Secretary agreed that current growth projections needed treating with some scepticism. He personally subscribed to the Congdon-Messel analysis which argued that the proceeds from the North Sea should be used to reduce the borrowing requirement. The target of maintenance of public expenditure in real terms at 1977/78 levels required cuts of the magnitude now suggested. He acknowledged that this was a thankless task for Departments, but once major exemptions had been agreed for defence, law and order, and health, and with provision made for near automatic increases in pensions, etc., there was a relatively narrow band of Departments left. He was grateful for the great cooperation shown by the Industry Secretary, although the savings from that source were on funds that would otherwise channel back into manufacturing industry through the Department. His particular concern was that no firm decision on how to handle cuts at DES should be taken ahead of the Cabinet decision. The Treasury were not making any effort to set the priorities for DES or any other Department, but were simply asking for the necessary savings to be achieved. The underlying risk was that the Government could be faced with rising public expenditure against falling output.

/ The

The Prime Minister was disturbed to note some of the options which had been put on to paper by DES: for example, the idea that 16-18-year-olds might have to pay for tuition was intolerable, and once set on paper would undoubtedly leak. She did not wish to see efforts made to achieve tiny cuts on the margin of the education programme. But the DES were arguing that standards were directly related to spending. She had never subscribed to this view. There were possibilities for savings, for example, in the teacher/pupil ratio, and in shaking out the many inadequate teachers who could be replaced by the better ones now being trained, but finding a shortage of vacancies. The school meals system could also be managed more economically. She did not believe that it would pay to cut down on nursery education. She would resist proposals to close a substantial number of village schools, as centralising primary education over an area tended to involve an expensive new building, and much greater running costs for maintenance and transport.

The Chief Secretary pointed out that by 1982/83, there would be a one million drop in the school population. This would produce difficulties, and there would be larger numbers in higher education. But this underlying trend made DES one obvious target area for careful examination. The education system was now a large public sector employer quite apart from the teaching profession itself, and as Treasury Ministers studied underlying trends, it was becoming increasingly clear that public sector pay was the dynamic in public spending.

4 July, 1979.

PRIME MINISTER

You agreed to see Mr. Carlisle, with Lady Young, to discuss spending on education. You asked first to have a meeting with the Chief Secretary.

This folder contains:

Flag A: Mr. Carlisle's minute requesting the meeting;

Flag B: Mr. Carlisle's letter to the Chief Secretary on educational spending;

Flag C: Note from Sir Kenneth Berrill on the subject.

Loose in the folder you will also find the Treasury Red Book which you wanted to see. ✓

The note from Sir Kenneth Berrill does not take account of the latest intention for the public expenditure item on Cabinet at 12 July: I understand that the Treasury now hope to secure final agreement only on 1980/81 figures, and to postpone the final decisions on later years to the autumn.

Subject to the need to avoid pre-empting Cabinet discussion, Sir Kenneth's note provides a number of points to make including: the proposed cuts are on planned not existing levels of expenditure; the fall in numbers of school children may not be fully offset by increases in those following higher and further education; the DES option for savings on unit costs would leave these a little above 1977/78 levels in real terms; there must be scope for adjustments in teacher/pupil ratios at certain levels; the assumption that more resources are the only way to increase standards could be questioned. Further consideration could be given to school meal arrangements, loans in place of grants, means-tested payment for nursery level, and charging arrangements for transport, overseas students' fees and adult education.

MAP

3 July 1979

Qa 04171

To: MR LANKESTER

From: SIR KENNETH BERRILL

The Prime Minister's meeting with Mr Carlisle

1. The Secretary of State for Education and Science has asked to come to talk to the Prime Minister about his letter of 18 June to the Chief Secretary on difficulties in making savings in the education budget. I understand you would welcome CPRS comments.

2. The Government has set itself an ambitious target in seeking to restrain public expenditure to its 1977-78 levels while broadly protecting the Defence, Law and Order, and Health programmes. In Social Security there is only limited scope for reductions beyond the proposed change in indexation of benefits from an earnings to a price basis. This inevitably leaves the remaining services, of which education and housing are the most important, to bear heavy cuts. These are bound to be controversial. While one might quarrel with the detail of the Department's 'options', there is no doubt that cuts amounting to £1,500m. by 1982-83 would involve measures of considerable political sensitivity. Ministers in Opposition had not much more than one-third of this figure in mind.

3. The Prime Minister will not want to pre-empt the Cabinet discussion which will have to go into the whole question of whether the overall target can be maintained, the balance of the cuts between programmes, and which of the necessarily controversial proposals should be adopted. Mr Carlisle's letter does, however, overstate his case and the Prime Minister will probably wish to stress that education cannot escape a substantial cut if the Government is to go any way towards fulfilling its pledges. She could also point out that these are cuts on planned expenditure, not existing levels (still less existing costs per student).

4. The following comments on the Department's letter may be helpful:

Demographic factors

5. Between now and 1982-83 the number of school children will fall (by 17 per cent in primary schools and 4 per cent in secondary schools). On unchanged policies this will be partially but not fully offset by a speculative forecast rise of 9 per cent in the numbers of students in higher education and 5 per cent in further education. The powerful education lobbies (led by the teachers' unions) believe that the slack created by falling numbers should be used to improve standards and expand the educational system. But there is no reason why education should have first claim on resources made free by demographic change - which works against some other services.

