





PART 9 ends:-

BG TO PM 31.10.86

PART 10 begins:-

DRW TO DES 3.11.86







PRIME MINISTER

31 October 1986

FUTURE OF THE POLYTECHNICS

The paper by the Secretary of State is excellent. It is a most satisfactory response to your concern about the deteriorating relationship between polytechnics and local authorities. I recommend that these proposals should be implemented: they would be a major step forward and would mean, inter alia:-

(a) the polytechnics and other higher education colleges would be independent of local government,

(b) they would therefore have the freedom to attract private funding and become national centres of excellence,

(c) they would be financed by central government through a new body (comparable to the UGC).

Minor issues

1. The line drawn between those colleges independent of local authorities and those remaining is arbitrary. It might be useful if the criteria for their establishment was rather wider than that now proposed e.g.

all polytechnics  
all higher education colleges offering degree courses  
all teacher training colleges

2. The new colleges need independence not only from local government but from the DES as well. In Annex C the Secretary of State is given enormous powers. I wonder if all these are necessary.



The Way Forward

These questions are on points of detail which might be discussed at a small meeting of Ministers. There is a strong case for calling such a meeting by the middle of November.

May not be possible.

B.G.

BRIAN GRIFFITHS



PRIME MINISTER

FUTURE OF THE POLYTECHNICS

Mr. Baker proposes that polytechnics and some other higher education colleges should be removed from local authorities and funded direct through a grant committee. Brian Griffiths has written a note, below.

The idea is attractive, though the arrangements, particularly on the financial side, need more thought.

This seems to me suitable material for a discussion with the same group who are discussing education without LEAs. ✓  
However it would be worth checking with Mr. Baker that he is happy for it to be handled in this way: he is most anxious about the possibility of leaks and his minute is sent to no-one except you.

If Mr. Baker is content, agree that this should be taken by the same group at a future meeting?

*Yes - it has similar implications*

*The RSL would have to be reduced by not only gov't contribution to the Poly, but by an amount equal to the repayments contribution*

*DLV*

DAVID NORGROVE  
31 October 1986

ECL/80



SECRET

PRIME MINISTER

cc: Professor Griffiths

EDUCATION WITHOUT LEAs

This meeting is a continuation of your earlier meeting. There are no new papers, quite deliberately: the aim at this meeting should be to finish discussing all the questions raised in Mr. Baker's paper and then to commission further work.

I enclose a copy of my record of the last meeting. Its main conclusions were that the Secretary of State should have responsibility for establishing a core syllabus at both the primary and the secondary level, on advice from a group of distinguished head teachers. The Secretary of State's powers in other respects would also need to be increased, and there would need to be an administrative tier between the schools and the DES, among other things to set per capita grants and to manage the contraction of particular schools. This new tier might be "metamorphosed" from the existing LEAs. The form of the metamorphosis was not discussed.

I suggest you turn first to paragraph 20 of the paper, LEA functions not exercisable by schools and local authorities. Items 1-7 and 9 have already been discussed in one form or another. Item 8, pay, pensions and training, comes up elsewhere. Support services, item 10, can then be dismissed quite quickly: some of these functions can be contracted out: others will fall to the intermediate tier.

*Para 21.  
How*  
The question discussed in paragraph 21 should be the main purpose for the meeting, namely how the Secretary of State would exercise his much increased functions. The Chancellor at the last meeting said that he favoured creating a new regional/area organisation for the DES. There are at present around 100,000 people involved in LEAs other than teachers and support staff employed in schools.

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I suggest you then return to the list of questions directly below Mr. Baker's covering minute. You will by then have addressed the first five questions.

Note that the decision on responsibilities for further and higher education, adult education and the youth service (paragraph 7) is also important to the next question (question 8) about the implications for local government finance and central taxation. // If further education and other functions have to be treated in the same way as schools, the difficulty of achieving the Chancellor's simple split of local from central finance is increased. // This is because more money has then to be found from central government rather than from local government. The table in paragraph 26 assumes that further education and other functions do go with schools. On this basis, and taking account of specific grants, the finance can only be made to work if central government channels non-domestic rates back to local authorities in the form of needs grant and specific grants rather than on a per capita basis as the Green Paper proposed.

Terry Heiser has had people in DOE working on question 9, the implications for local government structure.

Conclusions of the meeting

I suggest you commission further more detailed work on some of the major areas, in particular:

(i)

(a) LEA functions not exercisable by schools and colleges: how would a DES regional organisation be structured, how many people would be involved, and what functions would they inevitably need to exercise, taking account of the discussions at the meeting;

(b) local authority finance and structure;

(c) the transition (does it have to be a big bang?)



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(ii) Would you also at this stage want to widen the group of people involved in the discussion to include for example Mr. Tebbit and Mr. Edwards? Mr. Rifkind also has a strong interest.

Mr. Baker did not want Rhodes Boyson to be invited.

*Dh*

David Norgrove

31 October 1986

JALBBT



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CC/BA  
CC/BJ/OP

PRIME MINISTER

FUTURE OF THE POLYTECHNICS

1. We are developing a range of new policies with which to seize the initiative across much of the education field. In higher education I am working to improve the morale of the universities while at the same time keeping up the pressure for relevance and effectiveness. But the polytechnics and other colleges now provide for over half the students in higher education. Most of these institutions are maintained by local authorities and my planning and funding decisions are taken on the advice of the local authority dominated National Advisory Body (NAB). This prevents us from taking the sort of lead in this sector of education which I believe is now required, for example helping some at least of the polytechnics to become national centres of excellence in vocational and technological areas.

2. My view is that we should transfer the polytechnics and some of the other mainly higher education colleges out of Local Government and fund them direct through a grants committee that would replace the NAB. The local authorities successfully resisted a comparable move in 1980-81, but the arguments on our side have since become much stronger. The polytechnics in particular are essentially national not local institutions and have come of age. The average polytechnic is now larger than the average university, they have developed a distinctive vocational role, they cater successfully for a wide range of students including especially those of middling ability, and they are gaining the respect of parents and employers. But they are becoming increasingly resentful of local authority control which too often involves petty interference in their management and on occasion, although evidence is hard to check, improper political intervention. Indeed many polytechnic directors themselves are asking to be taken out of the hands of local government. Through the NAB the local authorities collectively impede the concentration of resources and rationalisation of courses

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at national level that is required if we are to make best use of the money available.

3. The change I have in mind naturally raises a number of problems on which I have not yet taken a firm view, but none seem to me insurmountable. We should have to draw a line between the polytechnics and other major colleges - perhaps between 50 and 60 of them in total - and those colleges which only provide small amounts of higher education, often part-time and genuinely local in character, which should remain with Local Government. Decisions would be needed on how to plan and fund this residual local authority higher education. The grants committee, which would be responsible to Government primarily for planning and funding the new direct funded institutions, might have some part to play in this, although I am inclined to think we should leave as much of it as we can to the local authorities. It will be sensible if the new grants committee takes over the NAB's present responsibility for advising me on planning and funding the small voluntary college sector which, as you will remember, is mainly concerned with teacher training.

4. Legislation will be necessary because most polytechnics and local authority colleges are not incorporated and will have to be given a legal identity. Some local authorities will no doubt co-operate and others will accept the inevitable in bringing this about but others will almost certainly resist and are in a position to block incorporation and to refuse to transfer assets. The legislation will therefore need to give us reserve powers to bring these changes about. It would also cover the establishment of the grants committee and the composition and basis of government of the new corporate institutions. There is some risk that the legislation could prove hybrid but I shall want to tailor the proposals so far as possible to avoid that.

5. All this is set out more fully in the enclosed memorandum and annexes. If you support my general objective I would like to put it to colleagues before Christmas. Thereafter if the proposals,

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which relate to England only, are agreed, we would be in a position to announce our intentions, possibly in a White Paper, early in 1987. This could coincide with publication of Lord Croham's report on the future of the UGC which is likely to raise some issues that need treatment consistent with our handling of a grants committee for the polytechnics. Meanwhile I want to keep my thinking on the polytechnics confidential to avoid disruption in the NAB while it is engaged on this year's planning exercise.

K.B.

KB

Department of Education and Science

27 October 1986

P. C. C. C.

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## FUTURE OF THE POLYTECHNICS AND OTHER HIGHER EDUCATION COLLEGES IN ENGLAND

1. The polytechnics and other colleges in the non-university or "public sector" of higher education (PSHE) take in about half the students in higher education (HE). The 29 polytechnics provide the bulk of PSHE. Most of their recurrent costs are met by local authorities from a pool whose amount is determined by the Secretary of State - £715 million in 1987-88 - and which is distributed between authorities on the advice of the National Advisory Body for Public Sector Higher Education (NAB).

### Need for change

2. It is no longer appropriate for the polytechnics and larger colleges to be controlled by individual local authorities. Polytechnics on average cater for a larger number of students than universities; they offer all major subjects except medicine; their full-time students are recruited nationally rather than locally; and they are now widely seen as HE institutions with their own characteristics, distinct from and not inferior to universities. They cater by and large for students with moderate academic qualifications but the relative standards achieved are good.

3. There is moreover growing evidence that local authorities are acting in ways which are inimical to the cost-effective operation of higher education. A good many authorities impose detailed management controls which prevent polytechnics from operating as efficiently as they might. For example, institutions may have to refer minor staffing decisions to the local authority and be forced to buy supplies through the authority at greater cost than would be incurred by direct purchase. There are also persistent accounts of improper political influence on the internal affairs and functioning of the polytechnics.

4. The local authorities, and the NAB, also impede national planning and development of PSHE. The NAB's local authority members are opposed to the policy of concentrating resources on strong institutions and of rationalising the spread of courses in the interest of quality and economy. The number of young people will fall in the next few years but demand for highly qualified manpower should remain buoyant. Rationalisation and concentration will have to continue, but the polytechnics will also have to provide



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in new ways for a wider range of students than before if they are to meet the needs of industry and commerce.

5. These changes call for effective planning from the centre to reward success and enterprise in meeting new needs rather than a system which allows each local authority to protect its own. In particular the polytechnics should have the opportunity to build on their present strengths so that some of them at least become recognised leaders in particular vocational and technological areas. They should not compete with the universities in basic research or the most advanced levels of teaching, but develop applied research and teaching closely geared to the needs of industry, commerce and the professions.

6. The great majority of local authorities, particularly the metropolitan authorities with a major stake in HE, will fight to retain their polytechnics and colleges, arguing that their stake in HE is proper because of its local and regional dimension and denying the charge that their management is ineffective or harmful. The arguments were run in 1980-81 when the Government considered the same change. The local authority view then prevailed and the extent to which Local Government will again get a hearing from members of both Houses of Parliament should not be under-estimated. Five years on, however, the balance of argument has shifted. The polytechnics have greatly enhanced their standing, there is more evidence of inappropriate local authority interference and the NAB experiment has revealed the lack of will by local authorities to tackle hard planning issues. Support for a change from employers should be forthcoming particularly if their representation on polytechnic governing bodies can be strengthened. Most polytechnic directors, if not all their staff, will support it.

## Scope of the reform

7. The polytechnics provide about two thirds of the places in the local authority HE sector. Some other maintained colleges provide considerable amounts of higher education and large numbers of others provide small amounts. A line has to be drawn somewhere between institutions to be transferred from Local Government and others to remain. It would clearly be nonsensical, as well as arousing needless local authority opposition, to remove large numbers of colleges simply because they offered some HE in amongst work of predominantly non-advanced character.

8. In drawing the line it may also be important to minimise the possibility that necessary legislation (see paragraph 13) will prove hybrid since education law recognises



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no separate classes of institution among maintained polytechnics and colleges. For this reason the dividing line between transferred and other institutions should so far as possible separate classes of institution with distinct characteristics such as size and proportion of HE. Annex A proposes accordingly transfer from Local Government to direct funding of:

- i. the 29 polytechnics and 3 near polytechnics;
- ii. 17 institutions engaged in initial training of teachers, which are mainly or entirely engaged in the provision of higher education;
- iii. possibly 3 other specialised institutions which have more than 90% higher education.

This removes 76% of local authority HE (84% of full-time and sandwich places) from Local Government. Much of what would remain with Local Government is tailored to local needs. That which is not local in character might wither in time but this would do no great harm since it could be more effectively and efficiently provided in mainly HE institutions.

## Funding and Planning

9. The institutions to be transferred would need to receive direct from Central Government the amount of money they now get from local authorities through the pool. Allocations for capital expenditure would be made direct broadly in the same way as for universities. There might need to be a very small addition to the recurrent funding to cover the side effects of the change and a decision would be required on what if anything should be done to make good the loss of income from those local authorities who "top up" pool allocations from their own resources, to the extent of about 3% overall for the maintained polytechnics. Provision would need to be made to pay off the debt charges on the property transferred. The amounts involved overall would not be large and would in time be more than offset by securing a better grip on PSHE costs with diminished local authority influence on management, pay and planning.

10. The polytechnics' role is distinct from the universities and they are funded less generously. The central funding and planning mechanism should therefore be separate from the UGC, as well as being wholly different in character from the local authority

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dominated NAB which it would replace. The simplest arrangement would be to establish a single Polytechnics and Colleges Grants Committee (PCGC) on the lines of Annex B to cover the polytechnics and the other ex-local authority colleges defined in paragraph 7 above. It should also cover the present voluntary colleges which already receive direct grant from Central Government.

11. A PCGC will need strong industrial and commercial element with a chairman from industry and academic and other representation from each sector but weighted towards the polytechnics. All appointments would be by the Secretary of State. It would advise the Government on the needs of its sector and would allocate, or advise on the allocation of, funds to its institutions. The Secretary of State would issue guidance and would have defined powers of intervention which might, for example, include approval of courses as at present and the ability to earmark funding for particular sorts of purpose and institution.

12. Funding and control of the rump of HE remaining with local authorities outside the main scope of a PCGC presents more difficulty. The PCGC could have responsibility for all PSHE with additional funds to "purchase" it from local authority maintained colleges. Alternatively some or all of the higher education still provided outside the direct funded institutions, much of it part time, could be held properly local in character and be funded by the maintaining authority along with non-advanced further education. The first approach holds out the possibility of more effective overall planning although the PCGC might be tempted to give too much attention to the interests of smaller colleges; the second is likely to arouse less local authority opposition. There is no insuperable obstacle here but further analysis on the lines of Annex C is needed before a preferred solution is settled.

## Legislation and Incorporation

13. Most of the institutions to be removed from Local Government do not already have and will therefore need independent legal status. Some maintaining authorities will almost certainly be unwilling to co-operate and will seek to block applications for incorporation. Legislation will therefore be required to give the Secretary of State powers to establish the institutions as corporate bodies. The legislation will also need to establish the composition and basis of government of the new corporate institutions. These might be set out in model form in a Circular, with powers for the Secretary of State to nominate first members of the new corporate bodies and to furnish them

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with governing instruments. Initial appointments will be a major undertaking, the main requirement being a shift from local authority dominance to a strong lay, particularly employer representation. Legislation and governance issues are discussed further at Annex D.

14. The new corporate institutions, together with the others within the ambit of the PCGC, will need a new mechanism to discharge their collective-employer capability, now given effect by the local authorities in a National Joint Council and in Burnham FE. This might develop from the Committee of Directors of Polytechnics, parallel to the manner in which the Committee of Vice-Chancellors and Principals has come to be a negotiating body for university staff.

## Implementation

15. It should be possible to work up these proposals to underpin a White Paper early in 1987, setting out the Government's intentions in advance of legislation. The precise timing of a White Paper would need to be considered in relation to the Croham report on the future of the UGC. The most obvious course would be to publish it in parallel with Croham so that comments could be invited on both documents. If the Croham recommendations were attractive, the White Paper could also give the Government's preliminary reactions to them. It would probably need to say in any case that the Government intended to give consistent treatment to the UGC and a PCGC on certain fundamentals such as whether they were to be advisory or executive.

16. Meanwhile confidentiality is vital. A premature leak of similar proposals in 1980 contributed to their failure then. Announcement of these fresh proposals is likely to have a disruptive effect on the NAB. It is important to avoid this at least until the end of 1986 because the NAB is engaged on a major three-year planning exercise whose results feed into decisions on pool allocations for 1987/88. If the NAB were to cease functioning when the proposals became known there would be temporary manpower consequences for the Department although the extra numbers needed would be substantially less than the 30 or so employed by NAB.

17. There are no direct consequences for Scotland and Wales. In Scotland the central institutions, broadly the equivalent of the polytechnics, are already funded directly by Central Government. The Polytechnic of Wales is a maintained institution but separate arrangements would be needed for parallel change in its status.

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Annexes

- A Selection of Institutions for Direct Funding
- B Funding and Planning : Institutions (i) Directly Funded and (ii) left with Local Government
- C Legislative and Governance Implications



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## ANNEX A

### SELECTION OF INSTITUTIONS FOR DIRECT FUNDING

#### Maintained Institutions

1. Legislation (see Annex C) would give the Secretary of State powers to re-establish selected maintained institutions as corporate status institutions, to be funded directly by Central Government. The selection of these institutions needs to be guided by clear criteria, if it is to avoid appearing arbitrary and to minimize the risk that the implementing legislation would be classified as hybrid.
2. The following basic criteria are suggested:
  - a. no institution should be taken from LEA control which is engaged in AFE\* as to, and would therefore be eligible for direct funding for less than, 50% of its activity;
  - b. the number of institutions to be taken away from LEA control should be kept to the minimum consistent with providing the new Central (planning) Body (see Annex B) with sufficient leverage over the system as a whole.
3. A possible list of institutions, consistent with a. and b. above, might comprise:-
  - i. the existing 24 polytechnics which are maintained by LEAs. The remaining 5 polytechnics (those in ILEA) already have corporate status.
  - ii. 13 initial teacher training institutions which are maintained by LEAs and which are engaged in AFE as to more than 50% of their activity. A further 4 such institutions already have corporate status (Derbyshire CHE, West London IHE (Hounslow), West Sussex IHE and the Central School of Speech and Drama (ILEA)).

\*Advanced Further Education (AFE) is synonymous with Local Authority Higher Education and is the appropriate legal term used in this Annex.



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iii. 3 other near polytechnics which are maintained by LEAs (Humberside CHE, Ealing CHE and Dorset IHE).

4. The above list could be covered for the purposes of legislation by a comprehensive definition as follows:-

"Institutions with more than 50% AFE and either

- i. at least 2000 full-time equivalent AFE students and at least one full-time or sandwich degree course or
- ii. students taking at least one full-time or sandwich course of pre-service teacher training to prepare them for FE and/or school-teaching".

## LEA-assisted institutions

5. The legislation might allow the new Central Body, subject to the Secretary of State's approval, to accede to a request from other institutions to take over their planning and funding. This would enable institutions which already have corporate status but receive their funds at present from LEAs to be brought into the directly funded group. In addition to the 5 ILEA polytechnics and the 4 teacher training institutions referred to at 4 ii. above, there are three such institutions which are engaged as to more than 50% in the provision of AFE (Camborne School of Mines, Rose Bruford College of Drama and Dartington College of Arts). It would be for later consideration whether these institutions should be brought into the directly funded group.

## Outcome

6. On the basis of paras 4-5 above 40 institutions would be re-established with corporate status. Including all 12 institutions which already have corporate status and which are referred to in para 5 above, a maximum of 52 institutions which at present receive their funding from LEAs would be transferred to direct funding and come within the ambit of a new Central Body (see Appendix A for list).

7. The result would be to transfer to direct funding 84% of (at present) local authority full-time and sandwich AFE and 51% of local authority part-time AFE (overall some 76% of local authority AFE). Almost all postgraduate and higher degree work would be within the directly funded institutions while only a handful of first degree courses would be provided by other institutions.

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## Appendix to ANNEX A

### LEA INSTITUTIONS TO BE DIRECTLY FUNDED

	(% AFE)*	FTS	PT	Total
<u>Maintained Institutions</u> (40)		127,259	21,360	148,619
(i) Existing Polytechnics** (24)				
(ii) <u>Initial Teacher Training Institutions with &gt;50% AFE</u> (13)				
Bolton IHE	(90%)	1,430	591	2,021
Essex IHE	(78%)	1,164	1,093	2,257
Garnett (ILEA)	(100%)	405	252	657
Bulmershe (Berks)	(100%)	975	178	1,153
Bath (Avon)	(93%)	1,169	8	1,177
Rolle (Devon)	(100%)	618	134	752
Worcester	(100%)	1,083	62	1,145
Nene (Northants)	(61%)	1,417	445	1,862
Crewe and Alsager (Cheshire)	(96%)	1,925	154	2,079
Edge Hill (Lancashire)	(100%)	1,451	176	1,627
Charlotte Mason (Cumbria)	(100%)	395	77	472
Bretton Hall (Wakefield)	(98%)	783	125	908
North Riding (N Yorks)	(100%)	423	109	532
		13,238	3,404	16,642
(iii) <u>Other near-Polytechnics</u> (3)				
Humberside CHE	(88%)	2,372	1,070	3,442
Ealing CHE	(79%)	2,232	433	2,665
Dorset IHE	(96%)	1,728	702	2,430
		6,332	2,205	8,537
<u>Total Maintained</u>		146,829	26,969	173,798

\* % of full-time equivalent numbers

\*\*assuming mergers of Herts CHE with Hatfield and West Midlands CHE with Wolverhampton

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	(% AFE)	FTS	PT	Total
<u>LEA-Assisted Institutions</u> (12)				
(i) Existing Polytechnics (5)		18,770	5,341	24,111
(ii) Initial Teacher Training Institutions with > 50% AFE (4)				
Derbyshire CHE	(83%)	1,934	593	2,527
West London IHE (Hounslow)	(94%)	1,517	395	1,912
Central School for Speech and Drama (ILEA)	(76%)	256	-	256
West Sussex IHE	(99%)	1,132	119	1,251
		4,839	1,107	5,946
(iii) Other Institutions with > 50% AFE (3)				
Rose Bruford (Bexley)	(100%)	168	-	168
Camborne (Cornwall)	(100%)	279	-	279
Dartington (Devon)	(92%)	274	-	274
		721	-	721
<u>Total LEA-assisted</u>		24,330	6,448	30,778

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FUNDING AND PLANNING : INSTITUTIONS DIRECTLY FUNDED AND LEFT  
WITH LOCAL GOVERNMENT

(i) Directly Funded Institutions

1. Central management of the polytechnics and other direct-funded colleges would move from NAB to a Body of quite different character. The closest existing analogy is the UGC, itself under review by the Croham Committee. Their report is likely to recommend that the UGC should not only be re-shaped but should be given a clear constitutional status separate from DES. There will be an expectation of reasonable consistency in the Government's treatment of the UGC and of what is set up for public sector higher education; both might indeed feature in the same legislation.

2. In theory there might be more than one central Body for PSHE, to reflect the varying interests of the polytechnics, the other directly funded institutions transferred from Local Government and the voluntary colleges. In practice the importance of simplicity and need for a strong planning focus leads clearly to a single public sector central body, perhaps called the Polytechnics and Colleges Grants Committee (PCGC). It would be responsible for: advice to the Secretary of State on the "needs" of its sector; allocation of funds to institutions within its direct tutelage; planning of its sector; pursuit of collaboration with other bodies, notably the UGC. Other functions might be: exercise of course approval as now by the Secretary of State under the Schools and Further Education Regulations; purchase of educational provision from colleges not within their direct tutelage.

3. A PCGC might comprise

A Chairman from industry

Five others from industry and commerce



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Four senior academics from the sector, two of them from polytechnics

Two from the local authorities

One from the churches

One from the university sector

All appointments would be by the Secretary of State. It does not have to follow that, if the UGC were given a charter, the PCGC should have one too. The neatest arrangement might be to make both statutory bodies. Another possibility for the PCGC is for it to be, as NAB today, a company limited by guarantee. This need not be settled early, although it will be well in any White Paper to give an indication of what the Government foresees.

## (ii) Institutions left with Local Government

4. The HE left with local government will, for the most part, continue to be needed. Under the proposals in Annex A, the proportion of different categories not transferred to the new sector will be: first-degree work 9%, part-time first-degree work 10%, full-time sub-degree (ie HND) 37%, part-time sub-degree 61%.