6. It will require a major effort to squeeze out savings. DES suggest that a major effort has been made (expenditure was slightly less in 1978-79 than in 1973-74). This is somewhat misleading since there was a considerable reduction in capital expenditure offset by a steady rise in current expenditure. Mr Carlisle stresses two real problems about achieving savings proportionate with falling school rolls:

(i) the fact that the demographic bulge is moving into the more expensive part of the educational system;

(ii) the difficulty in closing schools and reducing teacher numbers immediately as classes and schools suffer a marginal drop in numbers.

Unit costs

7. These arguments however need qualification. Unit costs have been rising at each level of the school system and regardless of whether the numbers at each level are rising or falling. This rise is forecast to continue unless cuts are made:

| | 1973/74 | 1977/78 | 1978/79 | (1978 survey prices) 1982/83 (Public Expenditure White Paper) |
|---|---|---|---|---|
| Under 5s ('000s of pupils) | 451 | 501 | 518 | 602 |
| (current cost per pupil) £ | 297 | 395 | 402 | 434 |
| Primary ('000s of pupils) | 5,476 | 5,129 | 4,958 | 4,119 |
| (current cost per pupil) £ | 280 | 315 | 327 | 361 |
| Secondary ('000s of pupils) | 4,110 | 4,499 | 4,536 | 4,373 |
| (current cost per pupil) £ | 466 | 487 | 498 | 543 |

Worthwhile savings in education must include some reduction of these unit costs. The DES option (item 4) is to save £400m. which Mr Carlisle suggests would involve a serious deterioration in standards. This is questionable since that it broadly represents is a reduction in unit costs to a little above 1977-78 levels in real terms. The Prime Minister might like to ask Mr Carlisle whether he is certain no more can be squeezed out on this. In particular, it might be worth asking whether the teacher training programme has been cut enough to avoid a future surplus of teachers.

Standards

8. Reduction of resources in schools is represented as contrary to the Government's policy of improving educational standards. However, a large part of any change should be possible by an adjustment in teacher/pupil ratios. There is considerable evidence that within the ranges under consideration, teacher/pupil ratios have little or no effect on educational standards. It is true that the axe may fall on activities which are in the economic interest of the nation (for example better science and engineering teaching, more careers teaching) and it will be important for the Government to do what it can to protect these. However, at any level of resources the Government has little power to ensure that schools concentrate sufficient effort on these aspects of education and there is a need for work to establish how best this can be done. The Prime Minister may like to question the assumption that more resources are the only way to increase standards.

School meals

9. The CPRS believes this is a very uneconomic service. It costs nearly 60p. a meal to put 20p. of food to the children. There is a strong case for a thorough study of the school meal service in the light of the family support system generally, to see whether a more flexibile and cost-effective system could be devised with greater discretion for local authorities. We understand that local authorities are pressing for such discretion and believe that they could make substantial cuts with more freedom. The introduction of a limited choice snack system need not necessarily be less popular than the present system (which only two-thirds of children take up) or less nutritious; and there are other options such as greater involvement of older children in the preparation of meals.

Higher education

10. This is an area where cuts are not easy to make because of the demographic bulge just entering. Again it can be questioned whether a reduction in the teacher/student ratios which are very generous by European or American standards will lead to falling standards. In the longer term (beyond this PESC period) worthwhile savings could be achieved by going over from grants to loans. It is for consideration whether DES should be asked to revive this possibility.

Charging

11. Many of the remaining options are areas where greater use of charging is possible. They include:

(a) the under 5s. Means-tested payment does not seem unreasonable, especially as day nurseries, which provide more for the socially disadvantaged, already charge. There is a case for a full review of provision for the under 5s.

(b) School transport. This might be less desirable if it discourages the closure of schools.

(c) Overseas students' fees.

(d) Adult education.

While the levels of charging are open to debate in each case, some increase would be consistent with the Government's general philosophy. It is hard, however, to believe that tuition fees for 16-18 year olds (option 6) can be regarded as a realistic option. Going into details on the various options could prejudge the Cabinet discussion but Mr Carlisle might be pressed as to whether he really sees no scope for a greater use of charges.

Potential opposition

12. Mr Carlisle stresses potential opposition from teachers and local authorities. It is inevitable that any reduction in public expenditure will raise substantial opposition from interested parties which will make life difficult for the Government in areas where they need co-operation. But this is a general point which the Government will need to take into account when deciding the total of public expenditure cuts. Similarly, any reduction in current public expenditure means redundancies or greatly reduced recruitment of staff - in this case teachers and ancillary workers. Moreover, teachers and would-be teachers have considerable skills which it is to be hoped can be redeployed elsewhere in the economy to good effect. Mr Carlisle mentions concern by the Shire Counties that they have suffered unduly through the last Government's change in the rate support grant and that they should not suffer any more. This is not an argument for lower reductions of education expenditure but for a review of the rate support grants formula. It is noteworthy that in recent years local authorities have in practice chosen to spend less on education and more on other environmental services than was budgeted for in the rate support grant negotiations.