5. Funding could be either through the normal local government mechanisms or through the PCGC or partly through each. This decision should be influenced by the purposes which elements of this HE principally serve. At the extremes, full-time first-degree work is likely to be of at least regional significance, whereas most part-time sub-degree work is wholly local. This seems to argue that funding responsibility, and the associated leverage over what is provided, should rest essentially with the maintaining local authority for the latter and with the PCGC for the former; with read-through from this starting point to the intermediate categories of part-time degree work and full-time sub-degree.



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6. The details of such a regime need further study, with eventual decisions on the precise amount of funding to be transferred to the PCGC, additional to that for its main purpose (as above), for the purchase of certain types of HE from local authority institutions. Also still for consideration is whether the existing powers vested in the Secretary of State to approve and disapprove provision of courses should be continued; if so, precisely how they should be operated. Work on these matters is already in hand.

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LEGISLATIVE AND GOVERNANCE IMPLICATIONS

1. The Secretary of State's policy objectives are taken to be:
  - a. to remove the polytechnics and certain other major institutions of higher education from local authority control;
  - b. to enable the Secretary of State to fund these institutions directly through an executive body - a Polytechnics and Colleges Grants Committee (PCGC) - which would distribute grants and carry out a central planning function;
  - c. to enable the institutions to conduct their affairs with a substantial measure of freedom from external control, but under a regime which ensures that they are responsive to national planning requirements and answerable to the Secretary of State for their conduct and use of public funds; and at the same time to maintain right of access by HMI.
  
2. The legislative requirements for meeting these objectives fall under 3 main headings which might correspond to substantive parts of a Bill. These include matters relating to:
  - I. the identification and constitution of the institutions to be directly funded;
  - II. the mechanism for funding them;
  - III. the Secretary of State's powers in relation to other matters.

I. THE INSTITUTIONS

3. The first requirement is that the institutions to be directly funded must have an independent legal identity. The 18 voluntary colleges and the 12 "assisted" establis-



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hments, which include the 5 ILEA polytechnics, already have legal identities. The remaining 40 institutions to be brought in are LEA maintained, and do not.

4. Existing models of incorporation are supplied by the universities - mostly incorporated by Royal Charter - and by the ILEA polytechnics - incorporated as companies limited by guarantee. Neither of these routes provides a ready solution here, since both are dependent on external initiative - a group of people wanting to petition for a charter or to establish a company - for the achievement of the policy objective. Such initiative cannot be assumed here. Once the Government's intentions are known, some LEAs may be prepared to cooperate in the establishment of their HE institutions as independent bodies; but many will not, and with their strength on the institutions' governing bodies they would be able to frustrate any such initiative. The Secretary of State will therefore need a power to establish as corporate bodies those institutions which are not incorporated already, a power he may exercise either on the application of a LEA or on his own initiative. The Bill will also need to provide the Secretary of State with powers to provide the new corporate bodies with constitutions and to modify the constitutions of existing corporate bodies taken into the new sector (see pages 8 and 9). All this could be achieved by instruments, under which the Secretary of State would establish each body and set out its constitution, which he had approved or imposed, based on a model promulgated administratively by a Circular.

5. The instruments establishing the new institutions would also need to provide them with power to make internal rules, corresponding to the articles of maintained colleges, subject to approval by the Secretary of State. The model constitution would thus need to provide guidance on the following, to be covered either in the instrument itself or the articles made under it:

- i. the objects of the body, its powers and duties;
- ii. the membership and principal officers of each new corporate body;
- iii. its governing structure;
- iv. composition of the governing bodies (eg the board of governors who might, but need not be, the same people as the members of the body);

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- v. the method of appointment, terms of office for the governing body and rules for the conduct of its business;
- vi. the composition of the academic board;
- vii. the division of responsibility for the exercise of powers and the management of the institution between members, governors, principal officers and academic boards;
- viii. such matters as finance, the appointment of and general conditions of service of staff, disciplinary procedures etc.

6. The Secretary of State will also need powers to approve (in the case of the willing) or to enforce (for the unwilling) the transfer of the local authorities' assets (lands, buildings etc) staff and other contractual rights and obligations from the LEA to the new corporate bodies. Questions such as the protection of pension rights will need to be dealt with in this context. Ministers will also need to decide whether LEAs are to be given an interest in the transferred property (should the new institution close, or shed accommodation at a future date); or perhaps whether they should be compensated directly for the expropriation of their assets (there are precedents, eg electricity and gas, for central government paying compensation to local authorities.)

7. Power to appoint the founder members of the institutions will also be required. The Secretary of State might appoint for each institution a small core of founder members who would make proposals to him for the first governors of the institutions. It is assumed that the subsequent appointment of governors should be made by the institutions themselves, in accordance with the formula laid down in their constitutions.

8. The above powers are needed for the LEA maintained institutions to be brought into the new regime. They are not needed in full for the existing voluntary and assisted institutions. The constitutions of the voluntary colleges may require no amendment, since they already receive grant directly from the Secretary of State. The constitutions of at least some assisted institutions, including all the ILEA polytechnics, will require



amendment at least to reflect the reduced role of the LEA. For example, the ILEA polytechnics have specific power to seek grant-aid only from that authority, which also has rights of consultation and approval over any proposed variation in their Memoranda and Articles and the by-laws and regulations made under them. Unless all the LEAs concerned with assisted institutions are prepared to allow the necessary changes to be made voluntarily, the Bill will need to include a power for the Secretary of State to amend the constitutions of these institutions.

9. Ministers will thus need to seek or impose amendment to the governing instruments of some but not all of the institutions which already have independent legal status and are to be included in the new funding regime. But for none of them will it be necessary to follow the prescription envisaged in paragraph 4 above, providing for entirely new constitutions. In practice Ministers may be content, subject to what is said in paragraph 14-16 below, to accept the minimum change required to governing instruments in order to meet the new circumstances. To go further, in order to bring them more closely into line with the proposed model for the newly incorporated institutions, would increase the difficulty of dealing with those already enjoying that status, and even more so with institutions subject to charitable trusts. Nevertheless, the power to amend to the extent judged necessary should be there.

#### Hybridity

10. Legislation is hybrid if it affects a particular interest in a manner different from the interests of other persons or bodies of the same category or class. A judgement as to whether this is so is taken by the House authorities. If legislation is judged to be hybrid, this involves additional standing orders and consumes more parliamentary time in both Houses. Such a bill is committed to a Select Committee part of whose function is to receive and consider petitions from people or bodies affected.

11. It appears that legislation which took away certain LEA maintained institutions from the totality of their FHE provision for inclusion in a new directly-funded sector might well be judged hybrid, since education law recognises no separate categories or classes within that totality. Advice from the Department's Legal Advisor is that the best prospect of avoiding hybridity is to identify classes of maintained institution which share specific characteristics. For the polytechnics and other institutions of higher education proposed in paragraph 3.i and iii. of Annex A these characteristics would be in terms of their size (ie full time equivalent student population) and the



# CONFIDENTIAL

proportion of advanced level provision they offer; those in 3.ii. would be characterised by the extent of their commitment to initial teacher training and their proportion of advanced work.

12. No advice has yet been sought outside the Department as to whether the above provides a basis for avoiding hybridity. If, on enquiry, it transpired that it would not achieve that objective, Ministers might wish to pursue whether taking broad powers to transfer any FHE institution into the proposed new sector, specifying by Order those to be transferred, would do so. But even if it did serve the purpose, this course might well be politically unrealistic. At the end of the day, Ministers may be faced with accepting the challenge of taking through Parliament a hybrid Bill.

## II. THE FUNDING MECHANISM

13. The Secretary of State already has power to grant-aid further education establishments which are not maintained by LEAs. There are, however, constraints on the extent to which the exercise of such power may be delegated to a third party. Statutory authority will therefore be required to establish the proposed Polytechnics and Colleges Grant Committee (PCGC) if it is to have executive, not just advisory functions; to enable the Secretary of State to appoint its first and subsequent members, define its powers and responsibilities, and to provide it with funds for onward transmission to the directly-funded institutions in the form of grant aid; and if appropriate to identify and meet the cost of higher education provision to be made by institutions remaining in the LEA sector. The PCGC would be empowered to pay grant to all those institutions newly established as corporate bodies under the Act and to such other institutions approved by the Secretary of State (ie those to be brought in which already possess a legal identity) as apply to receive grant. Provision should be for institutions to be eligible to receive funds only when the Secretary of State was satisfied with their governing instruments.

## III SECRETARY OF STATE'S OTHER POWERS

14. The governing instruments of most institutions in the new sector will have been approved (or imposed) by the Secretary of State. It would be normal to provide for



# CONFIDENTIAL

subsequent change in those instruments to be subject also to his approval. But unless specifically provided, the Secretary of State will have no power to initiate change in governing instruments; that power would rest with the governors of the directly-funded body.

15. It would seem appropriate to include in the Bill words which made governing instruments accessible also to change initiated by the Secretary of State. The lack of such provision has prevented Ministers from intervening effectively in problems arising from the balance of power between a governing body and a maintaining LEA, and whilst those particular problems would disappear in the new context others which cannot now be foreseen may well take their place. It is unreal to suppose that the initial framework for governance will necessarily remain good for all time and the Secretary of State would thus be justified in taking powers to initiate change if such action appeared necessary or desirable in the public interest.

16. The institutions to be transferred from Local Government, and to be given where necessary independent legal identity, are at present subject to inspection by Her Majesty's Inspectorate. It will be essential to ensure that the Secretary of State's right to cause inspections by HMI is maintained in the new more autonomous institutions.

17. Institutions in the new sector would enjoy a large measure of autonomy. They would nevertheless remain substantially dependent on public funds and there is a need for mechanisms to ensure that they conduct their affairs responsibly. At present LEA maintained institutions are subject to external checks: their behaviour can be scrutinised by the commissioners for local administration and the Secretary of State's powers under sections 67, 68 and 99 of the 1944 Act apply to them. None of these checks would operate for the new corporate institutions. It would therefore be appropriate for the Secretary of State also to take powers to intervene in the affairs of institutions when questions of improper or unfair conduct arise, and powers of direction.



File ECL  
CC BG #6

SUBJECT CC MASTER



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 October 1986

Dear Sir,

## EDUCATION WITHOUT LEAs

The Prime Minister this afternoon held a meeting to discuss your Secretary of State's minute and paper of 23 October about education without LEAs. Present were your Secretary of State, the Chancellor of the Exchequer, the Secretary of State for the Environment, Mr. T. Heiser (Department of the Environment), Sir David Hancock and Mr. Walter Ulrich (Department of Education and Science), Mr. John Anson (H.M. Treasury) and Sir Robert Armstrong. Professor Brian Griffiths was also present.

The meeting took note, without comment, of the principles listed in paragraph 2 of your Secretary of State's minute. The questions attached to that minute were then discussed.

On the aims of the change (question 1) it was agreed that a major objective was to change the ethos of many of the country's schools. This was not simply a matter of setting standards. At present the Government was seen to have responsibilities, but it did not enjoy authority. Education was a national responsibility and the Government should be seen to be exercising it.

It was agreed that question 2, whether education for 5-18 year olds should be wholly or at least largely free of charge, was a mis-statement. The legislation should not require charging but it should also not preclude it.

On question 3, the determination of the curriculum and standards, it was agreed that there was as much need for a core syllabus for primary schools as there was for secondary schools. The secondary schools themselves were not exerting enough pressure on the primary schools to achieve the necessary minimum standards. Syllabuses should be set for key subjects, perhaps English, Mathematics and General Science, which would apply across the country, and they might extend to textbooks and teaching methods. The curriculum and syllabus would inevitably be heavily conditioned by the examinations which were set.

If the Government were to move in this direction checks and balances would need to be created in order to prevent abuse of greater central control. One possibility would be to



create a quango consisting of a number of top class head teachers to advise on the curriculum and syllabus in the core subjects. They might need to enjoy more than advisory powers if they were to provide an adequate safeguard against abuse. It was noted that teachers increasingly accepted the need to set objectives; however they would be very resistant to enforced syllabuses. Your Secretary of State noted that a paper on a syllabus for Mathematics was in preparation.

The meeting then considered the LEA functions not exercisable by schools and colleges described in paragraph 20 of the paper attached to your Secretary of State's minute.

It was agreed that the Government would need to determine the grants to be given to schools (point (1) in paragraph 20). It was also agreed that there would probably need to be some form of regional organisation.

However there were different views about the role of the regional organisation. On the one hand it was argued that per capita payments would need to vary according to the circumstances of the school (for example its size and location) and the regional organisation would need to carry out this task. There would also be a need for intervention to manage the contraction of schools which were losing pupils either through simple unpopularity or through circumstances outside the school's control, for example loss of population. Some of the problems of contraction might be reduced if parents were able to top up a school's income through payment of charges. It might be possible to provide a basic sum topped up by per capita fees, or to set limits on the amount by which the total income of schools could be allowed to fall each year. But closure in particular might well need intervention by an organisation operating between the level of the individual school and the DES. Moreover "umbrella" organisations would provide reassurance and if they were metamorphosed out of the existing LEAs this could help to reduce resistance to the changes.

Against this it was argued that there should be no need to allow variations in the amount provided per capita. Local variations had caused the great complexities and difficulties of the present system for local authority finance. There was also a risk that to protect schools with declining rolls would reward the unsuccessful at the expense of the successful.

On financial propriety (point (2)) it was agreed that the Audit Commission could probably play a major role.

It was agreed that the Secretary of State would need to play a key role in setting educational standards (point (3)). The role of schools inspectors would also need to be greatly increased. This was of course also closely linked to the question of the core curriculum and syllabus.

On the question of securing a place at a suitable school (point (4)) some part could be played by setting per capita funding higher for handicapped or difficult children. The



regional or umbrella organisations would probably also need to have a role, perhaps by running special schools.

On protecting parental choice (point (5)) it was suggested that there would probably need to be a clearing house among groups of head teachers. School transport would also be important.

It was agreed that the question of appointment of members of government bodies (point (9)) was particularly important. The composition of governing bodies was already to be changed under legislation now being enacted. The effects of this would take 18 months to work through. It would be important now to work towards greater delegation of financial authority to head teachers so that they could gain experience of running budgets.

9F/ It was agreed that the meeting should reconvene to continue the discussion.

I am copying this letter to Alex Allan (H.M. Treasury), Robin Young (Department of the Environment) and to Trevor Woolley (Cabinet Office).

*John,*  
*David.*

DAVID NORGROVE

Rob Smith, Esq.,  
Department of Education and Science.





*cc Blair*  
*✓ 2/5*

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
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FROM THE SECRETARY OF STATE

**SECRET**

David Norgrove Esq  
10 Downing Street  
LONDON SW1

27 October 1986

*Dear David,*

Education without LEAs

You asked on Friday evening for some further details, for the Ministerial meeting on 27 October about the existing responsibilities of LEAs and the costs of staff employed by them. I attach two notes.

- (1) A brief list of LEA responsibilities, showing how they might be reallocated under the proposed new regime.
- (2) A rough breakdown into categories of staff, showing in particular the approximate numbers and salary costs which, as it were, go with the individual schools or colleges, and those which are attributable to the LEAs centrally run cadres.

I am copying this letter and the enclosures to Alex Allan and Robin Young.

*yours sincerely,*

R L Smith

*Rob Smith.*

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S E C R E T

Reallocation of main LEA Responsibilities

To Governing Bodies

To other Agency

1. Ownership of premises and equipment  
of county and special schools  
and of FE colleges (1)

2. Employment of teaching and non-  
teaching staff of county, controlled and  
special schools and of FE  
colleges (2)

(3) Financing of current expenditure  
in respect of schools and FE colleges  
and capital expenditure in respect  
of county, controlled and special  
schools and of FE colleges (3)



S E C R E T

To Governing Bodies

4. Determining the number, size, type and character of maintained schools and colleges, subject to certain rights of governor of voluntary schools and subject to the approval of the Secretary of State (4)
  
5. Influencing the curriculum through responsibilities 2. and 4 above.

To other Agency

5. Influencing the curriculum through responsibility 3. above.
  
6. Supervision of all maintained schools to ensure that appropriate and efficient education is provided there.



S E C R E T

To Governing Bodies

To other Agency

7. Ensuring a place at a suitable school for every child for whom parents seek education in the State sector; ~~securing~~ adequate further education provision; and placing in a suitable school children with severe handicaps or other serious special needs. These responsibilities may involve assistance with such items as transport to school and school clothing.
8. Enforcing school attendance for children aged 5-16.
9. Provision for advanced (higher education) courses; adult and continuing education; the youth service and the carrers service.

(5)



S E C R E T

NOTES:

- (1) Ownership might be allocated to a holding agency, but the effective right of ownership would vest in the governing bodies. Voluntary (i.e. aided and controlled schools) own their premises, although some controlled school premises are owned by the LEA.
- (2) Staff at aided schools are employed by the governing body.
- (3) The cost of external repairs and maintenance at aided schools is met by the governing body: <sup>this and</sup> capital expenditure in respect of such schools attracts an 85% grant from the Secretary of State.
- (4) It is for consideration whether there should be some regulation of the power of a governing body to determine the type, character and size of a school or college.
- (5) There is a separate proposal to remove higher education responsibilities from LEAs; adult education, the youth service and the careers service might remain a local government responsibility.



S E C R E T

Distribution of costs and numbers between the LEA  
and the schools/colleges

1. The latest firm figures for costs and numbers relates to 1984/5. Less than £1 billion of the £10.5 billion net current expenditure by LEAs in England in 1984/5 was spent by the LEA centrally; all the remaining expenditure was incurred by the schools and colleges <sup>they</sup> maintained. The central expenditure is mainly in respect of staff; the expenditure by the schools and colleges is largely on staff.

2. Below is a breakdown for 1984/5 of staff numbers and costs.

<u>At schools and colleges</u>	<u>Number</u> ,000s	<u>£m</u>
Teachers (schools, further and higher education)	503	5,947
Non-teaching staff at schools and colleges (except meals and catering staff)	183	1,114
<hr/>		
Total staff at institutions	686	7,061
<hr/>		

Central staff

School meals, catering and residential staff	77	300*
Other staff not employed at schools and colleges eg workers in the youth service, education welfare officers, educational psychologists, advisers		

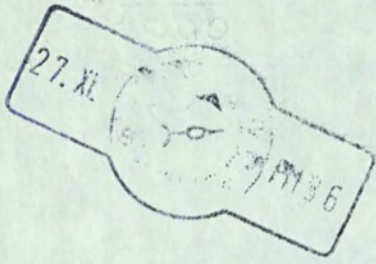


S E C R E T

<u>Central staff</u>	<u>Number</u> <u>,000s</u>	<u>£m</u>
and inspectors, and administrative and clerical support	40*	320*
<hr/>		
Total staff employed centrally	117*	620*
<hr/>		

\*  
Estimated







PRIME MINISTER

bc. Professor Griffiths

## EDUCATION WITHOUT LEAs

Your meeting will be attended by the Chancellor, Mr. Baker, Mr. Ridley, David Hancock, Walter Ulrich, Terry Heiser, Department of the Environment, John Anson, HM Treasury, and Sir Robert Armstrong.

I suggest on Monday you should aim:-

- (i) to identify the areas on which more detailed work is needed;
- (ii) to decide whether the number of people involved in this work should now be increased.

The paper shows the daunting scale of the changes which would be needed to make the proposals work. But, as David Hancock said in a conversation with Nigel Wicks today, no one in the DES believes we can continue with the present system. Walter Ulrich apparently sees no overriding technical problems in the proposals. (Indeed, DES say they would see it as a challenge to try to make the proposals work.) He sees the decision as almost entirely political.

General

It may be worth first holding a second reading on the proposal. Are people ready for such a major change? Could they be persuaded to be? How would the Government's supporters in the shires view it?

Particular areas

The two key areas for discussion are:-

- (i) LEA functions not exercisable by schools and colleges (paragraphs 20-22), and
- (ii) Effects on local government finance (paragraphs 23 and 27).



Other areas are of course themselves also very important - the Chancellor would include extra pressures for higher public spending and charges - but before we get on to those we surely have to ask whether the new system could be managed without a monstrous bureaucracy, and secondly, whether it can be financed in a sensible way.

*What happens to prevent bureaucracy*

### LEA Functions not exercisable by schools and colleges

Paragraph 21 suggests three options for handling functions which will not rest with the schools and colleges: a bigger DES, quangos, or local authorities. None is at all attractive. It might be possible to construct a system which was an amalgam of several different approaches, but more power will inevitably transfer to the Centre. Taking the residual functions described in paragraph 21 in turn:

#### 1. Determination of grant

Mr. Baker thinks probably only the Secretary of State could do this. He may well be right.

#### 2. Financial propriety

One possibility would be for local accountancy firms to audit a sample of local schools and for an enlarged Audit Commission to carry out value for money audits, again on a sample basis.

#### 3. Educational standards

Again, this would probably have to be a matter for the Secretary of State. How many people would be needed?

#### 4. Securing a place at a suitable school

Again, probably a matter for the Secretary of State.

#### 5. Protecting parental choice

It is not clear from this paper why the arrangements should be any different from what they are now.



6. Enforcing school attendance

This could be a matter for truancy officers who could become part of the social service departments of the local authorities.

7. Special schools

No suggestions.

8. Pay, pensions and training

DES might handle pensions; setting of pay rates needs to be considered further; mechanics of pay would be for perhaps a regional DES; each school could have an element in the capitation fee for in-service training; initial training would be run by the DES.

9. Appointment of members of governing bodies

With ten governors per school, that is a quarter of a million people with responsibilities much more important than they are now. We need an assessment of the number of schools in deprived areas where it might be difficult to find people.

10. Support services

Some of these, e.g., music teachers, school meals and transport, could be handled by the head teacher in collaboration with other local schools.

Effects on Local Government finance

If LEAs are to disappear, local authorities should have as little as possible to do with education finance. Finance should pass with responsibility. But equally, you will not want to add to central government taxation. Unfortunately the full simplicity of the Chancellor's proposal is not possible to achieve, partly because it looks as though further education has to be treated in the same way as schools and partly because of the need to continue to pay specific grants.



Anything which reduces central government grant increases local accountability. But the finances add up only if the non-domestic rates are retained by central government.

11. Conclusions from the meeting

You will want to consider what further work to commission. I would suggest more detailed papers on:

(i) the arrangements for functions not exercisable by schools and colleges;

(ii) the effects on local government finance;

(iii) the transition (the paper implies a big bang - but does it have to be?).

DES, DoE and Treasury must continue to be involved in working up the proposals:

(i) Do you want DES to continue to take the lead or involve the Cabinet Office?

(ii) Do you want to bring in Wales and Scotland (which have 15 per cent of the schools) or leave till later?

(iii) When would you like another meeting (towards the end of November)?

*DNS*

(DAVID NORRGROVE)

24 October 1986



PRIME MINISTER

EDUCATION WITHOUT LEAS

The officials have provided you with a paper which is an excellent anatomy of the problem, but which unfortunately lacks any flesh and blood. Arguably this might have been provided by the Secretary of State in his covering note; what we have is a page and a half of anaemic neutrality.

The paper itself raises four key issues: educational (Questions 3 and 4 and para 20), administrative and organisational (Question 5 and para 21), local authority finance and structure (Questions 8 and 9 and paras 23-27) and resource and manpower implications (Question 12 and paras 32-34).

Transitional arrangements are very important but depend in all respects on the answers to these four issues. Other issues, such as teachers' pay, further education, etc. are of a lower order of importance.

(a) Educational issues

The key passages are para 20 (3)-(5). As they stand they are unexceptional. The fact that government will determine educational standards (3) secure a place at a suitable school for excluded children (4) and protect parental choice (5) is necessary but also open to enormous abuse. In each case the key issue is unanswered in the document:

- (3) "It would be necessary to resolve possible tensions between the objective of making institutions response to, in particular, parental custom and the objective of securing high educational standards." But how?
- (4) "It would be necessary to empower some public authority for example to compel the admission of particular children, to take over failing schools or to oblige a



governing body to increase the size of a school." But how?

- (5) "It will be necessary to consider whether to maintain appeal arrangements against non-admission; and how far to restrict the freedom of governing bodies ... to change the type and character of a school without reference to the effect this would have on the type and character of provision available in the locality." But again how?

These are the key questions to answer. Perhaps in view of the excellent breadth of the document general statements such as these are inevitable. If DES officials are present however they need to be pressed on these points in order for them to give a judgement as to what is feasible, and what are the key political choices.

(b) Administrative and Organisational issues

The choice for a new organisational structure intermediate between the Secretary of State and individual schools is the choice between options (1) and (2) in para 21 -

either opening up regional DES offices on the French model,  
or copying the structure of the NHS with a national board, and regional and local offices.

As the object of the reform is to secure greater independence for the individual school, neither option gives one much confidence that this will necessarily be achieved.

There is no discussion of the merits of each option or the way in which we can ensure that schools achieve greater freedom.

Once again the key issue is unanswered but once again depth has had to be sacrificed for breadth.



(c) Local Authority Finance and Structure

Paras 23-28. Unfortunately another only partially satisfactory section. The horrendous conclusion in para 27 that one has to raise income tax by 6 or 7 pence on the basic rate of 9 to 10 percentage points or VAT shows no imagination whatever.

For example, if the reforms cover schools rather than further education, education expenditure by central Government approximates much closer to the RSG.

(d) Public Expenditure and Manpower

Paras 33 and 34. Most of the arguments to support pressure on public expenditure and increased costs are already present in the system via LEAs. The key feature of a new system would be that government would have complete control over total educational expenditure. Unlike the present it is in a position to resist the claims. It is an interesting catalogue of likely pressures but does not take us much further forward.

Conclusion

The paper shows little enthusiasm or vision for the benefits of reform. It takes a grand view of the areas which need to be looked at but because it is so broad fails to focus on the key political choices which have to be made.

Recommendations

It is clearly not possible on the basis of this paper to weigh up the costs and benefits of a major radical reform.

a. You might therefore ask the Treasury/DES/DOE to produce four further papers expanding on each of the major issues.

While they will almost certainly be anatomical in content they will at least show the rocks to be avoided and the prejudices



to be encountered if you decide finally to pursue this course.

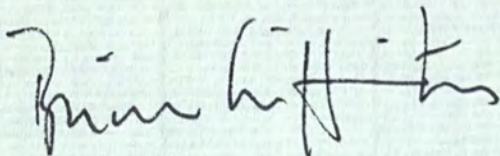
b. At some stage, preferably early, there is a fundamental strategic choice which Ministers have to make.

Either to press ahead with Education without LEAs

or to reform the present structure in a piecemeal manner through primary legislation covering

1. compulsory open enrolment
2. greater powers for head teachers
3. devolution of budgetary and admission policies to governing bodies
4. introduction of a national core curriculum and syllabus linked to appraisal by tests of attainment at various stages of children's careers.

This would be worth discussing.



**BRIAN GRIFFITHS**

24 October 1986





File  
DA

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

24 October 1986

Thank you for your letter of 21 October about academic tenure. The Prime Minister has seen this, but has not commented on it.

(P.A. BEARPARK)

Rob Smith, Esq.,  
Department of Education and Science.

rc



Prime Minister

Do you wish to write  
as recommended?

Yes ask  
why we are  
going to an  
institution which  
denies free  
speech  
and

PRIME MINISTER

JRW  
31/10.

23 October 1986

THE SELBOURNE AFFAIR

David Selbourne (age 49) has been a tutor at Ruskin College, Oxford for 20 years. He is firmly on the Left, a radical maverick. On 28 March 1986 The Times published an article by him on Labour policies in Liverpool. Because The Times was blacklisted by the TUC and the Labour Party, he incurred the wrath of a group of Ruskin students.

At the beginning of the summer term, the Ruskin Students Union (RSU) carried a motion condemning his 'anti-trade union action', demanding an apology and a promise not to publish in Murdoch's newspapers again. If he refused they would boycott his lectures and tutorials and urge print unions to prevent him writing anywhere. He declined to apologise and on 5th May the pickets prevented anyone from entering the lecture theatre (the subject of the lecture was Thomas Paine's Rights of Man!) The lecture was not given.

On 7 May the RSU passed a motion demanding that all of his duties be assigned to others, otherwise they would boycott the whole academic life of the college. On 12th May he attempted to give another lecture, which met the same fate as his previous one. On 14th May the deadline from the RSU expired and the college ground to a halt. The following day following a negotiation between the RSU and the college, his students were reallocated. (Out of 12 only 2 stuck it out with him to the end of term).

On 28th May, and with Selbourne having failed to repent and refused to resign over the issue, the RSU passed a resolution calling for his dismissal and replacement within 3 months.



On 6th October at the beginning of this term Selbourne wrote to his Principal, John Hughes asking for his standard quota of tutees and seeking disciplinary action against students who engaged in boycott, picketing and intimidation in future. Hughes declined, and Selbourne withdrew and decided to initiate legal proceedings v the college.

### La trahison des clerics

The attitude of the college throughout has been very interesting.

- In May, the Principal was on sabbatical leave. At the beginning the acting Principal told Selbourne to ignore the boycott, turn up for tutorials and supply the names names of students who did not attend tutorials and lectures. Following the first boycott he told Selbourne "we were slow off the mark" and regretted that the authorities had not acted sooner.
- Initially the College regretted the RSU demands and was only ready to reallocate students who came from print unions.
- A special meeting of Ruskin staff was then held which concluded that they could not accept extra teaching through reallocation because it "might be contrived as condoning the action of David Selbourne".
- The staff then met on 13th May as the Ruskin branch of the AUJ and unanimously approved a statement disapproving and disassociating themselves from Selbourne's action. Academic freedom was fine they said but "the exercise of this right should have reasonable and sensible regard for the institutional context of academic processes". Free speech is fine providing the majority agree!



- On 23rd May Selbourne asked his acting Principal whether he would make a clear statement to the students defending his freedom to speak and write. "No" was the answer.
- On 27th June, the executive committee of the College met to consider the position. It resolved "to place on record its censure of David Selbourne for his action in writing to the Times".
- On 6th October Selbourne wrote to Hughes asking for his protection and a return to normality. The Principal refused all of Selbourne's requests.

#### Epilogue

Ruskin receives a grant of £570,000 from the DES.

On Monday George Walden sees John Hughes, the Principal.

#### Recommendation

It may be worthwhile to invite the Secretary of State to write to you giving his judgement on the case and in particular whether a situation such as this could occur under the new Education Bill.

B.G.

BRIAN GRIFFITHS



PRIME MINISTER

Education without LEAs

1. I share your concern that the education system, particularly the schools, is failing the nation in certain places, because more and more local authorities are showing themselves unfit to discharge their educational responsibilities. Yet our national future depends more than ever on our having an education system which raises standards and achieves value for money. The very necessary reforms in the Education Bill do not strike at the root of the problem because they leave very substantial responsibilities with LEAs.

2. As you have requested, and with the agreement of the Chancellor of the Exchequer and the Environment Secretary, officials have prepared the attached paper about the implications of a radical change under which responsibility for education would be removed from local authorities. The paper outlines a regime in which in principle:

- (1) Each school and college would be a separate legal entity run by its own governing body.
- (2) The governing body would own, or have an established user right of, the premises and equipment and employ the staff.
- (3) The governing body would, subject to certain restrictions, determine the character of the institution, the admission of pupils and students, and the curriculum.
- (4) Each institution would be funded on a per capita basis i.e. its financial viability would depend on how far it was responsive to its customers, particularly parents.



S E C R E T  
& P E R S O N A L

3. The paper raises many issues which are as much political as technical or financial. At first sight they seem to me in principle/capable of resolution. But we shall need to weigh the costs as well as the benefits, both politically and financially. In the attached note I have sought to identify those questions which we need to determine initially before further work is done. I draw particular attention to question 5. Not all the existing LEA responsibilities can be transferred to free-standing schools or colleges. We need to decide what those responsibilities are, which of them should be exercised by the Secretary of State and what agency should exercise those which he does not exercise.

4. I am copying this minute to the Chancellor of the Exchequer and the Secretary of State for the Environment.

K.B.

KB  
Department of Education and Science


23 October 1986



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Questions to be determined initially

(References are to the relevant paragraphs in the officials' papers)

1. The aims of the change i.e. higher standards, greater responsiveness to customers, better value for money? (para 2).  
*knowing responsibility which goes  
can't escape from.*
2. Should education 5-18 be wholly, or at least largely, free of charge? (para 3).  
*Don't include it in Dept.*
3. What is the desired balance of influence on the curriculum and standards as between the customers of schools and colleges and the Government? (para 20 (3)). If we move towards a common curriculum, what are the checks and balances we should need in the system?
4. How much, if anything, should the Government do to protect parental choice, not least from the effects of other parents' choices? (para 20 (5)).
5. What sort of agency or agencies should perform the functions which cannot be exercised by the schools (and colleges) themselves? (para 20-21).  

6. The arrangements for the pay, pensions and training of teachers. (para 14-18).
7. Can the scheme be limited to the schools, or does one have to make different dispositions also for the LEA responsibilities for further and higher education, adult education and the youth service? (para 10-12).



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8. The implications for local government finance and central taxation. (paras 23-27).
9. The implications for local government structure. (para 28).
10. The implications for the dual system, particularly the relationship with the churches.
11. What form should the transitional arrangements take, so as to maximise speed and minimise friction and the blight on other necessary action and developments? (paras 29-31).
12. The public expenditure and manpower implications. (paras 32-34).
13. Political acceptability other than to vested interests.



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Education without the LEAs

1. This paper examines in outline the implications of removing from local authorities their existing responsibilities for education on the basis indicated in the No 10 letter of 18 September. It has been prepared by DES officials in cooperation with the Treasury and the DOE but with no participation by other Departments such as the Scottish and Welsh Offices. It relates only to England (but it should be noted that historically the educational regime in England has always applied also to Wales).

The objectives

2. The prime objective is so to redistribute the functions of LEAs<sup>so</sup> that schools assume the maximum feasible responsibility for providing education. The aims of this redistribution of functions are to improve educational quality and standards, make the schools more responsive to their customers, and increase value for money.

3. For the purpose of the present paper it is assumed that:

- (1) full-time education from 5-16 would continue to be compulsory;
- (2) full-time education from 5-18 would be largely free of charge - such scope as there might be for limited charges for this age group (see Annex A) is unlikely to affect the main structure of the new regime for schools. The question of charging on a larger scale would require separate study.
- (3) The existing regime for independent schools (including the Assisted Places Scheme) would continue subject to any desired changes eg the introduction of City Technology Colleges.



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The functions of schools under the proposed regime

4. In principle, each school now maintained by LEAs would have its own legal personality (eg it would be a trust or a company limited by guarantee) and would be controlled by a governing body which would:

- (1) Own the premises, or have an entrenched user right in respect of them;
- (2) own the equipment;
- (3) employ the teaching and non-teaching staff;
- (4) be responsible for policy on the admission of pupils, thus determining the type and character of the school (subject to any control in this respect by the Secretary of State - see para 20 (5));
- (5) be responsible for curricular policy; (subject to any control in this respect by the Secretary of State - see para 20(3))
- (6) be funded (in relation to the school's current costs) by a grant originating from the Secretary of State which would be related to the number of pupils on roll and be payable on the basis of a written contract between the governing body and the Secretary of State (or his agent).

Although a governing body would generally be responsible for only one school, it could be convenient for a governing body to be responsible for (say) two or three closely related schools eg schools on the same site.

5. The precise legal status of governing bodies would need further consideration. They might have charitable status, but there are implications for charity and company law and complications where, as is now normal for voluntary (usually



church) schools, there is an existing trust or foundation. The composition of governing bodies would require consideration eg how far it should be regulated by statute to secure the representation of particular interests such as parents and the local business community. It is also for consideration whether one needs some statutory regulation of the respective functions of the governing bodies and their employees, particularly the head teacher.

6. Issues of policy and finance arise in relation to school provision for children below compulsory school age, many of whom are now admitted to LEA-maintained schools. These are discussed at Annex B, para 4 (1).

7. It is assumed that a governing body will in principle be free to admit young people above compulsory school age up to age 19. This raises issues about the relationship between the regime for schools and that for further education (see paras 11-12 below).

8. The principles on which the grant towards current costs might be calculated are discussed in Annex B.

9. The treatment of schools' capital expenditure needs further consideration. It is necessary to decide:

- (1) how far the Secretary of State needs to control capital expenditure by a governing body (including expenditure not financed out of public funds);
- (2) how far the Secretary of State should assist capital expenditure by a governing body;
- (3) how far the Secretary of State should control the disposal of capital assets by a governing body and the application of capital receipts.



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- (4) how the system of controlling local government capital expenditure should be adapted once education was no longer a local authority function.

Non-school educational functions under the proposed regime

10. Separate consideration is being given to a DES proposal to remove from the local authorities the greater part of their responsibilities for higher education (polytechnics and some other colleges engaged mainly in advanced work). On the assumption that this proposal is implemented, local authorities would be left, in the educational field, with:

- (a) some 550 major further education establishments engaged chiefly in non-advanced FE (NAFE);
- (b) a very unevenly distributed number of smaller FE establishments, chiefly specialising in adult education (AE);
- (c) the local authority-based youth service.

Current public expenditure on (a) (net of the MSC stake, as well as fees, etc) is about £900m; on (b) (net of fees) about £70m; and on (c) about £120m a year.

11. There is a large overlap of function between the FE colleges at (a) and the schools, and in some areas all maintained education between the ages of 16 and 18 is offered in FE (tertiary) colleges. In addition activities in categories (a) and (b) are to some degree inter-dependent; activity (c) is to some degree interwoven both with the schools and the FE colleges. It would therefore be logical to remove at least responsibility for category (a) from local authorities at the same time as responsibility for schools.

12. The approach might be as follows:



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- (1) the major FE colleges would be given a separate legal personality and be controlled by a governing body which would own or have established user rights in respect of the premises; own the equipment; employ the staff; and determine policy on the scope and range of courses. The basis of funding by the Secretary of State would need further consideration. Many of the students might be charged fees; but it would seem logical that at least those aged 16-19 studying full time would receive free tuition on the analogy of those attending schools post-16 or full-time students in higher education.
- (2) AE establishments might either be treated similarly to major FE colleges, or continue to be entrusted to local authorities.
- (3) The youth service might also remain with local authorities, or be put under the control of a national quango constituted for this purpose which would become responsible for funding it.

13. Local education authorities are at present also responsible for the careers service under the supervision of the Secretary of State for Employment. The service might be placed elsewhere in local government.

Teachers

14. There are three main teacher issues: pay, pensions and training. All three arise in relation to both schools and further education, where some 500,000 teachers are currently employed. (See Annex E).

15. The pay of both school and FE teachers is at present determined under the Burnham Committee arrangements, now under review. The two main alternatives currently under



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consideration are free collective employer/employee bargaining, and some form of review body. Independent schools can at present fix their own pay scales, but in practice most use Burham scales. If all schools and colleges become independent employers, but funded by Government, the broad level of teachers' pay would in practice be determined by what the Government was prepared to finance. There would be some scope for local variations: some schools might pay rather more than what the Government envisaged when determining grant, perhaps using voluntary contributions or, if some measure of charging were permitted (see Annex A), income from fees or charges, or by having larger classes; others might, for example, seek to pay rather less in order to release funds for equipment, extra posts, etc. Conversely, the general level of teachers' pay would continue to be the main determinant of the cost of education. Ministers, footing the whole bill, would be in a position to play a much more decisive role in pay determination than at present. This could extend to direct negotiations between the Government and the unions, or there could be recourse to an independent advisory body. But the use of an advisory body would not remove the need for pay rates to be accepted by the teachers' unions. But the fact would remain that the Government, although effectively footing the pay bill and thus involved in the pay determination process, would still not be the employer of the teaching force. This separation, as now, could lead to situations where the employers (to the extent that they developed a concerted national voice) and the Government did not see eye to eye, and to problems in handling such situations (including the handling of industrial disruption).



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16. Teachers in maintained schools, local authority colleges, and most independent schools, belong to the DES-run Teachers Superannuation Scheme. This is a notionally funded scheme. Its current value is estimated to be about £15.7b but this does not cover its liabilities, which might amount to about £35b including Pensions Increase. Replacing the notional scheme by a funded scheme would have a high cost to the Exchequer and pose investment market problems. The scheme would probably have to continue to exist in much the present form.

17. School teachers are at present required to be qualified under the Secretary of State's regulations. With few exceptions that means they have to have successfully completed an approved initial training course. Independent school teachers do not have to be qualified in this sense, but commonly are. The initial training system, and thus the supply of teachers, is substantially controlled by the Secretary of State, and would presumably continue broadly as at present. It would be for consideration whether schools financed by Government should be required to employ only qualified teachers.

CTCs are  
not.

18. The Government is introducing new systematic arrangements for in-service training for both schools and further education teachers, supported by specific grants to local authorities. It seems possible that direct Government funding for in-service training, or earmarked funds to schools for in-service training, would be needed.

Non-teaching staff

19. Further consideration would need to be given to the arrangements for determining the pay, pensions and conditions of service, and for the training, of non-teaching staff who currently number some 260,000. (See Annex E).



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LEA functions not exercisable by schools and colleges

20. The following functions relating to education at school and college with which LEAs are now wholly or partly concerned could not be exercised by the governing body of a school or college.

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- (1) The determination of grants (current and capital) for each institution;
- (2) Assuring financial propriety at, and effective financial audit of, the institutions.
- (3) The determination of the educational standards to be achieved by each institution as a condition of its grant; the monitoring of the standards actually achieved; and the enforcement of the required minimum standards. These functions bear mainly on the curriculum of the institution and on its delivery, but also on such matters as standards of premises, health and safety. It would be necessary to resolve possible tensions between the objective of making institutions responsive to, in particular, parental custom and the objective of securing high educational standards. It is assumed that Government would wish to have the final say in the definition and enforcement of such standards including such matters as the range and content of the curriculum which was compulsory for all pupils.
- (4) Securing a place at a suitable school for all children of compulsory school age. Parents may be unable to secure admission for such children for example because governing bodies are unwilling to admit particular children (including perhaps



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handicapped children who ought to attend an ordinary school), or because there is locally a shortage of places eg because of population increase not immediately met by the establishment of new schools, or the inability of a governing body to keep open a financially failing school. It would be necessary to empower some public authority for example to compel the admission of particular children, to take over failing schools or to oblige a governing body to increase the size of a school.

- (5) The arrangements for protecting parental choice eg for denominational, single-sex or selective schools (this issue has implications for public expenditure on school transport). It will be necessary to consider whether to maintain appeal arrangements against non-admission; and how far to restrict the freedom of governing bodies (or promoters of new institutions) to change the type and character of a school without reference to the effect this would have on the type and character of provision available in the locality. At present such changes are considered through a public process and changes to which there are substantial local objections can be made only with the approval of the Secretary of State.
- (6) Enforcing school attendance in respect of pupils for whom there is a place i.e. dealing with truancy.
- (7) The provision directly or through others of special schools i.e. schools catering only for children whose disabilities and special needs are such that they require much greater and more specialised resources to educate than can be made available at ordinary schools.



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- (8) The arrangements for the pay, pensions and training of teachers - see para 14-18 - and of non-teaching staff - see para 19.
  - (9) General oversight over the appointment of members of governing bodies, especially where insufficient suitable people came forward to serve, and the training of governors.
  - (10) Certain support services which individual governing bodies are ill-placed to provide eg educational psychologists, music teachers serving a range of schools, and in the case of smaller schools meals and transport arrangements.
21. Some of these functions could probably only be exercised by the Secretary of State, for example the determination of grants and of educational standards. As regards the remainder there are in principle 3 options:
- (1) all the functions could be exercised by the Secretary of State through an enlarged DES operating through a new regional/area organisation. This would give him direct control over the detailed discharge of the functions and make him directly accountable for it to Parliament. The civil service manpower implication could be substantial (though local authority manpower would be reduced).
  - (2) Functions other than those reserved to the Secretary of State could be exercised on his behalf by a national quango or a number of regional/area quangos, at least the majority of whose members would be appointed by him, with whatever degree of delegated authority for decisions of detail was desired. This would give the Secretary of State agents beholden to him, without making him responsible for the agents' detailed decisions;



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and would enable him to associate with the work local people with local knowledge (including persons nominated by local authorities).

- (3) The functions not reserved for the Secretary of State could be given to local authorities on the basis of a 100% grant for the cost of discharging them, and with no power to spend money not covered by the grant. It is doubtful whether all local authorities would conscientiously act as the Secretary of State's agents. If they obstructed him or declined to act, his only practical remedy would be to adopt option (1) and (2) above.

Under options (1) and (2) the staff required would, at least initially, probably have to be mainly staff transferred from LEAs.

22. It would seem difficult to operate, and defend, a system whereby the same function could be exercised by a different type of agency in differing localities, depending on the decision of the Secretary of State about the type of arrangement he preferred.

Effects on Local Government Finance

23. Annex F shows the main items of local authority rate fund income and current expenditure in 1986/87, based on budget information. Local authorities are expected to incur some £12.0bn recurrent education expenditure; debt charges attributable to education capital might add a further £0.7bn. In the same year the Government proposes to make available £11.8bn in Aggregate Exchequer Grant to local authorities. On the face of it, the present net balance between the rate-payer and taxpayer could therefore be roughly maintained by funding education centrally but leaving other local authority services to be financed entirely from the rates.



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24. However, this assumes that the whole of AEG could be switched to fund education. Some £2.8bn of AEG is being paid in 1986/87 in specific grant in support of services other than education, for example police grant. Unless these services were to be funded entirely locally - and that seems highly improbable - the proportion of total public expenditure financed from national taxation would increase.

25. Furthermore block grant cannot be entirely eliminated. Under present arrangements grant is needed to achieve equalisation between authorities for differences in rateable resources and in needs. Under the system proposed in the Green Paper "Paying for Local Government" grant will still be needed to equalise needs for the remaining services though it will no longer be needed to equalise rateable resources. £3.8bn of needs grant (£4.6bn of block grant under present arrangements) is likely to be needed for these purposes.

26. Taking account of these factors the following sums will have to be provided at the outset from central sources, with arrangements on the lines proposed in this paper:

	Under present Local govt finance arrangements	Under the Green Paper proposals
	<b>£billion</b>	
For education	<u>12.7</u>	12.7
Specific Grants	<u>2.8</u>	2.8
Block or needs grant	<u>4.6</u>	3.8
Less: Aggregate Exchequer Grant	11.8	11.8
= Extra central finance required	<u>8.3</u>	7.5



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27. To provide this extra finance from existing central sources would be equivalent to adding 6 to 7 pence on the basic rate of income tax or 9 to 10 percentage points on VAT. There would be offsetting reductions in local tax bills but the effects on individual taxpayers would be very variable. Another possibility would be to extend the present range of central taxes by adding to them the yield of non-domestic rates (£7.8bn). This could only be done in the context of the larger local finance reforms scheduled for 1990 but at the expense of going back on the proposal in the Green Paper "Paying for Local Government" that the income from the non-domestic rate should be available to local government and distributed to local authorities on a per capita basis. There could also be presentational difficulties in any arrangement which might appear to link business rates to the provision of education; and there would no doubt be concern from business if there were any suggestion of translating business rates into a central revenue variable at the discretion of the central government, rather than fixed and index-linked as proposed in the Green Paper.

Effects on Local Government Structure

28. Annex G shows the distribution of local authority functions with education removed. The authorities now responsible for education - shire counties, metropolitan districts and outer London boroughs - would all have sufficient remaining functions to be viable, although most would lose over half their staff and revenue expenditure. ILEA would disappear. However the case for doing away with the two tier system of counties and districts in the shire areas, which is already being advanced following the abolition of the counties in the metropolitan areas, would be substantially strengthened. Any such change would probably involve amalgamation of some districts, but there seems no reason why any structural reorganisation should not follow at a later stage.