13. I am sending a copy of this minute to Sir John Hunt.

KB

2 July 1979

-2 JUL 1979

NURSERY EDUCATION

DAY OF ACTION

A day of Action for nursery education is being organised for Tuesday, 3 July, 1979 by the National Union of Teachers and the National Campaign for Nursery Education. It will involve teachers, trade unionists, parents and children in a series of events including a lobby of Parliament, designed to bring pressure on the Government to make it a statutory duty to provide nursery education.

DEPUTATION

Baroness Young, Minister of State, Department of Education and Science, is to meet a joint deputation from the NUT and NCNE at 11.30 am on Tuesday 3 July.

BACKGROUND

The Plowden Committee recommended in its Report "Children and their Primary Schools" published in 1967 that nursery education should be available mostly on a part-time basis to children at any time after the beginning of the school year after which they reach the age of three until they reach the age of compulsory schooling.

The Plowden Committee estimated in 1966 that the need might be for 90% of four year olds and 50% of three year olds. About 15% of each age group was expected to need full-time provision for educational and social reasons. These are known as the Plowden targets and it has been the aim of successive governments to reach these figure

About 17% of the three and four year old age groups were receiving nursery education in January 1978 with a further 20% in ordinary classes in primary schools. Most of the children in ordinary classes are four year olds and about 53% of all four year olds are receiving education either in nursery schools, nursery classes, or in infant classe in primary schools.

The total number of under-fives in school in January 1978 was 415,000; rising fives and other under-fives in school - full-time 194,000, part-time 19,000; nursery school - full-time 14,300, nursery classes full-time 29,700, nursery school - part-time 34,400, nursery classes part-time 123,300.

Attainment of Plowden targets by, say 1983, has been estimated at current prices to require £215m (capital) and recurrent expenditure rising to about £93m a year. The Government cannot afford to inject resources on that scale into the education system where there are so many claims competing for priority. Without the accompaniment of the necessary funding it would be pointless to make the provision of nursery education a statutory obligation.

EFFECT OF REDUCTION IN EDUCATION EXPENDITURE

Capital expenditure for 1979-80 will be £4m as compared with £5.9m originally planned.

PRESS OFFICE
DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE
YORK ROAD, LONDON SE1 7PH
TELEPHONE: 928 9222 Extns 3501 - 3509

2 July 1979.

PRIME MINISTER

(20/6) This minute from Mr. Carlisle asks (at X) that he and Lady Young should meet you to discuss spending on education. I attach at Flag A a copy of Mr. Carlisle's letter to the Chief Secretary setting out in a little more detail the problems he foresees. He would like the meeting to take place before Cabinet takes public expenditure on 12 July.

If you agree, this could perhaps be arranged for 1600 hours on 5 July, after Questions. I understand that CPRS have some comments to offer on public expenditure aspects of the education programme, and I will arrange for these to be provided as briefing.

MAP

Agreed. Also let me have the Red Book (details of departmental expenditure) to talk with the Treasury MPs.

29 June 1979

The Prime Minister has said to see the Chief Secretary before she sees Mr Carlisle. Thanks.

J

SECRETARY OF STATE FOR EDUCATION AND SCIENCE

PRIME MINISTER

Richard Ryder asked me personally to advise you on how you might reply to this letter from John Barnes of Kent, and I attach a draft of the sort of ~~reply~~ you may wish to send.

Perhaps I should take this opportunity of letting you know that John Barnes' letter to me (which he copied to you) is not the only indication we have had that the Shire Counties are already finding it extremely difficult to maintain their existing standards of education service, partly as a result of Rate Support Grant redistribution. Many authorities, like Kent, are spending less on education than they were some years ago, despite rising numbers of pupils in secondary schools and further education.

X Janet Young and I are very concerned about this, particularly since some of our colleagues seem to have the impression that expenditure on education has risen in real terms over the past few years, while pupil and student numbers have been falling. In fact the reverse is the case: in 1978-79, total expenditure on education was slightly less in real terms than it was in 1973-74, despite the fact that there was a marginal increase in the number of pupils and students. Janet and I would be very willing to come and discuss with you the problems facing the education service, if you feel it would be of assistance.

Mark Carlisle.

MARK CARLISLE
20 June 1979

DRAFT REPLY FROM THE PRIME MINISTER TO MR JOHN BARNES

Thank you for your letter of 5 June.

The Government felt that it would not be right to raise school meals charges too sharply when that would have had a direct effect on prices at a time when inflation is one of our chief concerns. We realise of course that this decision did not make any easier our task of cutting public expenditure down to size and that the Shire Counties, which have been hard hit by Rate Support Grant redistribution in recent years, are not finding it easy to manage. Mark Carlisle sent to Michael Heseltine a copy of your letter of 25 May, and Michael will of course take account of your very valid points on rate support grant distribution.

As I am sure you appreciate, our overall strategy is to switch resources from the public to the private sector and this inevitably means that all Departments have to play their part. We must all do our best both in central and local Government to repair the damage that has been done to the economy as a whole by the failure of the previous Government to control public expenditure.

JT

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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

PL 1966

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Parliament Street
LONDON SW1

18 June 1979

Dear John.

PUBLIC EXPENDITURE SURVEY - OPTIONS FOR REDUCTIONS 1980-84

In accordance with the Cabinet's decision on 24 May, my Department have sent the Treasury a list of options for reductions in expenditure on education and science in 1980-84 in the prescribed form. I enclose a copy.

We shall discuss these options in Cabinet in July. But I think it would be helpful at this stage to outline some of the difficulties which we will face as we approach our consideration of these options. First, the context:

i. Total expenditure on education and science in 1978-79 was fractionally less than in 1973-74, despite the fact that the number of students and pupils overall increased, the increases being concentrated in students and older pupils, whose unit costs are necessarily significantly greater than those of younger pupils, whose numbers have been falling.

ii. The plans we have inherited from the last Government (Cmnd 7439) provided for an increase of just over 2% in expenditure on education and science between 1978-79 and 1982-83 - only half a per cent a year. In this period, it is true, the numbers of pupils of statutory school age will be falling; but this will be offset by projected increases in the numbers of pupils over 16 and in the numbers of students in higher and further education.

Second, there is a major political dimension. As we said in the Queen's speech, it is central to our policies that standards should be maintained and, wherever possible, raised. I have inherited responsibility for an education service which has been considerably strained and disrupted, not least by the actions of our predecessors, and which looks like not being able to maintain its present rather patchy standards without a good deal of prompting and help from the Government. It contains many areas where there are inefficiencies and shortcomings.

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Certainly we must look critically to see how we can make the education service more cost-effective. But because of the way in which the service operates in practice large cuts within the next three years would not I believe, have this effect but would result in a catastrophic decline in educational standards, and lead to a major confrontation with teachers and local authorities. It would furthermore have a disastrous impact on our supporters, particularly those in Shire counties, many of which have been subjected to a drastic squeeze in recent years by means of the Rate Support Grant distribution system, with consequential reductions in the level of their service.

Cuts of this order would indeed have a profound effect on the whole of the educational service. I shall give just one example: it would mean the closure of well over one million school places nationally between now and 1981. This is the equivalent of over 2,000 places in each constituency - including 3 or 4 complete schools. And the damage to British science would be permanent.

Given my constitutional and financial relationship with local authorities and teachers, the many policy initiatives which I want to pursue for raising educational standards - for example on examinations and the curriculum - cannot succeed without the cooperation of the authorities and the teachers. I just do not see how this cooperation can be secured while drastic money cuts are working their way through the system with the damaging result for service, and the confidence and morale of those who run it, which I am sure would in practice arise.

Let me make it clear that I am certainly willing to play my full part in trying to secure the reductions in public expenditure to which we are committed. But we must be realistic in considering the practicality of what we are proposing.

I would very much like to discuss this basic problem and its implications with you before these matters go to the Cabinet.

I am sending copies of this letter and of the enclosure to the Prime Minister, Michael Heseltine, George Younger, Nicholas Edwards and Humphrey Atkins.

Yours ever

Mark

MARK CARLISLE

OPTIONS

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Department of Education and Science

£m 1979 Survey Prices

| | | 1977-78 | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|---|---|---|---|---|---|---|---|---|
| 1. | Cmnd 7439 revalued | 8048.1 | 8232.5 | 8355.2 | 8394.9 | 8451.7 | 8449.0 | N/A |
| 2. | Survey baseline | 8048.1 | 8232.4 | 8354.9 | 8402.6 | 8460.7 | 8457.8 | 8457.7 |
| 3. | Budget cuts etc | - | - | 97 | - | - | - | - |
| 4. | Options for reductions | - | - | - | 630 | 1060 | 1510 | 1530 |
| 5. | Line 4 as % of line 1 | | | | 7.5 | 12.5 | 17.9 | 18.1 |
| 6. | Additional bid | - | - | - | - | 40 | 55 | 55 |

Notes

1. In the table current expenditure (including that on mandatory awards) is for England and Wales. Capital expenditure is England only. Expenditure on the universities and science is for Great Britain.

2. The main change between lines 1 and 2 arises from a planned increase in expenditure on mandatory awards to compensate parents for the elimination of child tax allowance.

3. The Budget cut amounted to £55m for expenditure controlled by central Government. The effect of the cash limit squeeze on the Department's vote expenditure is estimated to increase this to £97m. The effect of the planned cut in RSG for local authorities on education expenditure cannot be accurately determined at this stage but, taken with the effect of increased prices, could well be at least as much again.

Options for Reductions: Programme 10

| | Reductions £ million 1979 survey prices | | | |
|---|---|---|---|---|
| | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
| EDUCATION | | | | |
| Schools | | | | |
| 1. Halve planned expenditure on under 5s | 70 | 100 | 110 | 115 |
| 2. Halve expenditure on school transport from September 1980 | 40 | 60 | 60 | 60 |
| 3. Halve expenditure on school meals and milk by 1982-83 | 70 | 125 | 200 | 200 |
| 4. Double the planned rate of closure of school places and in addition: | | | | |
| a. reduce the teacher force by 1982-83 to 10% below the strength needed to maintain present educational standards in the schools; | | | | |
| b. abandon the planned expansion of induction and in-service training; and | | | | |
| c. reduce non-teaching costs in schools by 1982-83 to a level 5% below that needed to maintain present standards | 100 | 200 | 400 | 400 |
| 5. Eliminate all school building except basic need* | 30 | 50 | 50 | 50 |
| Schools and further education | | | | |
| 6. Introduce tuition fees (means-tested) for 16-18 year olds in schools and further education: £300 a year full-time, pro rata for part-time courses, from September 1980 | 90 | 100 | 130 | 130 |
| Higher and further education | | | | |
| 7. Cut back and freeze expenditure on higher education at 1977-78 levels* | 50 | 100 | 150 | 150 |
| 8. Cut back and freeze expenditure on non-advanced further education at 1977-78 levels | 20 | 50 | 80 | 85 |
| 9. Reduce building programmes by half* | 10 | 25 | 35 | 35 |