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Transition to the new regime

29. The arrangements for the transition to the new regime depend substantially on what is decided about many of the features of that regime. Subject to that large proviso, there are in principle three approaches to the transition:

- (1) To devise one or more interim stages affecting the whole LEA-maintained system (or at least the school system) and moving through these to the desired final regime. One such stage is offered by the implementation of the Education Bill which in this respect will begin to take effect in September 1987 and will be complete in September 1989. It would be for consideration whether the transition to the proposed new regime should incorporate or supersede (and perhaps abort) this implementation. It is possible to conceive further stages, for example giving every LEA-maintained school the same status ie the same rights and obligations as voluntary aided schools now have. Such a change would in itself be radical and controversial and entail legislation which might prove to be little less extensive and complex than the legislation required to establish the proposed regime in full. Because LEAs would continue to have the power to act independently in relation to the schools, the risk of continuous tension and instability is great. The issues are developed in Annex C.
- (2) To bring some categories of institution into the new regime before the others. The possibilities include:
  - (a) applying the new regime more quickly to voluntary aided schools (which already have a degree of independence from the LEA);
  - (b) applying it more quickly to colleges offering mainly non-advanced further education.



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The legislation and administrative complications would need further consideration. The arrangement would leave to be tackled last the largest category - county schools - in respect of which Ministers have expressed particular concern.

- (3) To remove all educational responsibilities from local authorities simultaneously. Thereafter the new regime would be established gradually through appointed bodies who would immediately take over the LEA's functions, but would only gradually establish new governing bodies for institutions, confer on them the new functions envisaged for them, and hand over the residual functions described in para 20 above to whatever agencies are to discharge them under the new regime. Obviously if those agencies were to be quangos appointed by the Secretary of State, they could take these over from the LEAs ab initio.

30. It will be necessary to consider how the chosen approach to transition would interact with the transitional arrangements for the local government finance proposals. Unless there is a clean break in the arrangements for financing education, it is likely to prove very difficult to carry out these two transitions jointly. From the point of view of LEA accountability it would help if the Green Paper and education changes were undertaken at the same time.

31. Whatever approach to transition is adopted, it is likely that friction, delay and extra expenditure could be reduced in the following ways:

- (1) The interest in school and college premises now vested in the LEA might be transferred not to the governing bodies of schools and colleges but



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to a national body (or a number of regional bodies) who would lease them to the governing bodies at a peppercorn rent on the basis of standard agreements. Such an arrangement would concentrate in expert hands the task of sorting out the many legal issues arising from the transfer of the property interests involved.

- (2) There might be no compensation to LEAs for the loss of their interest in educational premises on the precedent of the NHS Act 1946.
- (3) The voluntary bodies' existing property interest in the premises of voluntary schools would not be disturbed.
- (4) The staff of schools and colleges (other than those employed at aided schools by the governing body) might be statutorily transferred to the new governing bodies to avoid redundancy payments. But this would not enable the governing bodies to select from the institutions' existing staff those whom they wished to retain. It would also mean that initially per capita payments to schools would have to reflect existing disparities in staffing.
- (5) Changes in the pattern of school organisation approved but not completed before the new regime is introduced might be allowed to take place.

Resources

32. Quantification of the public expenditure and manpower implications depends on decisions about a variety of aspects of the new regime and the transition to it. Meanwhile certain general points can be noted.



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33. The total of public expenditure on education would come under the control of the Government to a greater extent than at present: the Government's plans for it could not be frustrated by over-spending authorities. But there would be direct pressures on the Government for increasing public expenditure which would arise from, or be reinforced by, the nature of the new regime. Among these pressures would be:

- (1) The Government would be pressed to fix the (highly visible) basic per capita grant at a level well above that needed by the most efficient governing bodies.
- (2) Individual governing bodies would press the case for higher than basic grant to accommodate their special circumstances.
- (3) The Government would be pressed to meet rising demand for provision for children under 5 and for those continuing in full-time education 16-19.
- (4) Changing demand for places in particular institutions would generate extra costs until the necessary adjustments to provision were made.
- (5) Capital expenditure for premises and equipment would be hard to control.
- (6) The transition to the new regime would create its own, shorter-term, pressures: for example a financial safety net for the transition period would be needed, since current LEA expenditure ranges from 15% below GRE to 70% above it (see Annex D).



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34. As regards manpower;

- (1) The administrative costs and overheads which would be incurred by several thousand governing bodies might tend in total to exceed those incurred by 97 LEAs in respect of the functions in question, insofar as there are diseconomies of scale and a dispersal of expertise.
- (2) The loss of education responsibilities might not lead to a fully proportionate saving in administration in all the local authorities concerned.
- (3) Over much of education there is now for most purposes in effect only one agency: the county schools are in many respects merely an extension of the LEA. Under the new regime there would be in this area two separate agencies, the governing body and the agency responsible for supervising functions. The interaction of the two is likely to generate pressure for more manpower.
- (4) Under the new regime the inspecting and enforcement function of Central Government would be more extensive and require extra manpower at the centre.

Timing

35. The time-table for the change to the new regime would depend mainly on:

- (1) the exact nature of the regime.
- (2) The approach adopted towards the transition to the regime.
- (3) Decisions about the time to be allowed for preliminary public discussion and consultation



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and for the preparation and passage through  
Parliament of the necessary legislation.



### Charging for full-time 5-18 education

1. Under the new regime, governing bodies of schools and colleges would, as now, be able to receive voluntary contributions from parents and others. It is assumed that fees covering the full cost of full-time education for the 5-18 age group are not envisaged. What is for consideration is a modest charge towards these costs, sufficient to achieve a significant saving to the exchequer and to encourage parents (and students) to appreciate the significance and value of what is provided.
2. First, there might be a standard charge of say, £50 a term. It would be low enough to make unnecessary a complicated system of fee abatement to match parental income, but some scope for total fee remission for the poorest parents would probably be unavoidable. In respect of the compulsory period of education, the charge would be criticised as having the character of a tax. It might be administratively simpler to levy it by a reduction in Child Benefit (with no reduction for the lowest income families). In respect of 16-18 year olds, the charge might be a disincentive to continuing in full-time education post-16.
3. Second, governing bodies might be required to charge for certain types of provision eg some forms of physical education or instrumental music tuition. Unless this requirement extended to a significant proportion of the curriculum, the total amount raised from charges would be very small. It would be very difficult to establish consistent and defensible rules for distinguishing between "essential" items of the curriculum for which no charge would be made and "optional" items for which a charge was required.
4. Third, governing bodies might be empowered to charge fees (up to a stipulated maximum) or to charge for particular



"optional" items. It would be necessary to know how to treat pupils from poor families both where admission to a popular school depended on ability to pay the fees, and where the only available, or suitable, school in the locality charged fees.



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ANNEX B

Determination of grants for current expenditure for schools

1. The present block grant system of local government finance is based on a determination of each local authority's need to spend on the services that it provides. The education component of this GRE is essentially based on a standard credit for each pupil of compulsory school age with different rates for primary and secondary school pupils. This standard rate is modified to allow for variations in cost due to population sparsity (which leads to smaller schools and higher transport costs); for variations in the expected number of pupils with additional (and more costly) educational needs; and for higher labour costs in London. Annex D shows GRE per pupil and unit costs for the main categories of LEA.

2. These modifications are made by reference to statistical information collected at the level of the local authority. They take no account of variations in the unit costs of schools within each local authority. At present Cumbria, for example, receives 5% more per pupil than an urban authority because of the sparseness of its population. But the range of costs for individual schools in the county is very much greater: a primary school in Carlisle or Barrow may have costs close to the average for urban authorities but the unit costs of small isolated village schools may be twice as high. Similar problems arise in inner city areas where schools within the same local authority may cater for a mix of pupils with widely differing education needs with costs substantially different from the average for the area as a whole. The underlying assumption is that necessary differentiation is achieved by each local authority in the light of its knowledge of local needs and circumstances



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when it determines funding for each school. The national formula is thus moderated locally.

3. In principle this system could be applied to the per capita grants by paying each school the equivalent of the GRE credit. But this would be too crude to take account of variations in costs between schools within the same area. In order to produce a national formula that was equitable and sensitive to the real needs of individual schools, it would be necessary to mount a very substantial annual statistical exercise to obtain data at a high degree of disaggregation and in relation to individual pupils. It is questionable whether this would be feasible. It would probably be necessary to rely on a combination of objective data collected at the level of the local authority and of subjective judgments made on the basis of local knowledge by whatever agency exercised the function of determining grants in detail and distributing them. The agency would be charged with acquiring knowledge about local conditions which would enable it to fix per capita payments for individual schools in the light of an initial distribution of resources by a national GRE formula and any additional broad national guidelines.

4. Particular issues which would need to be considered further include:

- (1) the treatment of under-5 education. LEAs have discretion as to the provision that they make for under-5s. At present this discretion is reflected in the GRE, which is allocated by reference to the LEA's total under-5 population (modified for social composition of the area), not actual numbers in education. Under-5 provision varies widely between LEAs. One solution would be to charge for all under-5 provision but much of it is an



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integral part of primary school provision. An alternative would be some form of rationing system administered through the agency in order to contain costs nationally.

- (2) Repairs and maintenance represent a variable element in unit costs not easily treated within a national formula. Per capita grant to each school might include a notional element for minor capital items such as equipment, repairs and maintenance. Governing bodies might be required as a condition of funding to maintain a reserve to cover irregular expenditure of this kind.
- (3) The calculation of the scale of grant would need to be sensitive to changes over time in the size of the school. If a pupil were withdrawn from a school, or not recruited in the first place, the school would lose a full unit of income while making only marginal savings. At particular points in movements in numbers on roll it would be necessary to adjust the number of staff, equipment or accommodation and there would then be steep changes in the grant needed. A degree of arbitrariness in the grant calculation might have to be accepted.
- (4) The treatment of post 16 students whether in school or in non-advanced further education. The credit for pupils over 16 in school would need to recognise the higher costs of sixth form education (as the GRE does at present) and could be distributed on the basis of actual numbers.
- (5) At present LEAs' school transport and school meals arrangements are not organised on an individual school basis. Local variations might need to be handled by the agency.



Making county and controlled schools like aided schools

1. As suggested in para 30, one approach to the transition to the new regime would be to devise stages through which the whole LEA-maintained system (or at least the schools) might move. One possibility is to create such an intervening stage by giving to county and voluntary controlled schools some or all of the distinguishing features of voluntary aided schools. The main such features are that the governing body:

- (1) owns the premises;
- (2) employs all staff at the school, subject to a right of veto by the LEA over the appointment and dismissal of particular staff (subject to certain minor exceptions), and on the basis of a complement determined by the LEA;
- (3) is responsible for external repairs and maintenance (with the help of a grant from the Secretary of State);
- (4) in the case of aided secondary schools, controls the curriculum, though the exercise of this power may be affected by the LEA's overall policy;
- (5) determines pupil admissions, under arrangements agreed with the LEA;
- (6) is so composed as to be dominated by the voluntary body which brought the school into being.

2. The responsibilities and powers outlined in para 1 are a necessary part of that degree of independence enjoyed by aided schools which enables them to preserve their distinctive, usually denominational, tradition



and ethos. The governing body is an agency of the voluntary body which guards that tradition and ethos, and which has a permanence like that of a LEA, but quite unlike the largely transient character which the governing body of a county or controlled school will have under the Education Bill 1986. It would not be appropriate to entrust, on a permanent and not a merely delegated basis, responsibilities for employing the staff, external repairs, the curriculum and admissions to a governing body which neither had the permanence derived from being the agent of a charitable foundation nor possessed the stake in the school represented by the ownership of the premises.

3. It seems, therefore, that if county and controlled schools were to be given the distinctive features of aided schools, there would be little prospect that they would achieve a character, tradition and ethos which was different from that now intended for them by the LEA unless they achieved more or less the full status of aided schools both as regards the composition of their governing bodies and as regards their responsibilities. If that happened, the LEA would be responsible for maintaining schools which (apart from special schools) did not owe their existence to the LEA. It would however be only these schools in respect of which the LEA could exercise its function of securing sufficient and efficient education for all pupils in its area.

4. This new situation would introduce a new tension into the relationship between the LEA and the schools it maintained. The LEA would be dealing with a large number of governing bodies, each concerned only with its own school and equipped with powers eg in relation to staffing, the curriculum and admissions which would enable it to pursue that concern with relatively little constraint from the LEA. In that situation it would



be more difficult than at present for the LEA to discharge its functions. It could hardly manage to best effect a teaching force it did not employ, or easily ensure that all pupils found a place, preferably on the basis of parental choice, when each school was responsible for its own admissions. Nor could the LEA readily give effect to a consistent curricular policy in support of its distribution of funds between schools.

5. Indeed in this situation of tension the LEA would be liable to make undue use of its remaining powers eg its control over the staff complement, its veto over appointments and dismissals, and its responsibility for agreeing admission arrangements. In many cases the governing body would be at the financial mercy of the LEA, whether in respect of external repairs or otherwise, in a way which would negate the objectives of giving all schools aided status. To avoid these instabilities and conflicts, it might be necessary to restrict the LEA's freedom to determine the staff complement and settle the finance for each school, eg by requiring it to adopt a formula for financial support determined by the Secretary of State.

6. Accordingly, once the power of the LEA over county and controlled schools is reduced so that it ceases to own the premises of the former and to employ the staff in both, and has very limited power in relation to the curriculum and admissions in both, the need for stability and the effective management of resources might make it necessary to give more autonomy to all LEA-maintained schools than is now enjoyed by aided schools. The resultant arrangements would come very close to the permanent new regime. It might therefore be better to avoid the legislative and organisational complication of the intervening stage and to proceed directly to the permanent regime.



GRE per pupil (£/h)

England 1984-85

	Sub-service GRE/head	GRE Element due to:		
		Additional Educational Needs	London Weighting	Sparsity
PRIMARY				
Outer London	817	110	56	---
ILEA	889	168	80	---
Met Districts	784	103	---	4
Shire Counties	759	66	2	27
England	775	84	10	17
SECONDARY BELOW SCHOOL LEAVING AGE				
Outer London	1106	148	76	---
ILEA	1265	239	114	---
Met Districts	1004	131	---	4
Shire Counties	957	85	2	23
England	992	108	12	15
SECONDARY ABOVE SCHOOL LEAVING AGE				
Outer London	1882	17	127	---
ILEA	2077	32	187	---
Met Districts	1665	22	---	3
Shire Counties	1759	13	6	23
England	1764	17	25	15

Notes: (1) The GRE figures have been adjusted to bring them as close as possible to net institutional costs ie amounts for transport, special education and administration have been subtracted. Note also that GREs exclude income from specific grants.

(2) Pupil numbers at January 1985 have been used. In the case of primary these have been boosted to include the under 5s in schools.



AVERAGE UNIT COSTS AND UNIT GRES (ENGLAND) 1984-85

	PRIMARY SCHOOLS				SECONDARY SCHOOLS			
	Unit Cost £	Index No	Unit GRE Allowance £	Index No	Unit Cost £	Index No	Unit GRE Allowance £	Index No
Outer London Boroughs	865	114	817	105	1250	115	1196	112
ILEA	1255	165	889	115	1940	179	1348	127
Met Districts	770	101	784	101	1080	99	1059	100
Non-Met Counties	710	93	759	98	1015	94	1029	97
ENGLAND	760	100	775	100	1085	100	1062	100



PRIMARY SCHOOLS IN ENGLAND

UNIT COSTS IN 1984-85

£ per pupil

	AVERAGE	INDEX NUMBER	LOWEST	LOWER QUARTILE	UPPER QUARTILE	HIGHEST
Outer London Boroughs	865	114	720 (Sutton)	780 (Bromley)	920 (Hounslow)	1155 (Haringey)
ILEA	1255	165				
Met Districts	770	101	655 (Bolton)	725 (Wigan)	830 (S Tyneside)	900 (Newcastle)
Non-Met Counties	710	93	645 (Kent)	680 (Hereford & Worcs)	730 (Derby)	815 (Humberside)
ENGLAND	760	100				



SECONDARY SCHOOLS IN ENGLAND

UNIT COSTS IN 1984-85

£ per pupil

	AVERAGE	INDEX NUMBER	LOWEST	LOWER QUARTILE	UPPER QUARTILE	HIGHEST
Outer London Boroughs	1250	115	1040 (Merton)	1165 (Kingston)	1315 (Ealing)	1615 (Haringey)
ILEA	1940	179				
Met Districts	1080	99	950 (Kirkless)	1020 (Solihull)	1150 (S Tyneside)	1295 (Manchester)
Non-Met Counties	1015	94	935 (Kent)	975 (Wilts)	1040 (Salop)	1110 (Notts)
ENGLAND	1085	100				



## MANPOWER 1984-85

ANNEX E

		Teaching Staff					Non-teaching Staff					Grand total (ie sum of total columns)	
		Nursery/ Primary	Secy	Spec	Polys	Omes incl adult	Total	Ed Supp	Premises related	Admin & Clerical	School Meals, Catering & Residence		Total
England	000s fte	166.7	224.1	18.8	16.2	77	502.8	62.5	83.8	37.1	77	260.4	763.2
	£m	1931.4	2668.8	209.7	263.8	893	5946.7	416.5	449	248.3	281	1395	7341.5
OLBs	000s fte	16.0	20.2	1.8	1.7	7.0	46.7	6.1	7.7	3.0	4.6	21.3	68
	£m	196	255.6	22.4	30.3	84.4	588.7	46.6	50.4	28.2	24.6	149.8	738.5
ILEA	000s fte	9.6	10.5	1.4	2.9	7.5	31.9	6.2	6.7	3.2	5.4	21.3	53.2
	£m	113.2	135	18.2	43	72.6	382.2	53.7	48.6	29.4	23.4	155.1	537.3
Met districts	000s fte	42.5	57.4	5.1	5.9	18.4	129.3	17.3	22	9.2	25.5	74	203.3
	£m	483	678	57.1	95.6	210	1503.7	108.8	114	60.2	81	364	1867.7
Non-met Counties	000s fte	99.0	136.3	10.3	5.7	44.2	295.5	33.7	46.9	21.8	41.5	143.9	439.4
	£m	1139	1600	112	95	526	3472	207.4	236.3	130.5	152	726.2	4198.2

Notes: 1 All information taken from CIPFA estimates, subject to revision when actuals available. CIPFA's November 1983 price base re-priced to 1984-85 using overall repricing factor.

2 Staff numbers in meals column relate to schools and FE. Expenditure figure relates to schools only - no separate identification of expenditure on catering staff in FE.

3 In addition, LEAs in England employed around a further 40,000 fte workers in the youth, education psychology, welfare and administration and inspection services.



## LOCAL AUTHORITY INCOME AND SPENDING

The figures below give a broad indication of local authority rate fund income and spending based on 1986/87 budget information. These exclude Housing Revenue Account and direct Exchequer subsidies such as Housing Benefit and Mandatory Student Awards.

INCOME	£m
Rate Support Grants	8,978
Non-Domestic Rate Income	7,800 (a)
Domestic Rate Income	7,200 (a)(b)
Relevant Specific and Supplementary Grants	2,872 (c)
	<hr/>
	26,850 (d)
	<hr/>

(a) Non-domestic and Domestic rate income includes a total of approximately £200m for London Regional Transport.

(b) net of domestic rate relief grant (included in RSG) but gross of rate rebate grant (not included in RSG).

(c) of which the major grants are Police (£1,473m), Housing Improvement (£490m) and Urban Programme (£185m).

(d) in addition, local authorities have an income to the rate fund from fees and charges of approximately £2,600m.

## CURRENT EXPENDITURE (net of fees and charges)

1. <u>Overall</u>	£m
Education (including School Meals and Milk)	12,028
Libraries	434
Personal Social Services	2,676
Home Office Services	3,964
Transport	1,875
Local Environmental Services	2,765
Agricultural Services	122
Consumer Protection	67
Employment	94
Non-HRA Housing	129
Housing Benefits	157
	<hr/>
Local Authority Relevant Current Expenditure (for Public Expenditure purposes)	24,318 (a)



(a) Local Authority Spending also includes amongst other things:-

Loan charges £2,503m (of which Education £698m)

Mandatory Student Awards £69m (net of Exchequer grant)

2. Education Sub-Head split for 1986-87 (Estimated)

	%
Nursery	Less than 0.5
Primary	29
Secondary	39
Special	4
Polytechnics	6
Other FE	12
School meals	4
Other Education	6
	—
	100 (total in 1986-87 = £12,904m)



DISTRIBUTION OF MAIN LOCAL AUTHORITY SERVICES IN ENGLAND  
(OTHER THAN EDUCATION)

SHIRE COUNTY AREAS

<u>County Councils</u>	Personal social services Fire Civil Defence Public passenger transport* Highways and other transport Careers Service Libraries Refuse disposal Recreation facilities* Planning (strategic issues, waste disposal, mineral Consumer protection
Police**	Probation Magistrates' Courts

<u>District Councils</u>	Housing Refuse collection Recreational facilities* Environmental health Planning (local plans and development control) Public passenger transport (including concessionary fares)*
--------------------------	---

\* concurrent functions of county and district councils

\*\* (15 counties in combined areas; parts of 4 counties  
Metropolitan Police Area)

GREATER LONDON

<u>All-London Joint Authorities</u>	Fire Civil Defence Waste Regulation
<u>Part-London Joint Authorities</u>	Probation Waste disposal (some areas)
<u>City of London &amp; London Boroughs</u>	<u>All other local authority services</u>

(For list of main local authority services, see under shire county areas. In Greater London local authorities are not responsible for police or public passenger transport, nor, in Inner London outside the City, for magistrates courts).

METROPOLITAN COUNTY AREAS

<u>Joint authorities</u>	Police Fire Public Passenger Transport Civil Defence Magistrates' Courts Probation Waste Disposal (Merseyside & Greater Manchester)
--------------------------	--

Metropolitan District Councils All other local authority services  
(For list of main local authority services, see under shire county areas)



Academic Tenure

The rather bland response by the DES to Sir Peter Baxendell's comments on academic tenure is not very encouraging. It amounts to saying that

- (a) it is neither practicable nor desirable to legislate on this issue before a General Election,
- (b) universities are not making many tenured appointments in any case, and
- (c) you can rest assured that the Secretary of State intends "to keep up the pressure for the universities to rationalise and become more efficient."

This sounds marvellous, but what precisely does it mean? How will the pressure be kept up? And how will changes in the universities be monitored?

My own reading of the situation is as follows. Until 1980 universities were a classic producer dominated industry, largely funded (85%) by government money, with no competition between institutions over fees, in which tenure was just another example of their being run in the interests of university staff rather than the students.

The cuts of the early 80s were a traumatic experience. Changes had to be made. And indeed have been made. But apart from reduced funding, the structure of universities remains



unchanged. The ethos is still one of universal tenure. Sir Peter Swynnerton-Dyer recently told me that in the area of tenure we were all "walking around in a bog".

Statistics given by the Committee of Vice-Chancellors and Principals (or indeed by individual Vice Chancellors) on this subject can be very misleading. The current practice is to offer new staff 3-5 year appointments. The firm expectation remains that they will be promoted to full tenure when the opportunity arises. However as these appointments have only been made in the last few years universities have not yet had to make difficult decisions over their future. It is misleading therefore to look at current decisions on tenure as universities have deferred the key decisions themselves.

#### The Way Forward

(a) Changing current expectations on tenure requires legislation and that is ruled out until after the next election. Making this a Manifesto commitment would win few votes. It is difficult therefore to tackle the problem head-on.

(b) It would be far better to find out how the Secretary of State intends to keep up the pressure to make Universities more efficient.

A key question to put to Kenneth Baker in your next bilateral is:

"In view of (a) the increased PES funding for universities (b) the decision that no universities



shall close, what pressures will be applied to prevent universities falling back into their own ways and how will the implementation of these be monitored?"

*RM*

BRIAN GRIFFITHS



F. R.  
PRIME MINISTER

EDUCATION REFORM

You have a meeting on Monday afternoon with Mr. Baker, the Chancellor and Mr. Ridley to discuss education reform. (A large paper has now arrived for weekend reading.)

There would be something to be said for the three main officials who have written this paper also attending. They are Walter Ulrich, Ken Ennals and John Anson.

I suggest this for three reasons. First, many of the questions which will be discussed are as much administrative and practical as political. It would help to have people on hand who know the detailed background. Secondly, they will have to do the further work which will follow from the meeting and it would be a great help to them to have been part of the discussion. Thirdly, if there are doubts and reservations it would be better so far as possible to discuss them up front rather than to have sapping and mining from below.