| | | Reductions £ million 1979 survey prices | | | |
|---|---|---|---|---|---|
| | | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
| 10. | Charge full cost fees to all overseas students in further and higher education from September 1980* | 65 | 100 | 100 | 100 |
| 11. | Harsher policy for the awards system from September 1980* | 30 | 50 | 40 | 40 |
| 12. | Cut expenditure on the Youth Service by $7\frac{1}{2}$ -$12\frac{1}{2}$ -$17\frac{1}{2}$ - $17\frac{1}{2}$ percent below the present level | 5 | 10 | 15 | 15 |
| 13. | Cut planned expenditure on adult education by half. | 15 | 20 | 20 | 20 |
| | Inspection and Administration | | | | |
| 14. | Cut expenditure on administration and inspection by $7\frac{1}{2}$ - $12\frac{1}{2}$ - $17\frac{1}{2}$ - $17\frac{1}{2}$ per cent | 15 | 35 | 50 | 50 |
| | Baseline savings | | | | |
| 15. | As identified in paragraph 22 of Chapter 10 of the 1979 PESC Report Part I | - | - | 20 | 30 |
| | SCIENCE | | | | |
| 16. | Reduce grants to Research Councils by $7\frac{1}{2}$ - $12\frac{1}{2}$ - $17\frac{1}{2}$ - $17\frac{1}{2}$ per cent * | 20 | 35 | 50 | 50 |
| | TOTAL | 630 | 1060 | 1510 | 1530 |

Notes

*includes later-year effect of Budget cuts (which is, in all cases, small in relation to the effect of these individual options).

1. Most of the options for education assume the co-operation of local authorities in their implementation. Under present legislation, this cannot be guaranteed. The following commentary identifies those options where other specific legislation would be needed.

2. The costings have been calculated as far as possible on the assumption that the complete range of options would be implemented. The figures are subject to variation for individual options implemented on their own.

Commentary on options

Schools

1. This would exclude some 250,000 young children from (mainly part-time) schooling. It would also cause hardship for many one-parent families and families with mothers at work. Physical accommodation in nursery and primary schools would lie idle. Many of the 10,000 fewer teachers would be made redundant. If it were decided to introduce charges to alleviate these effects, legislation would be needed this session.

2. This would imply charges or a severe curtailment of the scope of the service. It would cause hardship for children and families particularly in rural areas where parents living at a distance from schools have presssed for a reduction in the statutory walking distance. There might well be a reduction in school attendance. Legislation in the current session would be needed.

3. This would destroy the school meal service as it exists today. Either it would limit the provision of the conventional school meal to certain areas or categories of pupils; or it would mean the introduction in all schools of a limited choice snack system. A substantial proportion of the 300,000 staff (mainly part-time) would in either case become redundant, and the use of midday supervisors would have to be reviewed. Legislation in the current session would be needed.

4. On average, over 2000 school places in each constituency (including perhaps 3 or 4 complete schools) would be closed. In addition:-

a. As pupil numbers fall there will be diseconomies of scale and an increase in unit costs is needed merely to maintain standards. As teacher numbers fall the average teacher will become more senior and his salary will rise. The option would lead to redundancies with over 50,000 fewer teachers than planned in 1983-84 (nearly 90,000 fewer than at present). This would mean larger classes, a reduction in the quality of the curriculum in primary and secondary schools, increases in the shortage of specialist teachers of mathematics, science and technology, and a further increase in the incidence of mixed-age classes in primary schools where standards are on average lower.

b. The option would involve abandoning plans to improve the quality of teaching, particularly in language and mathematics skills, and to provide induction support for new teachers.

c. There would be a further deterioration of buildings through inadequate repairs and maintenance, and redundancies of non-teaching staff. Provision for books and equipment, already at an unsatisfactory level, would be cut back still further.

5. No improvements would lead to a further deterioration in the stock of school buildings. A recent assessment of Her Majesty's Inspectorate has highlighted the present poor condition and unsuitability of many school buildings.

Schools and further education

6. This would turn the clock back to 1918 when tuition fees in maintained schools were finally abolished. Fees are not at present charged for 16-18 year olds in further education to maintain parity of treatment with schools. There would be a sharp contraction in the number of students remaining in full-time education after 16 and a restriction of educational opportunities particularly for poorer families. Legislation in the current session would be needed.

Higher and further education

7. This would mean holding the numbers of students in universities (including the Open University) and polytechnics at or below their present level at a time when both the numbers in the relevant age-group and the proportions qualifying for higher education are still increasing. The proportion of the 18 year-old age-group entering higher education, already low in comparison with other industrialised countries, would fall below the level reached in 1967-68. There would be a brake on all new appointments and no opportunity to appoint young teachers and research workers thus reducing the quality of scholarship and learning.

8. This represents a reduction in volume terms of some 14% in non-advanced further education (excluding adult education), leading to a contraction of vocational education in all areas. Opportunities for both school leavers and those already at work to take courses with a view to employment or re-employment would be curtailed and the supply of skilled manpower especially at technician level would be at risk.

9. Part of this reflects the lower number of places needed in non-advanced further education if Option 8 is implemented. In higher education a reduced programme would hold up plans in universities and polytechnics to provide for a more effective use of buildings.

10. Fees for overseas students, increased by over 30% this year would be more than doubled. There would be strong reactions from student and race relations bodies in this country, and heavy criticism from overseas governments, and especially from the EEC, differential fees being contrary to agreed EEC policy. Either the cost of bursaries offered by the FCO would increase or their numbers would have to be reduced.

11. This would mean the elimination of the minimum maintenance payment of £300 to all award holders, a means test for the fees element (about £700) and an increase in the parental contribution of £70 per student. For some parents this would mean increased expenditure of over £1000 annually.

12. Facilities for 14-18 year olds in youth service, much of it run by voluntary organisations, would be sharply cut at a time when numbers in these age-groups are still rising.

13. Evening classes (at present providing for 2 million adults) would disappear in many areas - elsewhere charges would be doubled or trebled.

Inspection and administration

14. This would bring a cut in the number of inspectors and advisory staff at a time when the number is already inadequate to check standards.

Science

16. This cut (however it is applied) would do serious permanent damage to an essential activity in which Britain has the highest international standing. It is equivalent by 1982-83 to the whole of the grant-in-aid of the Medical Research Council.

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Additional bid: Programme 10

| | Addition £ million 1979 survey prices | | | |
|---|---|---|---|---|
| | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
| Schools | | | | |
| Assisted place scheme | - | 40 | 55 | 55 |

The manifesto stated that "the Direct Grant principle will therefore be restored with an Assisted Places Scheme. Less well off parents will be able to claim part or all of their fees at certain schools from a special government fund". The details of the scheme are being considered for implementation (following the necessary legislation) in 1981-82. The scale of the bid matches the total cost of the last full year of the direct grant scheme updated to present prices.

CONFIDENTIAL

10 DOWNING STREET

12th June 1979

Dear Mr Carlisle,

I am sorry to burden you with yet more work but I would be grateful if you could advise me how the Prime Minister should reply to this letter.

Yours Sincerely,

Richard

Richard Ryder
Political Office

The Rt Hon Mark Carlisle QC MP

Kent County Council Education Committee Springfield Maidstone ME14 2LJ

From: A J L Barnes
Chairman

Tel: Maidstone (0622) 671411

RR

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

RB

Enc

5th June 1979

Dear Margaret,

I was more than a little concerned to read in Sunday's Observer Adam Raphael's account of the Government decision to veto an increase in school meal charges. While I can see that it would be right not to abolish the school meals subsidy altogether, it really cannot be right to impose on a Local Education Authority like my own the burden of finding a sum like £13m each year when we have had to cut back on books, stationery and apparatus, maintenance and almost every other head of the budget apart from teachers in an effort to cope with the transfer of Rate Support Grant away from Counties like Kent to the Inner Cities. The combined impact of this transfer of Rate Support Grant and inflation has meant that the rate bill in Kent has had to rise by 132% in five years without any of the money thus raised being available for improvement in the services. Such improvements as we have been able to make, in our case to the teacher pupil ratio, have had to be done at the expense of already existing revenue commitments, and the education budget, even before some of the "improvements" were frozen this year was already running some £9m in real terms below the 1974-75 levels. Obviously, some of the savings made were the pruning of unnecessary fat and I should not wish to recover them. Equally obviously at a time when public expenditure has to be cut, and cut quite substantially, I would not wish to make any case in terms of "funny money". I am all too aware of the dangers of this form of budgeting. Nevertheless it does seem to me wrong to deliberately insulate one section of the education budget in the way that The Observer hints that the Government has done, and more particularly to do so at a time when the teachers' pay settlement is going to put the budget, so far as Kent is concerned, in a totally impossible position.

When I hear also apparently well authenticated rumours that fresh restrictions are to be imposed on Local Government expenditure which will fall evenly both on those authorities which, like Kent, have been constrained to become lean over the last few years, and on those who are still exceeding fat, my concern at having to safeguard £13m out of £194m becomes acute.

We were very critical in the Local Authorities of Shirley Williams and the last Government for kow-towing to the TUC on the issue of a sensible rise in the price of a school meal, and I know from my experience on the door step that most parents cannot understand why we spend so much on subsidising their children's meals when we spend so little on their books. After all, in Kent, nearly one fifth of our children already receive a free meal.

Obviously I have no way of knowing whether The Observer report is correct, and I hope very much that it is not. I was and am sufficiently troubled by it, however, to send you this note asking you to bear these facts in mind before any final decision is taken. Certainly it looks all too likely in Kent as if we may actually have to prune essential areas of educational spending if nothing is done to raise the school meals charge: indeed we probably will have to do so even were it to be raised. That is why I wrote to Mark Carlisle to urge that whatever else the Government did, it should at least put up that charge by something like 10p and I enclose a copy of my letter so that you can see my reasoning.

I am sorry to trouble you with this when I realise you have so many other pressing concerns but I think there is a very real danger of doing substantial damage to Education in authorities like my own which have already suffered from five years' rigid combing of expenditure.