Agree to invite them?

*Will discuss with Minister.*

*DN*

*J  
mb*

(DAVID NORGRIVE)

22 October 1986

DCABML





file to

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

21 October, 1986.

I have left a note on your answer machine, and hope to have a word on the telephone.

But if for some reason we don't manage to speak, I wonder whether Monday, 17 November, at 1900 would suit you? The meeting would take place in the Prime Minister's room at the House. I am terribly sorry that it is so far ahead, but I'm afraid the diary has never been more overcrowded, and that is the first gap I could find.

(Mrs. Caroline Ryder)

The Baroness Cox

BM



~~Howe~~  
MR. WICKS

G.R.

File  
L

**FURTHER MEETING TO DISCUSS LIFE PEERS**

I have arranged this for Wednesday, 19  
November, at 0930.

I have offered Lady Cox 1900 on Monday,  
17 November, in the Prime Minister's room  
at the House.

CR

21 October, 1986.





Prime Minister <sup>(2)</sup>

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

You asked if you  
could see the latest position  
on academic tenure. A note  
by the PM's Unit is also attached.

POS  
21/10

Andy Bearpark Esq  
Private Secretary  
10 Downing Street

21 October 1986

Dear Andy

**ACADEMIC TENURE**

Thank you for your letter of 23 September asking about the present position on academic tenure in the light of Sir Peter Baxendell's comments. FLAP PTV

The Secretary of State made clear in his speech to the CVCP in September - copy enclosed - that he would like to see an end to academic tenure in the strong form in which it is granted by about half our universities. It is now over two years since Ministers agreed that Sir Keith Joseph could announce the intention to legislate to abolish such tenure for future appointments when the Parliamentary timetable allowed. The proposed Bill has twice failed to win a place in the legislative programme and Mr Baker does not believe that it would now be either practicable or desirable to legislate before a General Election.

In the meantime, in response to Mr Baker's request that in the period before legislation universities should co-operate in keeping the number of new tenured appointments to the minimum, the Vice-Chancellors are reviewing current practice in academic appointments. Sir Edward Parkes, a former Chairman of the UGC and now Vice-Chancellor of Leeds, told us recently that in the academic year just ended his university has made a total of 751 academic, research and related administrative appointments. Of these only 33 were academic appointments leading to possible appointment to a permanent academic post - the average age of the appointee was 30, and a further five years' probation was involved. The remaining 718 appointments involved fixed term contracts with no obligation of renewal at the end of the term. As it happens even permanent academic posts at Leeds are subject to three months' notice, but even so Sir Edward Parkes's figures illustrate how things are changing in the university world.

/As you know



As you know the Secretary of State does not believe that closing universities makes sense politically or in terms of the Government's higher education policy. But he intends to keep up the pressure for the universities to rationalize and become more efficient. The University Grants Committee already has in hand a programme to review and concentrate provision in over twenty subject areas where there is a proliferation of small departments. In general successful rationalisation - whether in the universities, the nationalised industries or the private sector - depends in practice upon agreed staff reduction and redeployment rather than on compulsory redundancy. While he has no sympathy with academic tenure, Mr Baker does not believe in this context that it is as serious a problem as Sir Peter suggests.

*Yours sincerely,*  
*Rob Smith*

R L SMITH  
Private Secretary





Education

policy

PT9





DEPARTMENT OF  
EDUCATION AND SCIENCE

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Telephone 01-934 9880 (24hrs) Telex 23171

NEWS

- with MB?

247/86

23 SEPTEMBER 1986

"NO UNIVERSITY WILL CLOSE" - KENNETH BAKER

Long-term concerns are how to expand higher education  
and how to pay for it,  
says Education Secretary

Education Secretary Kenneth Baker today stressed that he was not in the business of closing universities.

Mr Baker said his long term concerns were how to increase participation in higher education to meet the future needs of employers, and how to fund such an increase.

Speaking to the Committee of Vice-Chancellors and Principals of UK Universities at Edinburgh, Mr Baker said:

"I want to see a higher proportion of our young people and more older students going into higher education of all kinds. The alternative - of contraction in the system and closure of institutions - simply does not square with the country's need for highly qualified manpower.

"I have read articles about the possible closure of a university. I want to make it absolutely clear that I will not even consider any such proposal. That does not mean to say that there will not have to be change, but closure - no."



## ACCESS TO HIGHER EDUCATION

Mr Baker said that although the number of 18-19 year olds would fall by 33 per cent by the mid 1990s , the needs of employers would not decline.

"British industry and commerce will not suddenly in the 1990s cut its demand by one third for trained people from our schools and colleges of further education, or our polytechnics or our universities."

Mr Baker said: "One of our major aims is to establish a broader school curriculum to provide a better preparation for adult life and to prevent opportunities being closed too early by premature specialisation."

The new AS exam would enable a humanities student to keep up maths or science, by taking them at AS level, or allow a science student to continue studying English, history or a modern language.

## A NEW CLIENTELE FOR UNIVERSITIES

Increasing access to higher education, said Mr Baker, meant that universities would have to be ready to spread their net more widely than at present.



Mr Baker said there was an important job to be done by universities in telling school and college students what higher education could offer them. One example of such work was Exeter University's short courses for sixth form maths students.

"This is opening the doors of the ivory towers and showing to young people not only the facilities that universities have but the excitement of further study, the stimulation of being among people who are stretching their abilities to the full. Universities must be, in Browning's phrase 'Outward Bound'."

#### PAYING FOR HIGHER EDUCATION

More private money needed to be channelled into higher and continuing education to avoid adding to the burdens on the taxpayer and ratepayer, said Mr Baker.

Mr Baker discussed two possible sources of private finance for higher education - employers and students - and the ways in which funding from these sources could influence their decisions.

He asked whether employers would be willing to ease the transfer to some kind of combined grant/loan scheme of student support by paying off loans that students took out to finance their education.



Asking why students should not make a real contribution to their support by later repaying some of the costs, Mr Baker said:

"They will benefit materially as well as intellectually from their studies, and it seems paradoxical that they should be so highly subsidised by the average taxpayer, whose earnings they will soon overtake and leave behind."

A system in which loans supplemented grants would give students some independence from their parents and force them to think through the economic consequences of their choices.

But Mr Baker stressed that any Government seeking to introduce loans would have to be convinced that it was right to do so. It would have to consider the various types of scheme and consider what might be done to counteract any disincentive effect on entry into higher education.

NOTE TO EDITORS

A copy of Mr Baker's speech is attached.

---oooOooo---



COMMITTEE OF VICE-CHANCELLORS AND PRINCIPALS:

RESIDENTIAL CONFERENCE, 23 SEPTEMBER 1986

SPEECH BY KENNETH BAKER, EDUCATION SECRETARY

1. You represent the top of the academic ladder. For too long the whole of the education system revolved around the small proportion of school pupils that were going to get to university, so that from their earliest years the majority of children were regarded as below the salt by those who set the tone of the system: their fate was of minor importance since by definition they were not destined to succeed. Much of that has changed, and should change further. But what the universities - and higher education generally - does and thinks, and the signals you send, wittingly or unwittingly, have a very important effect on the attitudes and perceptions of others. So I want to begin by asking you to consider how higher education should be reacting to the changes that are taking place in the rest of the education system at present, and to think about the wider implications for higher education of demographic change.

Access to Higher Education, and the Demand for Qualified Manpower

2. The 18-19 year old population is going to decline sharply - a fall of about 33% over little more than a decade. But the needs of employers are not going to decline. As technology develops, so do the demands on the labour force. Employers will be looking for more newly qualified staff, not fewer. British industry and commerce will not suddenly in the 1990s cut its demand by one third for trained people from our schools



and colleges of further education, or our polytechnics or our universities. Indeed, they will want more. If they don't get more, then our country's economic growth is at risk. If we want to maintain the conditions for economic growth, we must try to increase the general level of education in the population, as well as trying to meet specific manpower needs. That aim underlies all the Government's education policies.

3. Access should therefore be the password throughout the education system: we must have a system that allows and encourages everyone who wants to to improve their education and their career opportunities. I want to encourage all young people to see the 16 to 19 period as primarily an opportunity to improve their education and qualifications. Since 1979 the proportion of young people continuing in full-time study after 16 has increased from 42% to 45%. The proportion of the 18-19 age group entering full-time higher education has increased from 12.4% to 14.0%. The number of home students in full-time higher education has increased by 78,000, the number in all higher education by 138,000.

4. I want to see more young people staying on in education and training after 16, which will also increase the output of qualified students at 18. That will increase demand for higher education, and we must aim to increase demand and access if we are to meet the manpower needs of the future.

5. We are aiming for higher standards at all levels by improving both the school curriculum and the way it is taught.



This is crucial, because the main single source of entrants to higher education will continue to be the 18 or 19 year old school leaver. One of our major aims is to establish a broader school curriculum to provide a better preparation for adult life and to prevent opportunities being closed too early by premature specialisation. Specialisation at 16 is one of the most unappealing characteristics of our education system. You will know that this month I have published a further paper about the new AS exam at the age of 18. This very broadly is about half an A-level. It will be introduced next year. I expect that over the next few years many sixth formers will take a combination of full As and some AS. This means that it would be possible for a humanities student to keep up maths or a science, with AS levels, or a scientist to keep up English, History or a modern language. I look to the institutions of higher education to support this by not only welcoming AS levels - thank you for that - but also seeing them as positive requirements for entry, so that sixth form students can have tangible proof that higher education values such a broader curriculum.

6. The GCSE, too, will help towards our objectives by improving the curriculum of all pupils, developing skills of reasoning and application. The same objective will be advanced by the national extension of the TVEI which starts next year. By making their studies more practical and relevant to the world we live in both initiatives will help to create a positive attitude to continuing study and training beyond the age of sixteen.

7. Increasing access to higher education is not just a matter



of increasing output from the schools and colleges. The universities will have to be ready to spread their net more widely than at present. To send the right signals to the rest of the education system and, most important, to the students in the system, you will have to go out and sell yourselves to a new clientele, not just wait for the A-level candidates to come banging on your door. You must not only be ready to admit, but must be ready positively to encourage young people with non-traditional qualifications and older people who may lack formal qualifications at all.

8. More young people are continuing with part-time study after school, and the two-year YTS will further increase the demand for qualifications like BTEC, which are primarily intended to provide vocational preparation for industry and commerce. We need far more people who are qualified at that level, but able youngsters will not be attracted to BTEC qualifications if they are thought to close off the route to higher education. I know that you are working with the Business and Technician Education Council to clarify the relationship between BTEC and university entrance requirements, but for too long the range of post-16 qualifications and training has been complex and incomprehensible. But now the new National Council will set up a framework accrediting vocational qualifications which attest to particular levels of competence: it will be vital to establish early on that such qualifications are recognised for entry into higher education, with the minimum of barriers to access, progression and interchange. The Standing Conference on University Entrance will have an important part to play.

9. Readiness to consider young people with such qualifi-



cations will not be enough in itself. Selection procedures and admissions literature may need to change, and not just in the small print about A-level equivalents. There is also a big job to do in teaching school and college students, and particularly those without a traditional academic background, what higher education can offer them. I do not know how many of you invite on to the campus, or go out to meet, school and further education students except those actually applying for admission, but by doing so you can help yourselves, help the schools and colleges, and help to broaden the field of recruitment for higher education.

10. Some of you already have such schemes. At Exeter, which I visited recently, A-level maths students can come into the university to take short residential courses which both help their mathematics and give them an introduction to university life. This is opening the doors of the ivory tower and showing to young people not only the facilities that universities have but the excitement of further study, the stimulation of being among people who are stretching their abilities to the full. Universities must be in Browning's phrase 'Outward Bound'. And as well as sixth-formers, it may be possible to think of schemes directed at younger pupils, before their educational and career ideas are formed. Of course it is not easy to organise or to finance such schemes. But whenever I have mentioned the idea I have received a positive response and I hope that many of you will be prepared to take it further, and to talk to your neighbouring local education authorities about it.



11. Since 1979 the number of mature entrants to higher education has increased from 34,000 to over 39,000. We need to be even more willing to encourage mature students and to provide opportunities for updating. Universities have an important missionary job to get industry to understand the importance of this. You have already made great strides in developing your PICKUP work, and in the marketing and selling that goes with it. For the Government, I have been putting money into the PICKUP in Universities Scheme and already 26 universities are being funded to increase their PICKUP activity. That is not enough: we must do more, and I judge that the time is ripe for a real push.

12. I hope that I have now made my commitment absolutely clear. I want to see a higher proportion of our young people and more older students going into higher education of all kinds. The alternative - of contraction of the system and closure of institutions - simply does not square with the country's need for highly qualified manpower. I have read articles about the possible closure of a university. I want to make it absolutely clear that I will not even consider any such proposal. That does not mean to say that there will not have to be change, but closure - no. The financial consequences of this cannot be ducked and I shall say more about that in a minute. But the universities in particular, if they are going to play their part in the future, will have to study their market. I have no doubt that you could rely on your historical attractiveness to young people to continue creaming the best of the 18 and 19 year olds as the total population declines. But that would be to cut yourself off from some of the most important developments in higher education.



I hope that you will resist the temptation and begin to look more and more to non-traditional students and non-traditional markets for your intakes.

#### Paying for Higher Education

13. So far I have talked only about expanding opportunities, not about how to pay for them. Some people will argue that the taxpayer and the ratepayer ought to pick up the bill. I do not agree. The pressures on public expenditure in the medium term will be severe. Some demographic changes will necessarily cause expenditure to increase. The cost of health care for those in the 65 to 75 age group are about four times as much per head as for those of working age, and for the 75 and over age group about nine times as much. Until the early 1990s and again from the early years of the next century, the proportion of the elderly in the population is forecast to rise. Spending on the health service needs to rise by about 1% a year simply to keep pace with demographic change, without regard to the costs of medical advance. The numbers of those entitled to pensions is also going to rise and, in fact, will rise even more dramatically after the middle of the next decade when the size of the 18-19 population starts rising too.

14. So unless there is change, the tax burden on the proportion of the population in work will continue to rise, a prospect that is not calculated to encourage economic growth. Nor would higher taxes in Britain make it more attractive for scientists and university teachers to stay here. Indeed, if the most powerful economy in the world decides to follow a low tax policy then it will probably set the pace for the rest of the developed



world. Quite apart from this it is simply not reasonable to expect the taxpayer to pay more for programmes like health, which demographic pressures are increasing, and also for other programmes such as higher education, where the demographic pressures are easing.

15. Public expenditure on higher education in this country costs the taxpayer around £3,000 million for tuition and research and over £500 million for students' maintenance. To put this in an individual context, in 1986-87 the full cost of tuition for an arts course will be about £3,500; for science courses it will be around £4,600; and for clinical courses it will approach £8,500. This means that someone studying on a three year arts course will have his tuition and maintenance subsidised by the taxpayer by a total of £14,100 (10,500 + 3,600) while a student on a six year medical course will receive £46,200 (39,000 + 7,200) in public support. These are very sizeable subsidies and are distributed among only one person in seven in the 18-21 age group in England and Wales.

16. The conclusion I reach is that we need to find new ways of financing higher education and continuing education. More private money must be channelled into this purpose so as to avoid adding to the burdens on the taxpayer and the ratepayer. This has educational as well as fiscal advantages. Looking at the present system for financing higher education and speaking as a newcomer, I worry about the present extent of central control. I want more decisions to be taken at the rim of the wheel and fewer at the hub. Certainly we need more effective systems than we have now to maintain standards in higher education. We need to develop peer review, performance indicators,



arrangements for external examiners, effective arrangements for staff appraisal and, in the public sector, more inspections by HMI. But I would prefer to see rather more of the money allocated as a result of decisions by students and employers and rather less allocated by bodies like the UGC and NAB.

17. There are several ways in which this could be achieved. One is to channel public funding for higher education through fees paid by individual students rather than through grants to institutions on the advice of the UGC and the NAB. This is an interesting and important idea which deserves more discussion, but a change on these lines would have major implications and would take a long time to bring about. Today I want to concentrate more on the two possible sources of private finance for higher education - employers and students - and the ways in which funding from these sources could influence their decisions.

18. The funding of student support is at present shared mainly between the taxpayer and the parent, with little contribution from the student or his ultimate employer, and therefore little scope for students and employers to exercise choice, judgment or influence.

19. I am not overlooking the sponsorship of students by employers; so far as it goes it provides valuable signals from the employment market to higher education. But it does not at present go very far. We need to consider how employers might be given a more fundamental stake in the education and professional development of their future employees.

20. For example, would employers be willing to ease the tran-



sition to some kind of combined grant/loan scheme by paying off loans that students took out in order to finance their education? This new kind of sponsorship might mean that employers will not be able to pay graduates so much as otherwise at least in their early years. We ought not to turn aside from an examination of this problem. No one can pretend that the pattern of graduate remuneration makes sense. There are some parts of the economy - notably in the City - where young graduates are clearly paid too much and other parts of the economy - such as in engineering - where they are often paid too little. It's no good employers complaining to me about the status of engineers in our society if they are themselves not prepared to give them recognition above their financial and legal advisers. Employers need to rethink their policies, taking into account the need to encourage more education and more training.

21. Then the students; why should they not make a real contribution to their own support, by repaying later some of the costs? They will benefit materially as well as intellectually from their studies, and it seems paradoxical that they should be so highly subsidised by the average taxpayer, whose earnings they will soon overtake and leave behind. A system of loans to supplement grant would on the face of it be more equitable. It would also give students a degree of independence from their parents more appropriate to their age. And it would be a real test of motivation and maturity, forcing them to think through the economic consequences of their choices. With such a financial stake in their future, students would become customers with clearer objectives in mind, and institutions would have to compete for their custom.



22. Seeking a higher contribution from students rather than from their parents would of course mean that there would be no immediate savings in public expenditure - parents make their contributions now, students cannot repay their loans until later. Any Government seeking to introduce loans would therefore need to be convinced it was right to do so. And because loan schemes are many and various it would also need to study the various options carefully. It would, for example, be important to consider the effect on young people of the prospect of borrowing money; whether this effect operated differently with respect to different student groups; and what might be done to counteract any disincentive effect on entry into higher education.

23. The student support Review which is being chaired by George Walden will look carefully at the case for a system involving loans as well as to the contribution of sponsorship. Evidence has been invited to reach the Department by the end of November. I hope to receive an incisive response from the CVCP.

#### The Prospects for Extra Funding

24. I have been talking so far about the longer term. But I must also say something about the prospects of extra money for next year, and the implications for the universities of the conditions for that extra money identified in Keith Joseph's statement of 20 May.

25. I have already said something about the pressures on public expenditure, and you know that funding for the universities continues to have to compete with everything else. That process of public expenditure review is going on at the moment - although



I shall not be able to announce the outcome for a few weeks' yet - and the question of extra funding is high on the agenda.

26. When I came into this job and asked about the reception that last year's Green Paper had received I was depressed that we seemed to have failed to communicate the enthusiasm that I certainly feel for higher education and for the contribution it is making to enriching the lives of individuals and of the nation. I was told that the Secretary of the UGC had described the Green Paper, at a THES conference, as offering only "more prep and less pocket money". Well we have taken the point about the pocket money, but I am not apologetic about the prep, and that is what the proposed conditions are about.

27. Government has to set the policy and financial framework for higher education, and to establish the conditions of accountability to the taxpayer under which the universities and other institutions should be expected to operate. But the use of the word "accountability" sounds negative and grudging, and I am not surprised that it has produced reactions ranging from negative to defensive or superficial and dismissive. We have to achieve a better understanding of our different roles and agreement on common objectives. The terms on which extra funding is provided, and the joint commitment to monitor the delivery of what is agreed, will, I hope, help to establish that mutual confidence.

28. As to the conditions themselves, Maurice Shock will, I am sure, have briefed you in detail. What I am looking for are outward and visible signs of your commitment. This means asking you more and more to welcome public scrutiny - with



the opportunity it also brings to create public support - building on the significant developments of recent years. In that context, let me say a brief word about each of the "conditions".

29. Greater selectivity in research funding is here to stay. There is room for debate about the balance between one approach and another to the process of selectivity, but the principle is now established and the Government is looking not to change that but to see how the universities follow up the UGC's lead by concentrating effort in stronger departments.

30. The rationalisation of small departments, too, is already under way. If it is to be successful it is clear, first, that it must, as far as possible, be a consensual process and, second, that it needs some money to lubricate it. Achievement of the first condition depends in practice on the UGC, and achievement of the second on me. The UGC is preparing to tackle rationalisation, so far as its own staffing and resources allow, in a systematic and businesslike way. Much can be achieved by consensus. But there will still be painful consequences for institutions and for individuals and the UGC will need our support - in the interests of the system as a whole - in those cases where the temperature unproductively rises.

31. Better management depends upon you. I and the UGC can exhort, and in limited cases like accounting practice we can, in the end, impose. But financial management of high quality depends on active commitment at all levels of management as well as on the quality of the systems that are installed. The CVCP has made a start and can do much more to identify and disseminate good practice and to organise training courses



and seminars. I particularly welcome the work of Mark Richmond's group on performance indicators. Regular publication and analysis of data of this kind can help institutions to review their own practice and performance and can help all of us better to understand what is happening in the system and what is being achieved. On management issues generally, I am happy to accept that there may be a multiplicity of responses to the Jarratt Report. But I shall be looking for reasoned and constructive responses. And I do expect you to accept that responding to Jarratt is not just a question of writing a letter to the UGC in the autumn, but of continuing to seek year-on-year gains in efficiency because doing so helps you to achieve your objectives, too.

32. Teaching quality, too, must be a matter of continuing concern. My concern with systems and codes of practice, including arrangements for staff appraisal and development, has to stand proxy for a more general concern that institutions and departments should have policies for teaching to which such systems relate. To ask that universities should have systematic policies towards teaching is not to deny the scope for diversity in subject matter, emphasis and teaching method between and within institutions that is a desirable part of a healthy pluralism and diversity. Nor do I want to reassure myself directly that universities take their teaching responsibilities seriously. But I can hope to reassure myself that systems are in place and operating that make it possible for them to do so.

33. I am also concerned about tenure, which is a continuing problem. I am glad that you are reviewing the nature of appointments currently being made and I hope that in the period before



legislation can be enacted universities will cooperate in keeping the number of new tenured appointments to the minimum. I do beg of you to appreciate how this practice is not understood or when it is understood is not found to be acceptable outside the groves of academe. People outside who don't have such a privilege find it utterly incomprehensible.

34. On all of these matters we are, I hope, close to agreement on a programme of work and on how its success is to be monitored. On pay, I shall say only that you have negotiated a new structure that seems to me attractive in terms of the Government's objectives of flexibility, in pursuit of the recruitment and retention of staff of the required quality, in particular in shortage subjects. What remains to be seen is whether such a structure can be obtained at a price that seems reasonable.

#### Conclusion

35. The outcome for next year will be known in a few weeks' time. You are all obviously concerned about that. But I hope we can also discuss today my concerns for the longer term - how to expand access and how to pay for it - and I hope I shall have your support in pursuing that agenda.









10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

20 October, 1986.

Just to let you know your letter of 17 October has arrived safely, and I will contact you again when I have had a word with the Prime Minister.

(Mrs. Caroline Ryder)

The Baroness Cox



● My Dear Cousin,

E-walk, at speed.

I had a glorious time  
following in your footsteps  
on these marvellous  
Scottish hills!

As ever, Cousin





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S E C R E T /

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2

W O Ulrich  
Deputy Secretary

J Anson Esq CB  
Deputy Secretary  
Treasury  
Parliament Street  
London SW1P 3AG

*NBM*

20 October 1986

*Dear Jen,*

**EDUCATION WITHOUT LEAS**

I enclose a revised draft of the DES/Treasury/DOE paper which has been revised in the light of the meeting you took on 15 October and incorporates DOE and Treasury contributions (in one or two places with modifications which will have been discussed).

I am putting this draft to my Secretary of State tonight on the basis that it may require minor amendment in the light of further thoughts by officials (and a bit of cleaning up) in the course of this week; that it is being submitted simultaneously to the Chancellor and to Mr Ridley.