Yours sincerely

John

I forebore to add to the many letters of congratulation that must have flooded in after your magnificent victory, but now that I have occasion to write, would like to add my own congratulations and good wishes.

From: A J L Barnes
Chairman

Mark Carlisle Esq MP
House of Commons
LONDON SW1A OAA

25thMay 1979

I had already drafted one letter to you expressing my concern about the possible effect of the teachers' pay settlement in combination with cash limits on the budget of Counties like my own, which have been the victims of extremely adverse Rate Support Grant settlements in recent years, when I read reports of the statements made by Geoffrey Howe and Michael Heseltine in the House of Commons. Obviously it is not yet clear exactly how, in practice, this new policy is going to be applied, and I may be jumping the gun in writing to you. However, I do hope that it is fully realised at Cabinet level that if this new (and in general welcome) rigour about local government spending is going to be applied with apparent impartiality across all authorities the results could not only be devastating for education in some of the Counties but will compound the unfairness of recent years. Since we are pretty sure that the current distributio of the Rate Support Grant has grotesquely distorted educational spending as between the Counties and the Inner Cities and since in part this move reflected partisan prejudice by your predecessors in office I hope very much that there will be some very careful reflection in the Cabinet about how to redress the balance before the threatened clampdown on local government spending is applied.

May I preface what I am about to say with two very general remarks. The first is that no-one in the Counties denies there are problems peculiar to the Inner Cities. What they question is whether the general grant mechanism is the right one to apply to treat those problems. In the education world it is pretty apparent to us that most of the Inner City Authorities have more money, as a result, than they know how to spend. Indeed ILEA was at one stage some £21m underspent on its budget and I know from my mother-in-law in Walsall that they were able to spend much more money on Health and Safety at Work than any Member of the Education Committee thought right. I think it possible to show you how this results in the national underspending on education that has been noted in recent years, and which has then been built into subsequent Rate Support Grant settlements. Put very simply, those Authorities which are in receipt of extra Rate Support Grant did not need to spend it on education and those who are losing grant year after year have to cut back on education in common with other services.

We have done some quite interesting research on this point in Kent. What makes matters still more undesirable is that the redistribution of grant to the Inner Cities tends to favour the Bromleys and Croydons of this world and not the Newhams!

Turning to Kent, in 1974-75 we used to receive 50p from the centre for every pound we spent: this year we received only 35p. Over the last five years we have lost well in excess of £30m in Rate Support Grant and our real level of spending on education is down by some £9m in real terms. Obviously many of the savings have been worthwhile, but others have been obtained only by deferring very necessary improvements to the service, by not redecorating the inside of schools and the like. To some extent the picture has been rendered more difficult by the fact that we were rather low in terms of teacher pupil ratio (largely for historic reasons) and we have had therefore also to find sums of money from other parts of the service to improve the level of staffing in our schools. The position has eased somewhat with declining primary rolls, but our secondary rolls have yet to turn down and the number of pupils staying on at school continues to rise. The increases in secondary numbers are of course at the expensive end of the scale so far as staffing is concerned. To have to make further cuts on top of those already made could only mean eating into the real meat of the service since we have already cut away what fat there was.

If I set Kent in a broader context some figures compiled by the Society of County Treasurers probably illustrate better than anything else what has been happening:-

| | Kent | All English Non Metropolitan Counties (39) | Metropolitan Districts | London |
|---|---|---|---|---|
| | % | % | % | % |
| 1. Rate Support Grant Needs Element - % increase from 1974-75 to 1979-80 | 36 | 46 | 75 | 107 |
| 2. Needs Element Grant per head - % increase from 1974-75 to 1979-80 | 34 | 43 | 78 | 118 |

At the same time as people have been moving out of London and the other Cities into the Counties, there has been a dramatic shift of resources in favour of the Cities. To cope with this redistribution and with inflation, Kent has had to increase the County Rate by 132% since 1974-75, the third highest increase of all the 39 English Non-Metropolitan Counties. When the rate Support Grant settlement for 1979-80 was announced your predecessor in office made great play on the claim that "expenditure on education could increase by rather more than 3.5% compared with the level achieved in the current year". We in Kent challenged this claim and it turned out that Mrs. Williams was referring to the two-year period from 1977-78 to 1979-80 and that she had used as her base the likely national out-turn for 1977-78 which, apparently, showed an underspending on education. I know that one can prove anything with figures but this was a most misleading statement and most certainly did not apply to Kent, where there was no underspending in 1977-78 and the true growth rate in 1979-80 of +0.2% was nowhere near sufficient to pay for increments and other on-going commitments, let alone allow for any real growth.

Coming back to our own situation in Kent we are already in great difficulties because of the uncertainty over the teachers' pay claim. Even at this late stage the County Council has been unable to finalise its budget for 1979-80 and a number of vital proposals including an improvement in the secondary pupil teacher ratio

and a very necessary boost for maintenance have been frozen until the results of the claim were known and assessed. Now on top of the pressure which the settlements may very well put on our already straitened Education budget, this may be compounded by action to reduce the total level of Rate Support Grant to improve the efficient use of manpower in the Local Government sector. Given the current distribution of resources, an Authority like ILEA will be able to take the blow with equanimity. By contrast, in Kent we shall find ourselves in extremely serious difficulties because of what we have suffered over the last five years. It seems to me that a rethink on the way in which rate support grant is distributed is urgently needed, with a view to changes being implemented in 1980-81. I do not deny that the Inner City areas have their problems but if these problems require an injection of cash it surely should not come from a redistribution from the Counties. I appreciate that the decision on the distribution of rate support grant is not yours to make but, clearly, the current anomalies are having a serious effect on the Education Service in Counties like Kent and any influence you can bring to bear on your Cabinet colleagues would be much appreciated.

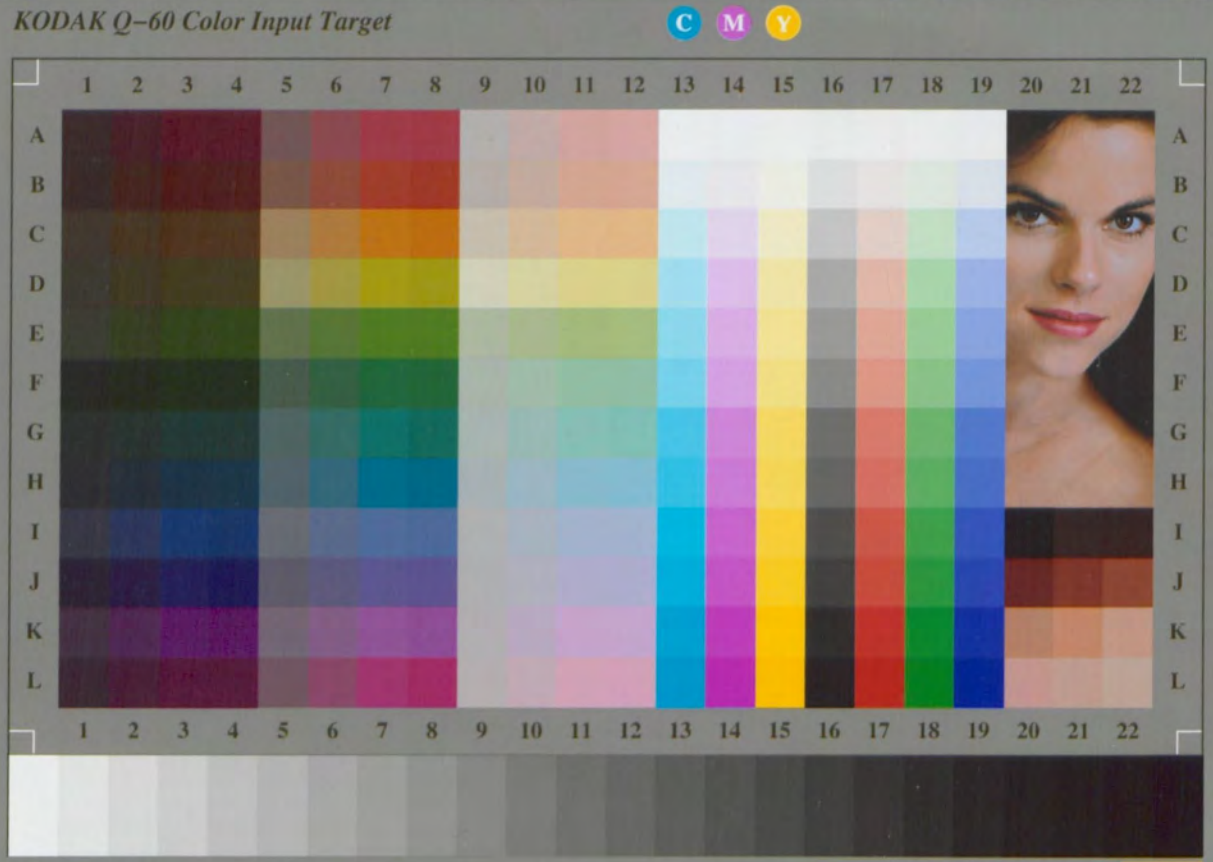
I was going to suggest that one way of offsetting the effect of the teachers' pay settlement on the Shire Counties, which was within your own Departmental control, was to raise the charge for school meals. I certainly think that this is now essential since it is the type of economy in public expenditure which can be made without damage to the essential fabric of the service. I realise the TUC would raise an outcry but I do not think that you would find much real opposition from parents. There is already a substantial free provision at income levels which have been regularly updated. In addition most parents realise that for them all to be charged only half price for their children's meals is something of an unnecessary subsidy. The usual cry I find is that they would willingly pay more for their children's meals if they knew the money were going to go on teachers or books. In this instance I think you could say with perfect confidence that this would be the case. An increase in school meal charges of anything up to 10p would of course operate very directly on the other side of our budget and will go some way to offsetting the damage which otherwise might be caused by the long term consequences of the teachers' pay settlement and by any action which the Government currently has in prospect.

In the longer term, however, if we are to have action through the level of Rate Support Grant to try to squeeze local authority manpower, something with which I would not basically disagree, let us at least make sure that the distribution of grant between the Shires and the Inner Cities has been fairer and that it has not been distorted by attempts to make it serve purposes for which specific grant or other ways of Government help would be more appropriate.

I hope you don't mind me writing like this but I do feel it essential that the position in Authorities like my own is clearly understood.

Yours sincerely

John Banks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