I shall invite Mr Baker to consider circulating the paper, subject to the views of the Chancellor and Mr Ridley; under cover of a short paper of his own which identifies for his colleagues the main issues which they might address when they consider the officials' paper on 27 October. I shall try to keep you and copy recipients informed of what issues my Secretary of State decides to draw to his colleagues' attention, to facilitate briefing.

I am copying this letter and the enclosure to Brian Griffiths and Ken Ennals.

*Yours sincerely  
W O Ulrich*

W O ULRICH



Education without the LEAs

1. This paper examines in outline the implications of removing from local authorities their existing responsibilities for education on the basis indicated in the No 10 letter of 18 September. It has been prepared by DES officials in cooperation with the Treasury and the DOE but with no participation by other Departments such as the Scottish and Welsh Offices. It relates only to England (but it should be noted that historically the educational regime in England has always applied also to Wales).

The objectives

2. The prime objective is so to redistribute the functions of LEAs that schools assume the maximum feasible responsibility for providing education. The aims of this redistribution of functions are to improve educational quality and standards, make the schools more responsive to their customers, and increase value for money.

3. For the purpose of the present paper it is assumed that:

- (1) full-time education from 5-16 would continue to be compulsory;
- (2) full-time education from 5-18 would be largely free of charge - such scope as there might be for limited charges for this age group (see Annex A) is unlikely to affect the main structure of the new regime for schools. The question of charging on a larger scale would require separate study.
- (3) The existing regime for independent schools (including the Assisted Places Scheme) would continue subject to any desired changes eg the introduction of City Technology Colleges.



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The functions of schools under the proposed regime

4. In principle, each school now maintained by LEAs would have its own legal personality (eg it would be a trust or a company limited by guarantee) and would be controlled by a governing body which would:

- (1) Own the premises, or have an entrenched user right in respect of them;
- (2) own the equipment;
- (3) employ the teaching and non-teaching staff;
- (4) be responsible for policy on the admission of pupils, thus determining the type and character of the school (subject to any control in this respect by the Secretary of State - see para 20 (5));
- (5) be responsible for curricular policy; (subject to any control in this respect by the Secretary of State - see para 20(3))
- (6) be funded (in relation to the school's current costs) by a grant originating from the Secretary of State which would be related to the number of pupils on roll and be payable on the basis of a written contract between the governing body and the Secretary of State (or his agent).

Although a governing body would generally be responsible for only one school, it could be convenient for a governing body to be responsible for (say) two or three closely related schools eg schools on the same site.

5. The precise legal status of governing bodies would need further consideration. They might have charitable status, but there are implications for charity and company law and complications where, as is now normal for voluntary (usually



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church) schools, there is an existing trust or foundation. The composition of governing bodies would require consideration eg how far it should be regulated by statute to secure the representation of particular interests such as parents and the local business community. It is also for consideration whether one needs some statutory regulation of the respective functions of the governing bodies and their employees, particularly the head teacher.

6. Issues of policy and finance arise in relation to school provision for children below compulsory school age, many of whom are now admitted to LEA-maintained schools. These are discussed at Annex B, para 4 (1).

7. It is assumed that a governing body will in principle be free to admit young people above compulsory school age up to age 19. This raises issues about the relationship between the regime for schools and that for further education (see paras 11-12 below).

8. The principles on which the grant towards current costs might be calculated are discussed in Annex B.

9. The treatment of schools' capital expenditure needs further consideration. It is necessary to decide:

- (1) how far the Secretary of State needs to control capital expenditure by a governing body (including expenditure not financed out of public funds);
- (2) how far the Secretary of State should assist capital expenditure by a governing body;
- (3) how far the Secretary of State should control the disposal of capital assets by a governing body and the application of capital receipts.



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- (4) how the system of controlling local government capital expenditure should be adapted once education was no longer a local authority function.

Non-school educational functions under the proposed regime

10. Separate consideration is being given to a DES proposal to remove from the local authorities the greater part of their responsibilities for higher education (polytechnics and some other colleges engaged mainly in advanced work). On the assumption that this proposal is implemented, local authorities would be left, in the educational field, with:

- (a) some 550 major further education establishments engaged chiefly in non-advanced FE (NAFE);
- (b) a very unevenly distributed number of smaller FE establishments, chiefly specialising in adult education (AE);
- (c) the local authority-based youth service.

Current public expenditure on (a) (net of the MSC stake, as well as fees, etc) is about £900m; on (b) (net of fees) about £70m; and on (c) about £120m a year.

11. There is a large overlap of function between the FE colleges at (a) and the schools, and in some areas all maintained education between the ages of 16 and 18 is offered in FE (tertiary) colleges. In addition activities in categories (a) and (b) are to some degree inter-dependent; activity (c) is to some degree interwoven both with the schools and the FE colleges. It would therefore be logical to remove at least responsibility for category (a) from local authorities at the same time as responsibility for schools.

12. The approach might be as follows:



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- (1) the major FE colleges would be given a separate legal personality and be controlled by a governing body which would own or have established user rights in respect of the premises; own the equipment; employ the staff; and determine policy on the scope and range of courses. The basis of funding by the Secretary of State would need further consideration. Many of the students might be charged fees; but it would seem logical that at least those aged 16-19 studying full time would receive free tuition on the analogy of those attending schools post-16 or full-time students in higher education.
- (2) AE establishments might either be treated similarly to major FE colleges, or continue to be entrusted to local authorities.
- (3) The youth service might also remain with local authorities, or be put under the control of a national quango constituted for this purpose which would become responsible for funding it.

13. Local education authorities are at present also responsible for the careers service under the supervision of the Secretary of State for Employment. The service might be placed elsewhere in local government.

Teachers

14. There are three main teacher issues: pay, pensions and training. All three arise in relation to both schools and further education, where some 500,000 teachers are currently employed. (See Annex E).

15. The pay of both school and FE teachers is at present determined under the Burnham Committee arrangements, now under review. The two main alternatives currently under



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consideration are free collective employer/employee bargaining, and some form of review body. Independent schools can at present fix their own pay scales, but in practice most use Burham scales. If all schools and colleges become independent employers, but funded by Government, the broad level of teachers' pay would in practice be determined by what the Government was prepared to finance. There would be some scope for local variations: some schools might pay rather more than what the Government envisaged when determining grant, perhaps using voluntary contributions or, if some measure of charging were permitted (see Annex A), income from fees or charges, or by having larger classes; others might, for example, seek to pay rather less in order to release funds for equipment, extra posts, etc. Conversely, the general level of teachers' pay would continue to be the main determinant of the cost of education. Ministers, footing the whole bill, would be in a position to play a much more decisive role in pay determination than at present. This could extend to direct negotiations between the Government and the unions, or there could be recourse to an independent advisory body. But the use of an advisory body would not remove the need for pay rates to be accepted by the teachers' unions. But the fact would remain that the Government, although effectively footing the pay bill and thus involved in the pay determination process, would still ~~be~~<sup>not be</sup> ~~neither~~ the employer of the teaching force. This separation, as now, could lead to situations where the employers (to the extent that they developed a concerted national voice) and the Government did not see eye to eye, and to problems in handling such situations (including the handling of industrial disruption).



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16. Teachers in maintained schools, local authority colleges, and most independent schools, belong to the DES-run Teachers Superannuation Scheme. This is a notionally funded scheme. Its current value is estimated to be about £15.7b but this does not cover its liabilities, which might amount to about £35b including Pensions Increase. Replacing the notional scheme by a funded scheme would have a high cost to the Exchequer and pose investment market problems. The scheme would probably have to continue to exist in much the present form.

17. School teachers are at present required to be qualified under the Secretary of State's regulations. With few exceptions that means they have to have successfully completed an approved initial training course. Independent school teachers do not have to be qualified in this sense, but commonly are. The initial training system, and thus the supply of teachers, is substantially controlled by the Secretary of State, and would presumably continue broadly as at present. It would be for consideration whether schools financed by Government should be required to employ only qualified teachers.

18. The Government is introducing new systematic arrangements for in-service training for both schools and further education teachers, supported by specific grants to local authorities. It seems possible that direct Government funding for in-service training, or earmarked funds to schools for in-service training, would be needed.

Non-teaching staff

19. Further consideration would need to be given to the arrangements for determining the pay, pensions and conditions of service, and for the training, of non-teaching staff who currently number some 260,000. (See Annex E).



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LEA functions not exercisable by schools and colleges

20. The following functions relating to education at school and college with which LEAs are now wholly or partly concerned could not be exercised by the governing body of a school or college.

- (1) The determination of grants (current and capital) for each institution;
- (2) Assuring financial propriety at, and effective financial audit of, the institutions.
- (3) The determination of the educational standards to be achieved by each institution as a condition of its grant; the monitoring of the standards actually achieved; and the enforcement of the required minimum standards. These functions bear mainly on the curriculum of the institution and on its delivery, but also on such matters as standards of premises, health and safety. It would be necessary to resolve possible tensions between the objective of making institutions responsive to, in particular, parental custom and the objective of securing high educational standards. It is assumed that Government would wish to have the final say in the definition and enforcement of such standards including such matters as the range and content of the curriculum which was compulsory for all pupils.
- (4) Securing a place at a suitable school for all children of compulsory school age. Parents may be unable to secure admission for such children for example because governing bodies are unwilling to admit particular children (including perhaps



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handicapped children who ought to attend an ordinary school), or because there is locally a shortage of places eg because of population increase not immediately met by the establishment of new schools, or the inability of a governing body to keep open a financially failing school. It would be necessary to empower some public authority for example to compel the admission of particular children, to take over failing schools or to oblige a governing body to increase the size of a school.

- (5) The arrangements for protecting parental choice eg for denominational, single-sex or selective schools (this issue has implications for public expenditure on school transport). It will be necessary to consider whether to maintain appeal arrangements against non-admission; and how far to restrict the freedom of governing bodies (or promoters of new institutions) to change the type and character of a school without reference to the effect this would have on the type and character of provision available in the locality. At present such changes are considered through a public process and changes to which there are substantial local objectives can be made only with the approval of the Secretary of State.
- (6) Enforcing school attendance in respect of pupils for whom there is a place i.e. dealing with truancy.
- (7) The provision directly or through others of special schools i.e. schools catering only for children whose disabilities and special needs are such that they require much greater and more specialised resources to educate than can be made available at ordinary schools.



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- (8) The arrangements for the pay, pensions and training of teachers - see para 14-18 - and of non-teaching staff - see para 19.
- (9) General oversight over the appointment of members of governing bodies, especially where insufficient suitable people came forward to serve, and the training of governors.
- (10) Certain support services which individual governing bodies are ill-placed to provide eg educational psychologists, music teachers serving a range of schools, and in the case of smaller schools meals and transport arrangements.

21. Some of these functions could probably only be exercised by the Secretary of State, for example the determination of grants and of educational standards. As regards the remainder there are in principle 3 options:

- (1) all the functions could be exercised by the Secretary of State through an enlarged DES operating through a new regional/area organisation. This would give him direct control over the detailed discharge of the functions and make him directly accountable for it to Parliament. The civil service manpower implication could be substantial (though local authority manpower would be reduced).
- (2) Functions other than those reserved to the Secretary of State could be exercised on his behalf by a national quango or a number of regional/area quangos, at least the majority of whose members would be appointed by him, with whatever degree of delegated authority for decisions of detail was desired. This would give the Secretary of State agents beholden to him, without making him responsible for the agents' detailed decisions;



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and would enable him to associate with the work local people with local knowledge (including persons nominated by local authorities).

- (3) The functions not reserved for the Secretary of State could be given to local authorities on the basis of a 100% grant for the cost of discharging them, and with no power to spend money not covered by the grant. It is doubtful whether all local authorities would conscientiously act as the Secretary of State's agents. If they obstructed him or declined to act, his only practical remedy would be to adopt option (1) and (2) above.

Under options (1) and (2) the staff required would, at least initially, probably have to be mainly staff transferred from LEAs.

22. It would seem difficult to operate, and defend, a system whereby the same function could be exercised by a different type of agency in differing localities, depending on the decision of the Secretary of State about the type of arrangement he preferred.

Effects on Local Government Finance

23. Annex F shows the main items of local authority rate fund income and current expenditure in 1986/87, based on budget information. Local authorities are expected to incur some £12.0bn recurrent education expenditure; debt charges attributable to education capital might add a further £0.7bn. In the same year the Government proposes to make available £11.8bn in Aggregate Exchequer Grant to local authorities. On the face of it, the present net balance between the rate-payer and taxpayer could therefore be roughly maintained by funding education centrally but leaving other local authority services to be financed entirely from the rates.



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24. However, this assumes that the whole of AEG could be switched to fund education. Some £2.8bn of AEG is being paid in 1986/87 in specific grant in support of services other than education, for example police grant. Unless these services were to be funded entirely locally - and that seems inconceivable - the proportion of total public expenditure financed from national taxation would increase.

25. Furthermore block grant cannot be entirely eliminated. Under present arrangements grant is needed to achieve equalisation between authorities for differences in rateable resources and in needs. Under the system proposed in the Green Paper "Paying for Local Government" grant will still be needed to equalise needs for the remaining services though it will no longer be needed to equalise rateable resources. £3.8bn of needs grant (£4.6bn of block grant under present arrangements) is likely to be needed for these purposes.

26. Taking account of these factors the following sums will have to be provided at the outset from central sources, with arrangements on the lines proposed in this paper:

	Under present Local govt finance arrangements	Under the Green Paper proposals
	<b>£billion</b>	
For education	12.7	12.7
Specific Grants	2.8	2.8
Block or needs grant	4.6	3.8
 Less: Aggregate Exchequer Grant	 11.8	 11.8
 = Extra central finance required	 8.3	 7.5



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27. To provide this extra finance from existing central sources would be equivalent to adding 6 to 7 pence on the basic rate of income tax or 9 to 10 percentage points on VAT. There would be offsetting reductions in local tax bills but the effects on individual taxpayers would be very variable. Another possibility would be to extend the present range of central taxes by adding to them the yield of non-domestic rates (£7.8bn). This could only be done in the context of the larger local finance reforms scheduled for 1990 but at the expense of going back on the proposal in the Green Paper "Paying for Local Government" that the income from the non-domestic rate should be available to local government and distributed to local authorities on a per capita basis. There could also be presentational difficulties in any arrangement which might appear to link business rates to the provision of education; and there would no doubt be concern from business if there were any suggestion of translating business rates into a central revenue variable at the discretion of the central government, rather than fixed and index-linked as proposed in the Green Paper.

28. The proposed arrangements for the transition will need further careful study for their interaction with the transitional arrangements for the local finance proposals. Unless a clean break can be made, these are likely to be difficult.

Effects on Local Government Structure

29. Annex G shows the distribution of local authority functions with education removed. The authorities now responsible for education - shire counties, metropolitan districts and outer London boroughs - would all have sufficient remaining functions to be viable, although most would lose over half their staff and revenue expenditure. ILEA would disappear. However the case for doing away with the two tier system of counties and districts in the shire areas,



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which is already being advanced following the abolition of the counties in the metropolitan areas, would be substantially strengthened. Any such change would probably involve amalgamation of some districts, but there seems no reason why any structural reorganisation should not follow at a later stage.

Transition to the new regime

30. The arrangements for the transition to the new regime depend substantially on what is decided about many of the features of that regime. Subject to that large proviso, there are in principle three approaches to the transition:

- (1) To devise one or more interim stages affecting the whole LEA-maintained system (or at least the school system) and moving through these to the desired final regime. One such stage is offered by the implementation of the Education Bill which in this respect will begin to take effect in September 1987 and will be complete in September 1989. It would be for consideration whether the transition to the proposed new regime should incorporate or supersede (and perhaps abort) this implementation. It is possible to conceive further stages, for example giving every LEA-maintained school the same status ie the same rights and obligations as voluntary aided schools now have. Such a change would in itself be radical and controversial and entail legislation which might prove to be little less extensive and complex than the legislation required to establish the proposed regime in full. Because LEAs would continue to have the power to act independently in relation to the schools, the risk of continuous tension and instability is great. The issues are developed in Annex C.



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- (2) To bring some categories of institution into the new regime before the others. The possibilities include:
- (a) applying the new regime more quickly to voluntary aided schools (which already have a degree of independence from the LEA);
  - (b) applying it more quickly to colleges offering mainly non-advanced further education.

The legislation and administrative complications would need further consideration. The arrangement would leave to be tackled last the largest category - county schools - in respect of which Ministers have expressed particular concern.

- (3) To remove all educational responsibilities from local authorities simultaneously. The date for this would need to coincide with the "clean break" (see paragraph 28 above) between the present and the proposed new system of local government finance. Thereafter the new regime would be established gradually through appointed bodies who would immediately take over the LEA's functions, but would only gradually establish new governing bodies for institutions, confer on them the new functions envisaged for them, and hand over the residual functions described in para 20 above to whatever agencies are to discharge them under the new regime. Obviously if those agencies were to be quangos appointed by the Secretary of State, they could take these over from the LEAs ab initio.

31. Whatever approach to transition is adopted, it is likely that friction, delay and extra expenditure could be reduced in the following ways:



S E C R E T

- (1) The interest in school and college premises now vested in the LEA might be transferred not to the governing bodies of schools and colleges but to a national body (or a number of regional bodies) who would lease them to the governing bodies at a peppercorn rent on the basis of standard agreements. Such an arrangement would concentrate in expert hands the task of sorting out the many legal issues arising from the transfer of the property interests involved.
- (2) There might be no compensation to LEAs for the loss of their interest in educational premises on the precedent of the NHS Act 1946.
- (3) The voluntary bodies' existing property interest in the premises of voluntary schools would not be disturbed.
- (4) The staff of schools and colleges (other than those employed at aided schools by the governing body) might be statutorily transferred to the new governing bodies to avoid redundancy payments. But this would not enable the governing bodies to select from the institutions' existing staff those whom they wished to retain. It would also mean that initially per capita payments to schools would have to reflect existing disparities in staffing.
- (5) Changes in the pattern of school organisation approved but not completed before the new regime is introduced might be allowed to take place.

Resources

32. Quantification of the public expenditure and manpower



S E C R E T

implications depends on decisions about a variety of aspects of the new regime and the transition to it. Meanwhile certain general points can be noted.

33. The total of public expenditure on education would come under the control of the Government to a greater extent than at present: the Government's plans for it could not be frustrated by over-spending authorities. But there would be direct pressures on the Government for increasing public expenditure which would arise from, or be reinforced by, the nature of the new regime. Among these pressures would be:

- (1) The Government would be pressed to fix the (highly visible) basic per capita grant at a level well above that needed by the most efficient governing bodies.
- (2) Individual governing bodies would press the case for higher than basic grant to accommodate their special circumstances.
- (3) The Government would be pressed to meet rising demand for provision for children under 5 and for those continuing in full-time education 16-19.
- (4) Changing demand for places in particular institutions would generate extra costs until the necessary adjustments to provision were made.
- (5) Capital expenditure for premises and equipment would be hard to control.
- (6) The transition to the new regime would create its own, shorter-term, pressures: for example a financial safety net for the transition period would be needed, since current LEA expenditure ranges from 15% below GRE to 70% above it (see



S E C R E T

Annex D).

34. As regards manpower;

- (1) The administrative costs and overheads which would be incurred by several thousand governing bodies might tend in total to exceed those incurred by 97 LEAs in respect of the functions in question, insofar as there are diseconomies of scale and a dispersal of expertise.
- (2) The loss of education responsibilities might not lead to a fully proportionate saving in administration in all the local authorities concerned.
- (3) Over much of education there is now for most purposes in effect only one agency: the county schools are in many respects merely an extension of the LEA. Under the new regime there would be in this area two separate agencies, the governing body and the agency responsible for supervising functions. The interaction of the two is likely to generate pressure for more manpower.
- (4) Under the new regime the inspecting and enforcement function of Central Government would be more extensive and require extra manpower at the centre.

Timing

35. The time-table for the change to the new regime would depend mainly on:

- (1) the exact nature of the regime.
- (2) The approach adopted towards the transition to the regime.
- (3) Decisions about the time to be allowed for preliminary public discussion and consultation



S E C R E T

and for the preparation and passage through Parliament  
of the necessary legislation.



**Charging for full-time 5-18 education**

1. Under the new regime, governing bodies of schools and colleges would, as now, be able to receive voluntary contributions from parents and others. It is assumed that fees covering the full cost of full-time education for the 5-18 age group are not envisaged. What is for consideration is a modest charge towards these costs, sufficient to achieve a significant saving to the exchequer and to encourage parents (and students) to appreciate the significance and value of what is provided.
2. First, there might be a standard charge of say, £50 a term. It would be low enough to make unnecessary a complicated system of fee abatement to match parental income, but some scope for total fee remission for the poorest parents would probably be unavoidable. In respect of the compulsory period of education, the charge would be criticised as having the character of a tax. It might be administratively simpler to levy it by a reduction in Child Benefit (with no reduction for the lowest income families). In respect of 16-18 year olds, the charge might be a disincentive to continuing in full-time education post-16.
3. Second, governing bodies might be required to charge for certain types of provision eg some forms of physical education or instrumental music tuition. Unless this requirement extended to a significant proportion of the curriculum, the total amount raised from charges would be very small. It would be very difficult to establish consistent and defensible rules for distinguishing between "essential" items of the curriculum for which no charge would be made and "optional" items for which a charge was required.
4. Third, governing bodies might be empowered to charge fees (up to a stipulated maximum) or to charge for particular



"optional" items. It would be necessary to know how to treat pupils from poor families both where admission to a popular school depended on ability to pay the fees, and where the only available, or suitable, school in the locality charged fees.



S E C R E T

ANNEX B

Determination of grants for current expenditure for schools

1. The present block grant system of local government finance is based on a determination of each local authority's need to spend on the services that it provides. The education component of this GRE is essentially based on a standard credit for each pupil of compulsory school age with different rates for primary and secondary school pupils. This standard rate is modified to allow for variations in cost due to population sparsity (which leads to smaller schools and higher transport costs); for variations in the expected number of pupils with additional (and more costly) educational needs; and for higher labour costs in London. Annex D shows GRE per pupil and unit costs for the main categories of LEA.

2. These modifications are made by reference to statistical information collected at the level of the local authority. They take no account of variations in the unit costs of schools within each local authority. At present Cumbria, for example, receives 5% more per pupil than an urban authority because of the sparseness of its population. But the range of costs for individual schools in the county is very much greater: a primary school in Carlisle or Barrow may have costs close to the average for urban authorities but the unit costs of small isolated village schools may be twice as high. Similar problems arise in inner city areas where schools within the same local authority may cater for a mix of pupils with widely differing education needs with costs substantially different from the average for the area as a whole. The underlying assumption is that necessary differentiation is achieved by each local authority in the light of its knowledge of local needs and circumstances



S E C R E T

when it determines funding for each school. The national formula is thus moderated locally.

3. In principle this system could be applied to the per capita grants by paying each school the equivalent of the GRE credit. But this would be too crude to take account of variations in costs between schools within the same area. In order to produce a national formula that was equitable and sensitive to the real needs of individual schools, it would be necessary to mount a very substantial annual statistical exercise to obtain data at a high degree of disaggregation and in relation to individual pupils. It is questionable whether this would be feasible. It would probably be necessary to rely on a combination of objective data collected at the level of the local authority and of subjective judgments made on the basis of local knowledge by whatever agency exercised the function of determining grants in detail and distributing them. The agency would be charged with acquiring knowledge about local conditions which would enable it to fix per capita payments for individual schools in the light of an initial distribution of resources by a national GRE formula and any additional broad national guidelines.

4. Particular issues which would need to be considered further include:

- (1) the treatment of under-5 education. LEAs have discretion as to the provision that they make for under-5s. At present this discretion is reflected in the GRE, which is allocated by reference to the LEA's total under-5 population (modified for social composition of the area), not actual numbers in education. Under-5 provision varies widely between LEAs. One solution would be to charge for all under-5 provision but much of it is an



S E C R E T

integral part of primary school provision. An alternative would be some form of rationing system administered through the agency in order to contain costs nationally.

- (2) Repairs and maintenance represent a variable element in unit costs not easily treated within a national formula. Per capita grant to each school might include a notional element for minor capital items such as equipment, repairs and maintenance. Governing bodies might be required as a condition of funding to maintain a reserve to cover irregular expenditure of this kind.
- (3) The calculation of the scale of grant would need to be sensitive to changes over time in the size of the school. If a pupil were withdrawn from a school, or not recruited in the first place, the school would lose a full unit of income while making only marginal savings. At particular points in movements in numbers on roll it would be necessary to adjust the number of staff, equipment or accommodation and there would then be steep changes in the grant needed. A degree of arbitrariness in the grant calculation might have to be accepted.
- (4) The treatment of post 16 students whether in school or in non-advanced further education. The credit for pupils over 16 in school would need to recognise the higher costs of sixth form education (as the GRE does at present) and could be distributed on the basis of actual numbers.
- (5) At present LEAs' school transport and school meals arrangements are not organised on an individual school basis. Local variations might need to be handled by the agency.



Making county and controlled schools like aided schools

1. As suggested in para , one approach to the transition to the new regime would be to devise stages through which the whole LEA-maintained system (or at least the schools) might move. One possibility is to create such an intervening stage by giving to county and voluntary controlled schools some or all of the distinguishing features of voluntary aided schools. The main such features are that the governing body:

- (1) owns the premises;
- (2) employs all staff at the school, subject to a right of veto by the LEA over the appointment and dismissal of particular staff (subject to certain minor exceptions), and on the basis of a complement determined by the LEA;
- (3) is responsible for external repairs and maintenance (with the help of a grant from the Secretary of State);
- (4) in the case of aided secondary schools, controls the curriculum, though the exercise of this power may be affected by the LEA's overall policy;
- (5) determines pupil admissions, under arrangements agreed with the LEA;
- (6) is so composed as to be dominated by the voluntary body which brought the school into being.

2. The responsibilities and powers outlined in para 1 are a necessary part of that degree of independence enjoyed by aided schools which enables them to preserve their distinctive, usually denominational, tradition



S E C R E T

and ethos. The governing body is an agency of the voluntary body which guards that tradition and ethos, and which has a permanence like that of a LEA, but quite unlike the largely transient character which the governing body of a county or controlled school will have under the Education Bill 1986. It would not be appropriate to entrust, on a permanent and not a merely delegated basis, responsibilities for employing the staff, external repairs, the curriculum and admissions to a governing body which neither had the permanence derived from being the agent of a charitable foundation nor possessed the stake in the school represented by the ownership of the premises.

3. It seems, therefore, that if county and controlled schools were to be given the distinctive features of aided schools, there would be little prospect that they would achieve a character, tradition and ethos which was different from that now intended for them by the LEA unless they achieved more or less the full status of aided schools both as regards the composition of their governing bodies and as regards their responsibilities. If that happened, the LEA would be responsible for maintaining schools which (apart from special schools) did not owe their existence to the LEA. It would however be only these schools in respect of which the LEA could exercise its function of securing sufficient and efficient education for all pupils in its area.

4. This new situation would introduce a new tension into the relationship between the LEA and the schools it maintained. The LEA would be dealing with a large number of governing bodies, each concerned only with its own school and equipped with powers eg in relation to staffing, the curriculum and admissions which would enable it to pursue that concern with relatively little constraint from the LEA. In that situation it would



be more difficult than at present for the LEA to discharge its functions. It could hardly manage to best effect a teaching force it did not employ, or easily ensure that all pupils found a place, preferably on the basis of parental choice, when each school was responsible for its own admissions. Nor could the LEA readily give effect to a consistent curricular policy in support of its distribution of funds between schools.

5. Indeed in this situation of tension the LEA would be liable to make undue use of its remaining powers eg its control over the staff complement, its veto over appointments and dismissals, and its responsibility for agreeing admission arrangements. In many cases the governing body would be at the financial mercy of the LEA, whether in respect of external repairs or otherwise, in a way which would negate the objectives of giving all schools aided status. To avoid these instabilities and conflicts, it might be necessary to restrict the LEA's freedom to determine the staff complement and settle the finance for each school, eg by requiring it to adopt a formula for financial support determined by the Secretary of State.

6. Accordingly, once the power of the LEA over county and controlled schools is reduced so that it ceases to own the premises of the former and to employ the staff in both, and has very limited power in relation to the curriculum and admissions in both, the need for stability and the effective management of resources might make it necessary to give more autonomy to all LEA-maintained schools than is now enjoyed by aided schools. The resultant arrangements would come very close to the permanent new regime. It might therefore be better to avoid the legislative and organisational complication of the intervening stage and to proceed directly to the permanent regime.



GRE per pupil (£/h)

England 1984-85

	Sub-service GRE/head	GRE Element due to:		
		Additional Educational Needs	London Weighting	Sparsity
PRIMARY				
Outer London	817	110	56	---
ILEA	889	168	80	---
Met Districts	784	103	---	4
Shire Counties	759	66	2	27
England	775	84	10	17
SECONDARY BELOW SCHOOL LEAVING AGE				
Outer London	1106	148	76	---
ILEA	1265	239	114	---
Met Districts	1004	131	---	4
Shire Counties	957	85	2	23
England	992	108	12	15
SECONDARY ABOVE SCHOOL LEAVING AGE				
Outer London	1882	17	127	---
ILEA	2077	32	187	---
Met Districts	1665	22	---	3
Shire Counties	1759	13	6	23
England	1764	17	25	15

Notes: (1) The GRE figures have been adjusted to bring them as close as possible to net institutional costs ie amounts for transport, special education and administration have been subtracted. Note also that GREs exclude income from specific grants.

(2) Pupil numbers at January 1985 have been used. In the case of primary these have been boosted to include the under 5s in schools



AVERAGE UNIT COSTS AND UNIT GRES (ENGLAND) 1984-85

	PRIMARY SCHOOLS				SECONDARY SCHOOLS			
	Unit Cost £	Index No	Unit GRE Allowance £	Index No	Unit Cost £	Index No	Unit GRE Allowance £	Index No
Outer London Boroughs	865	114	817	105	1250	115	1196	112
ILEA	1255	165	889	115	1940	179	1348	127
Met Districts	770	101	784	101	1080	99	1059	100
Non-Met Counties	710	93	759	98	1015	94	1029	97
ENGLAND	760	100	775	100	1085	100	1062	100



PRIMARY SCHOOLS IN ENGLAND

UNIT COSTS IN 1984-85

£ per pupil

	AVERAGE	INDEX NUMBER	LOWEST	LOWER QUARTILE	UPPER QUARTILE	HIGHEST
Outer London Boroughs	865	114	720 (Sutton)	780 (Bromley)	920 (Hounslow)	1155 (Haringey)
ILEA	1255	165				
Met Districts	770	101	655 (Bolton)	725 (Wigan)	830 (S Tyneside)	900 (Newcastle)
Non-Met Counties	710	93	645 (Kent)	680 (Hereford & Worcs)	730 (Derby)	815 (Humberside)
ENGLAND	760	100				



SECONDARY SCHOOLS IN ENGLAND

UNIT COSTS IN 1984-85

£ per pupil

	AVERAGE	INDEX NUMBER	LOWEST	LOWER QUARTILE	UPPER QUARTILE	HIGHEST
Outer London Boroughs	1250	115	1040 (Merton)	1165 (Kingston)	1315 (Ealing)	1615 (Haringey)
ILEA	1940	179				
Met Districts	1080	99	950 (Kirkless)	1020 (Solihull)	1150 (S Tyneside)	1295 (Manchester)
Non-Met Counties	1015	94	935 (Kent)	975 (Wilts)	1040 (Salop)	1110 (Notts)
ENGLAND	1085	100				



MANPOWER 1984-85

ANNEX E

Grand  
total  
(ie sum  
of total  
columns)

Teaching Staff

Non-teaching Staff

		Teaching Staff						Non-teaching Staff				Total	Grand total (ie sum of total columns)
		Nursery/ Primary	Secy	Spec	Polys	Omes incl adult	Total	Ed Supp	Premises related	Admin & Clerical	School Meals, Catering & Residence		
England	000s fte	166.7	224.1	18.8	16.2	77	502.8	62.5	83.8	37.1	77	260.4	763.2
	£m	1931.4	2668.8	209.7	263.8	893	5946.7	416.5	449	248.3	281	1395	7341.5
DLBs	000s fte	16.0	20.2	1.8	1.7	7.0	46.7	6.1	7.7	3.0	4.6	21.3	68
	£m	196	255.6	22.4	30.3	84.4	588.7	46.6	50.4	28.2	24.6	149.8	738.5
LEA	000s fte	9.6	10.5	1.4	2.9	7.5	31.9	6.2	6.7	3.2	5.4	21.3	53.2
	£m	113.2	135	18.2	43	72.6	382.2	53.7	48.6	29.4	23.4	155.1	537.3
Met Districts	000s fte	42.5	57.4	5.1	5.9	18.4	129.3	17.3	22	9.2	25.5	74	203.3
	£m	483	678	57.1	95.6	210	1503.7	108.8	114	60.2	81	364	1867.7
Non-met Counties	000s fte	99.0	136.3	10.3	5.7	44.2	295.5	33.7	46.9	21.8	41.5	143.9	439.4
	£m	1139	1600	112	95	526	3472	207.4	236.3	130.5	152	726.2	4198.2

Notes: 1 All information taken from CIPFA estimates, subject to revision when actuals available. CIPFA's November 1983 price base re-priced to 1984-85 using overall repricing factor.

2 Staff numbers in meals column relate to schools and FE. Expenditure figure relates to schools only - no separate identification of expenditure on catering staff in FE.

3 In addition, LEAs in England employed around a further 40,000 fte workers in the youth, education psychology, welfare and administration and inspection services.



LOCAL AUTHORITY INCOME AND SPENDING

The figures below give a broad indication of local authority rate fund income and spending based on 1986/87 budget information. These exclude Housing Revenue Account and direct Exchequer subsidies such as Housing Benefit and Mandatory Student Awards.

INCOME

	£m
Rate Support Grants	8,978
Non-Domestic Rate Income	7,800 (a)
Domestic Rate Income	7,200 (a)(b)
Relevant Specific and Supplementary Grants	2,872 (c)
	26,850 (d)

- (a) Non-Domestic and Domestic rate income includes a total of approximately £200m for London Regional Transport.
- (b) net of domestic rate relief grant (included in RSG) but gross of rate rebate grant (not included in RSG).
- (c) of which the major grants are Police (£1473m), Housing Improvement (£490m) and Urban Programme (£185m).
- (d) in addition, local authorities have an income to the rate fund from fees and charges of approximately £2,600m.

CURRENT EXPENDITURE (net of fees and charges)

1. Overall	£m
Education (including School Meals and Milk)	12,028
Libraries	434
Personal Social Services	2,676
Home Office Services	3,964
Transport	1,000
Local Environmental Services	2,700
Agricultural Services	12
Consumer Protection	67
Employment	94
Non-HRA Housing	129
Housing Benefits	157
Local Authority Relevant Current Expenditure (for Public Expenditure purposes)	24,318 (a)



(a) Local Authority Spending also includes amongst other things:-

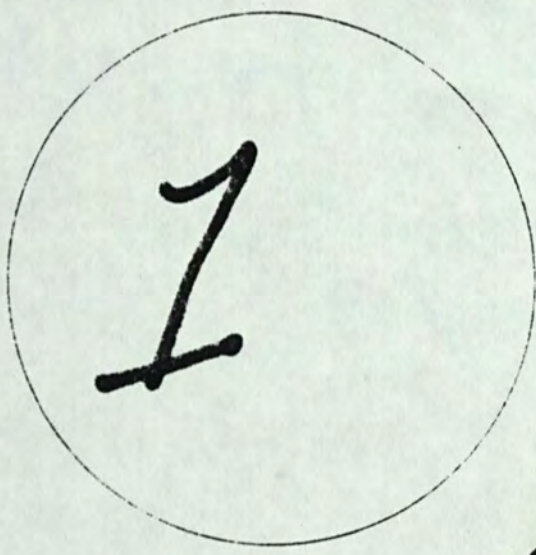
Loan charges	£ 2503m (of which Education £698m)
Mandatory Student Awards	£ 69m (net of Exchequer grant)

2. Education: sub-head split for latest outturn year (1984/85)

Nursery	less than 1/2
Primary	25
Secondary	36
Special Schools	5
Polytechnics	4
Other	20
Schools	4
Other Education	6

100 (total in 1984/85 = £11.232m)

**SECRET**



**SECRET**



DISTRIBUTION OF MAIN LOCAL AUTHORITY SERVICES IN ENGLAND  
(OTHER THAN EDUCATION)

SHIRE COUNTY AREAS

County councils                      Personal social services  
    Fire  
    Civil Defence  
    Public passenger transport\*  
    Highways and other transport  
    Careers Service  
    Libraries  
    Refuse disposal  
    Recreation facilities\*  
    Planning (strategic issues, waste disposal, minerals)  
    Consumer protection

Police\*\*                                  Probation  
    Magistrates' Courts

District Councils                      Housing  
    Refuse collection  
    Recreational facilities\*  
    Environmental health  
    Planning (local plans and development control)  
    Public passenger transport (including concessionary fares)\*

\* concurrent functions of county and district councils

\*\* (15 counties in combined areas, parts of 4 counties Metropolitan Police Area)

GREATER LONDON

All-London Joint Authorities                      Fire  
    Civil Defence  
    Waste Regulation

Part-London Joint Authorities                      Probation  
    Waste disposal (some areas)

City of London & London Boroughs                      All other local authority services

(For list of main local authority services, see under shire county areas. In Greater London local authorities are not responsible for police or public passenger transport, nor, in Inner London outside the City, for magistrates courts).

METROPOLITAN COUNTY AREAS

Joint authorities                      Police  
    Fire  
    Public Passenger Transport  
    Civil Defence  
    Magistrates' Courts  
    Probation  
    Waste Disposal (Merseyside & Greater Manchester)

Metropolitan District Councils                      All other local authority services

(For list of main local authority services, see under shire county areas)



1. MR. WICKS

2. MR. NORGROVE

*PM told me she  
would like to see Lady Cox.*

*3 N/S cycles*

*PC spt*

*W. C. U  
20.10*

I attach a copy of a self-explanatory letter from Baroness Cox asking to see the Prime Minister to discuss:-

(a) Education

(b) Life Peers.

Do you wish this to be brought up at a diary meeting?

Or will you deal with separately?

*CB.*

CR

20 October, 1986.



Nigel

Moses & Secunder

(F)

Problem Fox used a general Gann  
on Sex Education and Nicholls made  
a very unhelpful speech in the same  
debate. He voted with us but he is a  
PPS!

My Short list was :-

Moses

Fox

Frisbury

Harden

Johnson-Smith

Fooks

Norris

Moynihan

Atkins

Galley

Sackville

Maulean

Nicholls.

Advice to PM

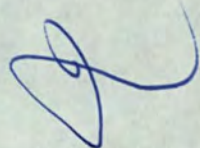
We can't stick with Fox and ~~Sackville~~ <sup>Nicholls</sup>

My suggestion would be

Harden

Norris.

But I am not strong on this





CFMS?



House of Lords

Prime Minister

We will discuss  
up a meeting with  
Baroness Cox. m

October 17 1986.

PRIVATE AND CONFIDENTIAL.

N.C.W.

20.10.

The Prime Minister,  
10 Downing Street,  
London SW1.

Dear Prime Minister,

I have recently returned from Sudan where I spent the summer working as a nurse in famine relief. As I take up the threads of my activities in the House of Lords I wanted to write a brief letter with three purposes.

First, may I say how delighted I and my colleagues in the Lords are that Kenneth Baker has agreed to support our amendments on politicisation of education and on freedom of speech on university and college campuses. The need for the latter has recently been highlighted by the shocking treatment meted out to Professor John Vincent at Bristol University and David Selbourne at Ruskin College.

Secondly, may I say that I am as enthusiastic a supporter of yours as ever and I wish to do everything I possibly can to promote the principles and policies you espouse. I and my colleagues feel very strongly about several issues in education which we believe are of great importance in themselves, as well as having considerable electoral significance. I would greatly value the opportunity to have a brief discussion of these with you.

Thirdly, as a life peer who will always be grateful for the opportunities which this position has given me for working for causes to which I am committed, I am concerned about one particular aspect of work in the Lords.

I therefore wonder whether you could possibly spare me a few minutes for a brief personal interview in the near future?

With very best wishes,

Yours sincerely,  
Cassie Cox.

The Baroness Cox.





CCFBG  
nbpm.

DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
TELEPHONE 01-934 9000  
FROM THE MINISTER OF STATE

217  
16 October 1986

*Dear Prime Minister*

**SEX EDUCATION AT SCHOOL**

*at top p18*

You will recall what Chris Patten wrote to you on 7 August explaining the Government's thinking on sex education. Since then I am of course aware of the heightened concern about this subject reflected in many of our postbags. I therefore thought it right to let you know how the Government intends to address this issue.

The Government will be tabling amendments about the control of sex education in schools. It shares the widespread concern that certain local education authorities and schools use unsound and inappropriate methods and materials in sex education. To combat such practices Clause 26 of the Bill requires any sex education offered by a school to be set within a clear moral context and to be supportive of family life. But we need to go further.

The new amendments will effectively remove control over sex education in county, controlled and maintained special schools from teachers and LEAs and give it to the new-style governing bodies provided for under the Bill, which will have increased parental representation and will be answerable to an annual meeting of the full parent body. The governors will be responsible for deciding, and stating publicly, whether sex education should be given in the school and, if so, what its content should be, and how it should be organised. The governors would thus have the power to decide, for example, that a particular textbook to which parents objected should not be used in the classroom, and to determine the way in which particularly controversial issues should be approached by teachers.

The governors would also have the discretion to allow individual pupils to be withdrawn from sex education lessons at parental request. This is the right way to tackle the concerns of individual parents. It would be wrong in principle to give parents an absolute right to withdraw their children in relation to sex education, as Chris Patten explained in his letter of 7 August.

/Appropriate



Appropriate and responsible sex education is an essential element in preparing young people for adult life. I believe that the measures which we are now proposing will reassure parents and the public and will encourage all schools to live up to the example set by the best.

Yours ever,

Angela

ANGELA RUMBOLD







10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

16 October 1986

LEGISLATION ON EDUCATION

The Prime Minister has asked if she could be brought up to date on legislation relating to education. I appreciate that this could be potentially an enormous task and I must leave to your discretion how much of the field you think it worth covering. I would think the Prime Minister would be particularly interested in major changes to the 1944 Education Act and, looking ahead, in a discussion of the legislation which will govern the creation of the City Technical Colleges and how any legislation resulting from the current discussions on teachers' pay would fit into the present framework.

David Norgrove

Rob Smith, Esq.,  
Department of Education and Science.

DS





cbs

SUBJECT cc MASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

15 October 1986

Dear Bob,

**EDUCATION OF NO AREA PUPILS - FUNDING ARRANGEMENTS**

The Prime Minister this evening discussed with your Secretary of State the proposals in his letter of 2 October about the funding arrangements for no area pupils. The Lord President, the Secretary of State for the Environment and Mr. Chris Brearley (DOE) were also present.

The discussion ranged widely over the question of the distribution of this year's rate support grant, and over the difficulties caused for some authorities by their lack of control over pay rates set for large groups of local authority employees. This discussion need not be recorded in detail.

It was agreed that the proposed change in funding arrangements for no area pupils should go ahead.

I am copying this letter to the Private Secretaries to the members of E(LA) and to Sir Robert Armstrong.

Yours,  
David.

DAVID NORGROVE

R. L. Smith, Esq.,  
Department of Education and Science



CCBS



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

The Rt Hon Kenneth Baker MP  
Department of Education and Science  
Elizabeth House  
York Road  
LONDON  
SW1

13 October 1986

*Dear Kenneth*

EDUCATION OF NO AREA PUPILS: FUNDING ARRANGEMENTS *at flap*

Thank you for your letter of 2 October about funding arrangements for no area pupils. I have also seen your minute to the Prime Minister of 3 October.

All this is very unfortunate but I can quite appreciate that another successful court challenge from ILEA would be embarrassing and disruptive. If it is necessary to make the change to the funding arrangements to avoid such a challenge then it would be better to go ahead now, when those authorities who are net losers can benefit from my proposals for a 12p safety net on grant losses in the 1987/88 Rate Support Grant Settlement. As you rightly point out these proposals prevent Barnet losing further grant when the consequent GREA change is made. Indeed, if we were obliged to make the change later, as the result of a successful court case, then Barnet could not benefit from the protection of the safety net multiplier made at the time of the Settlement.

As you know, I issued the further consultation paper on the Settlement last Friday. This made it clear that if you decided to change the pooling arrangements for no area pupils, the consequent GREA change would be made in the 1987/88 Settlement. As we are now to go ahead, I suggest that our officials put a brief note to the meeting of the Grants Working Group on 16 October. Any difficulties about data could be mentioned then.

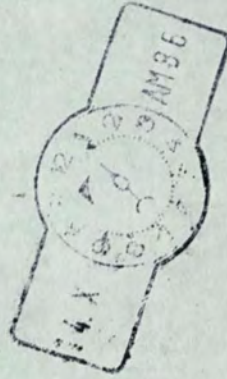
I am copying this letter to the Prime Minister, members of E(LA) and Sir Robert Armstrong.

*Yours sincerely*  
*Nicholas Ridley*

NICHOLAS RIDLEY



Education Policy, PTA





2  
PRIME MINISTER

BARNET

Mr. Baker is sticking by his proposal.

I have asked DoE to look urgently at Barnet's likely rate increase. The main reason for its size is that money is being shifted to the shire districts to help with the district elections. Barnet was apparently frequently discussed at E(LA) - but if there was likely to be a problem they should have kept you more closely in touch.

I suggest await results from DoE before you react to Mr. Baker's minute.

*DW*

David Norgrove  
3 October 1986

*Who was in the Chair -  
I must write a staff letter  
to both the Chairman & Nick Ridley  
me*

JALBAX



GCBG

CONFIDENTIAL

PRIME MINISTER

EDUCATION OF NO AREA PUPIL - FUNDING ARRANGEMENTS

You sought further explanation of the proposals in my letter of 2 October to Nicholas Ridley. *at Map*

2 There is no question of robbing Barnet to pay ILEA.

3 Although Barnet educates 0.5% of all the pupils in England, it has no less than 7% of the no area pupils. Up to now Barnet, in common with all other LEAs in receipt of block grant, has received 145% credit for the cost of educating no-area pupils. Under my proposal Barnet would from next year be reimbursed for 100% of the cost of no-area pupils, calculated at standard rates. Hence the estimated loss of up to £2m represents the removal of a windfall gain. However, it needs to be seen in the context of Nicholas Ridley's proposals for the RSG settlement as a whole. Barnet will not suffer financially this year. Its entitlement to grant in 1987-88 will be protected by a safety-net, and Nicholas Ridley will set the terms of that net. In the longer term, however, it will lose grant as the net is unwound.

4 ILEA does not qualify for block grant other than pooling payments. At present it receives 45% of the cost of educating no area pupils from the pool; under my proposal it would receive 100%, yielding a gain of about £3m. But I shall use my power to set ILEA's precept for next year to prevent this extra income generating extra expenditure; it will go to inner London ratepayers. The block grant system will equalise the burden of making up ILEA's gain among all LEAs.

5 The ILEA will almost certainly mount a legal challenge if I do not proceed with this proposal. For the reasons set out in my letter that challenge would be likely to succeed. If it succeeded, then

- i Barnet would not have the protection of a safety net built into the RSG settlement;

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X This is the trouble - Ed preppts leave sleeping dogs to lie, but that won't work.



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ii we should have suffered a second defeat in the Courts at ILEA's hands on a pooling issue. They would crow and accuse us of malice;

iii it might be too late for me to take account of the increase in ILEA's income in setting their precept next year.

In the light of these explanations I do hope that you will agree to my proposal.

5 Copies of this minute go to Nicholas Ridley and John MacGregor.

*k.R.*

KB

Department of Education and Science

3 October 1986

**CONFIDENTIAL**



EDUCATION, Policy Pt 9

11/11/11



IN THE COURT OF



B. R.  
PRIME MINISTER

EDUCATION BILL: SEX EDUCATION AT SCHOOL

You may like to glance at the attached letter from Kenneth <sup>Baker</sup> Clarke to Lord Whitelaw. Mr. <sup>Baker</sup> Clarke proposes that school governors should be obliged to issue policy statements on the control and organisation of sex education in this school. This would mean that they could include provision for the withdrawal of pupils at parental request.

Mr. Baker intends to announce this at the Party Conference.

*mf*

*pas*  
AB

3 October, 1986.



RESTRICTED



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon Viscount Whitelaw PC CH MC  
Lord President of the Council  
68 Whitehall  
London SW1

3 October 1986

*Dear Willie,*

**EDUCATION BILL: SEX EDUCATION AT SCHOOL**

As you know, we are coming under much pressure from our supporters to concede a statutory right of withdrawal at parental request from sex education in schools. Amendments to this effect have been tabled for the Commons Report Stage of the Education Bill on 21 October, attracting widespread support on both sides of the House. Chris Patten's letter of 7 August to Parliamentary colleagues (copy enclosed) has not sufficiently stemmed the tide.

I think it necessary to offer some concession. Nicholas Edwards\* and I have reviewed the options. We remain convinced that an absolute right of withdrawal is not the answer, for the reasons of principle and practicality described in Chris Patten's letter.

We believe the right course instead is to strengthen still further lay, and particularly parental, influence over this area of the curriculum. We intend to table amendments to the Bill to give governing bodies of county, controlled and maintained special schools a duty to formulate and keep up to date a policy statement about the content and organisation of any sex education which they choose to provide in their school. They would be required to have regard to the local education authority's policy and to consult the head teacher; but the policy would ultimately be their own. The head would also be placed under a duty to ensure that the curriculum followed in the school was compatible with the governors' policy statement. The effect would be that, in this sole area of the secular curriculum, decisions on whether to provide sex education, and if so what should be its content and how it should be organised, would be matters for the governors, not for professional judgement alone. All the parties concerned would continue to be bound by clause 26 of the Bill which brings moral considerations and the value of family life into sex education.

This change would bring county, controlled and maintained special schools broadly into line with aided schools as regards the distribution of curricular responsibilities for sex education. It would tackle the root of the problem - unsuitable teaching materials and approaches

\* Wyn Roberts in Nick's absence abroad

/promoted

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promoted by some LEAs and teachers. This should take much of the sting out of the campaign for an absolute right of withdrawal. But I envisage that the governors could, if they wished, make and include in their statement arrangements for excusing pupils from sex education. This would not amount to an absolute right of withdrawal since it would not operate solely at parental request. Such discretionary arrangements are possible under existing legislation. Enshrining them in the governors' statement should help to meet local needs including those of ethnic minority and religious groups. I believe that sex education can be distinguished from other sensitive areas of the secular curriculum in this way.

I intend to announce these proposals at the Party Conference, and to publish the amendments shortly afterwards. I am satisfied that they should be sufficient to enable us both to carry the Bill through Parliament and to win support in the country at large.

I am sending copies of this letter to the Prime Minister, other members of H Committee, and to Sir Robert Armstrong.

*Hermon* *Kenneth*





DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE MINISTER OF STATE

7 August 1986

#### SEX EDUCATION AT SCHOOL

Since Clause 26 of the Education Bill was not reached before the recess, I shall not now have an opportunity until the Autumn to explain in Parliament the Government's policy on sex education. I thought it would therefore be helpful if I were to write to Members to set out the Government's position.

In the Government's view, if children are to be properly equipped to face the realities and responsibilities of the modern world, it is important that they should receive adequate sex education as part of their necessary preparation for adulthood. Many parents are reluctant or even unable to provide this fully at home. It is in the interest of the pupils that schools fill any gaps and complement and develop what parents may provide.

Sex education is, however, a difficult and sensitive aspect of schools' work, about which many people have strong feelings. It is therefore of considerable concern to Members. A few examples of the subject being approached in a less than responsible manner have, quite rightly, given rise to anxiety about practice in this area. The intention of Clause 26 of the Education Bill is precisely to meet these concerns and to ensure that the teaching offered by all schools will be balanced, responsible, and, in the words of the Clause, "..... given in such a manner as to encourage ..... pupils to have due regard to moral considerations and the value of family life". I firmly believe that sex education undertaken in accordance with Clause 26 will give parents no legitimate cause for concern and, on that basis alone, the Government sees no case for parents to be given a right to withdraw their children from provision in this field.

Other reasons reinforce us in that conclusion. Any such right would be wholly inappropriate in the secular curriculum, and would open the door to the fragmentation of school education. Nor could



it be worked in practice. Sex education is often given not as a separate time-tabled subject but as an element of several different parts of the curriculum. It may take place within a planned programme or arise spontaneously following children's questions. Pupils' education would be seriously disrupted, and the schools' task made unmanageable, if pupils had to be withdrawn every time sexual matters were discussed.

Schools are already required by Regulations to publish information about their policies on sex education so that parents can take those policies into account when choosing their children's school; the Education Bill will further increase the scope for parental consideration and discussion of their work in this area. Parent governors who will be more numerous as a result of the Bill can be influential in ensuring that parental views, for example on sex education, are given due weight; and it will, of course, be open to any parent to raise concerns about a school's approach to this subject at the annual parents' meeting provided for in the Bill. The Bill also requires the Secretary of State to make Regulations giving parents the right to obtain certain information about what their children are being taught; this right will prove particularly useful to those parents who are concerned about sex education.

We are acting to ensure that Clause 26 works effectively. The recently published HMI discussion document, "Health Education from 5 to 16", contains valuable guidance on teaching approaches and good practice in sex education. The Department is issuing, for consultation, a draft circular to local education authorities and schools, which emphasises 4 important points. First, schools should consult parents on the teaching approaches and materials to be used, and be prepared to respond to their concerns. Second, they should ensure that pupils are told about the law on sexual behaviour. Third, the risks of promiscuity should be made clear. Fourth, it is not for schools to challenge or undermine the proper role of parents in these matters. A copy of the draft circular is enclosed.

I am confident that these measures provide better safeguards for the good education of all children than a right of withdrawal.

*Yours truly,  
Chris*

CHRIS PATTEN



TO: LOCAL EDUCATION AUTHORITIES AND GOVERNORS OF VOLUNTARY AIDED SECONDARY SCHOOLS

SEX EDUCATION AT SCHOOL

### Introduction

1. The White Paper "Better Schools"<sup>1</sup> made clear that "sex education, taught within a moral framework", is an essential element in the schools' task of preparing young people for responsible adulthood. It is an element which calls for exceptionally careful and sensitive treatment. The Secretary of State therefore considers that it should be expressly addressed in the curricular policy formulated by every LEA and in any statement which individual schools prepare about their curricular aims and objectives [in accordance with the provisions of the Education Act 1986]. In addressing this issue, LEAs and schools will find it helpful to take account of the HMI discussion document "Health Education from 5 to 16"<sup>2</sup> which was recently issued. That document invites comments and the Secretary of State hopes that LEAs and schools will respond to that invitation so that their practical experience can contribute to the development of ideas and good practice in this area of the curriculum.

### The Place of Sex Education within the 5-16 Curriculum

2. Sex education in some cases forms a discrete element within the school curriculum; more usually it is subsumed within a broader programme of personal and social education or health education, with particular aspects also being raised in other areas. In the course of a programme of sex education, the physical aspects of sexual behaviour should not be dealt with in isolation

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1- "Better Schools". HMSO. Cmnd 9469. March 1985

2- "Health Education from 5 to 16". Curriculum Matters 6. HMSO. 1986.



and should not be artificially distanced from issues of personal relationships and responsibilities, parenthood and family life in general. [The Education Act 1986 provides that sex education in maintained schools shall be offered as far as is practicable "in such a manner as to encourage .... pupils to have due regard to moral considerations and the value of family life".] Teaching should be appropriate to the maturity of the pupils concerned, which may not always be adequately indicated by chronological age either in the primary or in the secondary phase.

3. It is important that schools should not express to the pupils judgements about their parents' attitudes towards sexual matters nor about the extent to which they are prepared to complement the school's work in this area. The majority of parents may wish to contribute to their children's understanding of the physical and emotional aspects of growing up, but some parents do not feel able to discuss such matters freely with their children. It is not for schools to challenge or seek to undermine family relationships.

4. The importance of personal integrity and the significance of moral values should be emphasised, and pupils should be helped to recognise the physical and emotional risks of sexual promiscuity. The aim of a programme of sex education should be to present the facts in an objective and balanced manner and to enable pupils to understand the values and other factors which influence attitudes and behaviour in our society, to form their own opinions, and to make informed, reasoned and responsible choices both while they are at school and in adulthood. In assisting pupils to appreciate the consequences of sexual behaviour, schools should avoid any implication that responsibility is the prerogative of one sex rather than the other: they should encourage recognition that both sexes share responsibilities in these matters. Schools should also see it as part of their task to ensure that pupils understand those aspects of the law which relate to sexual activity and to certain forms of sexual behaviour. Pupils should understand two things in particular. First, except in certain very restricted circumstances, it is a criminal offence for a man or boy to have sexual intercourse with a girl under 16, irrespective of whether she consents. Second, homosexual acts between males are criminal where committed in public or where one of the parties is under 21.



5. Matters about which many people have strong and deeply-held views, such as sexually-transmitted diseases (including AIDS), abortion, homosexuality, and the issues raised by contraception, should not be avoided. They feature prominently in the media and are widely discussed outside school. Pupils of all ages are likely to be aware of them and may themselves raise questions about them. Schools need to exercise great care in dealing with such issues. The recent HMI document offers, for discussion and comment, some more specific guidance on how schools might approach these controversial aspects of sex education.

6. How sex education should be handled in the classroom is, first and foremost, a matter for the professional judgement of the staff. They may need support from the authority's advisory service or through in-service training. In general, teachers should rely on their own professional expertise and the support of their professional colleagues. Particular care should be taken in choosing and making use of commercially-produced teaching materials, some of which may reflect assumptions and approaches which are not compatible with the school's own policies. When outside speakers are used, schools need to ensure that their contributions are fully integrated with the relevant teaching programmes.

#### The School's Policies and Parental Involvement

7. The considerations set out above make it essential for each school to have a policy for sex education and to offer sex education on the basis of clearly formulated objectives, which are pursued in a coordinated manner by all concerned, including class teachers and subject specialists. In drawing up the school's policy, heads should take into account the authority's policy and consult the governing body. Schools should keep parents fully informed about the policy and about their approaches to particularly sensitive issues. Regulations made under Section 8 of the Education Act 1980<sup>3</sup> require local education authorities and the governors of aided and special agreement schools to publish information about "the manner and context in which education as

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3- Regulation 4 of the Education (School Information) Regulations 1981, SI 1981/630, read with paragraph 4(c) of Schedule 2 to those Regulations.



respects sexual matters is given". This information, which is provided for the purpose of enabling parents to express a preference for a school in relation to their child's admission, is likely to require subsequent amplification for the purpose of informing parents of pupils in the school about the school's policies for, and approaches to, sex education. While parents have no statutory right to cause their children to be withdrawn from sex education provision, schools should be ready to discuss both their policies and their approaches with parents, and to consider sympathetically the anxieties and suggestions of individual parents.

8. Parents should also be given opportunities to see for themselves the teaching materials to be used and to receive explanations of the context in which they are to be used. Governing bodies should be informed of parental views revealed by the school's consultations with parents. Parent governors can play an important part in helping to ensure, for example, that adequate consideration is given to parental views about the handling of controversial issues. [The Education Act 1986 alters the composition of governing bodies of county, controlled and maintained special schools, and provides for the discussion of an annual report from the governing body of every maintained school at an annual parents' meeting. These provisions increase the scope for parental discussion of sex education at their children's school.]

#### Advice to Pupils under 16

9. It is important to distinguish between on the one hand the school's function of providing information and general guidance about sexual matters on the basis described above and, on the other, counselling and advice to individual pupils. It is particularly important to maintain this distinction in matters relating to sexual behaviour. Good teachers have always exercised pastoral interest in the welfare and well-being of pupils in a manner which is complementary and supportive to the role of parents. But this function does not and should not trespass on the proper exercise of parental rights and responsibilities.



10. The specific question of the provision of advice about contraception to girls under 16 was addressed by the recent House of Lords judgement in the Gillick case<sup>4</sup>. The House of Lords found that, while it should be most unusual for a doctor to provide contraceptive advice and treatment to a child under 16 without parental knowledge or consent, there were circumstances, described in one of the judgements, where he would be justified in doing so. The Secretary of State draws attention to the view expressed in the judgement of Lord Fraser of Tullybelton that ".....in the overwhelming majority of cases the best judges of a child's welfare are his or her parents"<sup>5</sup>. The circumstances in which the Law Lords considered it might be justifiable for a doctor to offer contraceptive advice and treatment to a girl under 16 without the knowledge and consent of her parents do not have a parallel in school education.

11. A teacher approached by a pupil for advice on sexual behaviour should, wherever possible, encourage the pupil to seek advice from his or her parents. Where the circumstances are such as to lead the teacher to believe that the pupil has embarked on, or is contemplating, a course of conduct which is likely to place him or her in moral or physical danger, or in breach of the law, the teacher has a general duty to warn the pupil of the risks involved. Whether the teacher should take the matter further, by informing the headteacher, and whether the headteacher should consider involving the pupil's parents, the specialist support services, or the local education authority, will depend on the particular circumstances involved and the professional judgement of the staff concerned. Where a pupil alleges that he or she has been sexually abused - possibly by a member of the family - the teacher should inform the headteacher who, unless satisfied that the allegation is groundless, should notify the local education authority. The authority should liaise with the social services and other agencies in accordance with established local procedures for handling cases of suspected child abuse, involving the parents as appropriate.

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4- Gillick v. West Norfolk and Wisbech Area Health Authority and the Department of Health and Social Security [1986] AC 112.

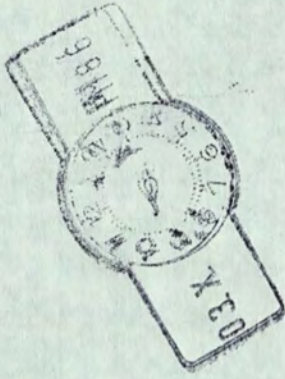
5 - At page 173



EDUCATION

POLICY

PT 9





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*file LB  
a prof billfms*

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

3 October 1986

CITY TECHNOLOGY COLLEGES

The Prime Minister was most grateful for your Secretary of State's minute of 2 October and has no comments to offer on the draft passage for the Party Conference or on the draft booklet announcing the proposed City Technology Colleges.

DAVID NORGROVE

Rob Smith, Esq.,  
Department of Education and Science.

A handwritten signature, possibly 'RS', written in dark ink.

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## PRIME MINISTER

## CITY TECHNOLOGY COLLEGES

At the meeting which you chaired on 25 September it was agreed that I should announce my proposals for City Technology Colleges (CTCs) as set out in the papers which I circulated to colleagues.

2. I propose to mention this initiative in my speech to the Party Conference on 7 October and to make a fuller announcement the following week. I am now enclosing the relevant extract from my draft Conference speech and a draft of the booklet which I intend to publish on 14 October.
3. The draft booklet takes account of comments made by colleagues at the meeting on 25 September. In your summing up you identified three issues, in particular: the location of CTCs; the extent to which we should bind promoters to conditions of grant; and the scope for action within existing legislation.
4. On the location of the CTCs, you will see that I have phrased Annex B of the booklet and relevant parts of the text so as to widen the target areas beyond the boundaries of the inner cities. The wording of paragraphs 4 and 23, in particular, gives me the flexibility to locate some CTCs in better areas or to establish them on sites outside the inner city with catchment areas serving pupils from mixed social and economic backgrounds. At the same time, I want to leave no room for doubt that the scheme is intended to serve the children of the cities, including those now trapped in the most unsatisfactory urban schools.
5. I agree that CTCs should not be encumbered with unnecessary 'regulations' and I have simplified paragraph 27 of the booklet which outlines the relationship between the Secretary of State and the promoters. But I need to make it quite plain that promoters will be required to provide a core curriculum with a strong technology element and to run CTCs in accordance with our objectives for the selection of pupils and the general character and ethos of the school. A key point is that conditions of grant will be agreed with promoters, not imposed by the DES.
6. I have removed from the booklet earlier references to the possibility of legislation. My objective is to make regulations for grant under powers already available in the Education Acts. But I shall need to test this further in negotiation with promoters.
7. I believe you know that I see overwhelming disadvantages in acknowledging the possibility of charging fees for CTCs. One of the strengths of the scheme is that it will provide a ladder of opportunity to families unable to afford private education. At this stage any mention of fees would reduce its political appeal, particularly among our own supporters, many of whose Conference motions on education centre around the improvement of the maintained sector.

K.S.

2 October 1986





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Conference Speech  
Extract

46. I have therefore decided, with the enthusiastic backing of the Prime Minister and my colleagues, to launch a pilot network of new schools in urban areas including the disadvantaged inner cities. These will be called City Technology Colleges - CTCs. They will widen parental choice in the urban areas covered by the network. They will increase the range and quality of education in areas where it is most needed.

47. CTCs will have these features:

- they will be for 11-18 year olds;
- they will be State-maintained, be independent of Local Education Authorities and will charge no fees;
- they will be funded by my Department with promoters making a substantial contribution towards the costs;
- they will offer a curriculum, with a strong technical and practical element;
- they will seek to develop the qualities of enterprise, self-reliance and responsibility and secure the highest possible standards of achievement.

*the private sector*

48. I am planning initially to establish network of around 20 CTCs - each with 750-1,000 pupils. I am convinced that girls and boys of all abilities and backgrounds, will benefit from the type of education which a CTC will provide. I will be inviting potential promoters to come forward with proposals and I envisage that the first City Technology College will open for business in 1988, if not before.

49. This exciting initiative will create new opportunities. These colleges will offer hope to many young people and their parents. This is a new partnership, it points the way forward.

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DRAFT OF 1.10.86

**CTCs : A NEW CHOICE OF SCHOOL**

**INTRODUCTION**

**The Government's proposal**

1. The Government is working with interested individuals and organisations to establish with financial assistance from the Department of Education and Science a network of City Technology Colleges (CTCs) in urban areas. Their purpose will be to provide a broadly based secondary education with a strong technological element thereby offering a wider choice of secondary school to parents in certain cities and a surer preparation for adult and working life to their children. It is in our cities that the education system is at present under most pressure. This booklet outlines what is proposed.

**The starting-point**

2. The Government's central aim for school education, which is widely shared, is

"to improve standards in schools, using the available resources to yield the best possible return, so that schools more effectively help all our children and young people to become responsible and law-abiding citizens, to bring enterprise, versatility and application to their employment, and to foster those qualities and attitudes which will enable them to develop their talents as individuals and as valued members of society." \*

3. The Government believes that this aim will be achieved more quickly and more effectively if parents have a greater say in, and can feel more responsible for, their children's education. Such responsibilities can be exercised more effectively if parents have greater choice about their children's school and about the nature of the education they receive.

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# CONFIDENTIAL

4. The Government's aims and the aspirations of parents are relevant throughout the country. But it is in the cities that these aims and aspirations often seem furthest from fulfilment. There are many examples of good schooling offered by committed teachers in the cities. But many families living there who seek the best possible education for their children do not have access to the kind of schools which measure up to their ambitions.

5. The Government believes that there is, in the business community and elsewhere, a widespread wish to help extend the range of choice for families in urban areas. What is required is a programme which builds upon the lessons of the Technical and Vocational Education Initiative and of successful secondary schools generally. The plans set out in this booklet offer such a new approach. They describe a basis for establishing, on a pilot basis, with financial assistance from the Secretary of State for Education and Science, a number of City Technology Colleges alongside secondary schools maintained by local education authorities.

6. The Secretary of State for Education and Science has discussed these proposals with a number of individuals and organisations, in the business community and elsewhere, who share the Government's concerns and who wish to help improve education in the inner cities. He is inviting them to work with the Department on the detailed arrangements for establishing a network of City Technology Colleges.

## **City Technology Colleges**

7. The main characteristics of CTCs will be these:

- they will normally cater for 11-18 year-olds;
- they will be registered independent schools, subject to inspection by Her Majesty's Inspectorate;
- they will charge no fees;

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- the promoters will own (or lease) and run them, and receive grants on conditions agreed with the Secretary of State;
- the promoters will make a substantial contribution towards the costs;
- they will offer a broad curriculum, with the strong technical and practical element which is essential preparation for the changing demands of adult and working life in an advanced industrial society;
- they will seek to develop the qualities of enterprise, self-reliance and responsibility which young people need for adult life and work and for citizenship;
- they will be set up in urban areas, including the disadvantaged inner cities;
- they will aim to secure the highest possible standards of achievement, both academically and in other ways.

## CTC pupils

8. Each CTC will serve a substantial catchment area. The composition of their intake will be representative of the community they serve. They will not be neighbourhood schools taking all comers; nor will they be expected to admit children from outside the catchment area. Their admission procedures and catchment areas will need to be defined in such a way as to give scope for selecting pupils from a number of applicants. The precise arrangements will need to be decided case by case but a typical catchment area is likely to contain at least 5,000 pupils of secondary age, from whom 750-1000 pupils will be admitted.

9. CTCs will be required, as a condition of grant, to aim at admitting pupils spanning the full range of ability represented in the catchment area. Pupils will be selected by the Head and

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the Governing Body on the basis of their general aptitude, for example as reflected in their progress and achievements at primary school; on their readiness to take advantage of the type of education offered in CTCs; and on their parents' commitment to full-time education or training up to the age of 18, to the distinctive characteristics of the CTC curriculum, and to the ethos of the CTC. As described in paragraph 19 below, education in a CTC will demand considerable effort from pupils and from their parents. A prime consideration in the selection of pupils will be whether they are likely to benefit from what the CTC offers. All will have some of the positive qualities which will help them to succeed.

10. Admission to CTCs will not be subject to any denominational tests.

11. It will be an objective of the scheme to balance provision for boys and girls. Provided this condition is satisfied single sex CTCs will not be excluded.

## Promoters of CTCs

12. The Secretary of State is issuing a general invitation for potential promoters of CTCs to come forward. He looks to industry and commerce, educational trusts, charities, and other voluntary organisations to consider sponsorship of CTCs.

## Funding and management of CTCs

13. The Secretary of State will expect promoters to contribute to the cost of buildings and equipment. Some assistance may in certain circumstances be available to help meet the interest on loans for this purpose.

14. The Secretary of State will pay the CTCs' running costs on the basis of the number of pupils, at a level of assistance



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per pupil comparable with what is provided by LEAs for maintained schools serving similar catchment areas.

15. The promoters will own (or lease) the CTCs, and run them. They will be responsible for employing teachers and other staff. Their grant from the Secretary of State will be paid on conditions agreed with him.

## **A new partnership**

16. As the CTCs will have a charitable character, they will not be profit-making. The resources required, both for capital expenditure and for managing the CTCs, will be substantial. Promoters will be making a long term investment in the adult and working population of the future. Their reward will be richer opportunities for good education in the cities and an enhanced contribution to the vigour and prospects of the communities there.

17. It is in that spirit that the Government is inviting potential promoters to come forward with proposals, and all those working in the education service to help make the initiative a success. The following paragraphs explain various aspects of the Government's plans for CTCs.

## **HOW CTCs WILL WORK**

### **Curriculum**

18. CTCs will offer a curriculum in line with the Government's policy for setting high standards in the maintained sector. There will be a large technical and practical element within the broad and balanced curriculum which the Government advocates for all pupils up to the age of 16. The importance of doing and understanding as well as knowing will be emphasised throughout. Pupils of all abilities will be challenged to the limit of their capability. In addition

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- there will be strong emphasis on self-discipline and positive attitudes. The school day and the school term are likely to be longer than the minimum required by law for LEA-maintained schools. All pupils will be expected to honour the requirements for homework and to participate in extra-curricular activities including residential field trips with physical as well as intellectual challenges. Work experience will also form an integral part of education at a CTC.

- CTCs will where possible also be used to establish the value and effectiveness of equipping a secondary school with IT hardware and software on a scale more extensive than is normal in the maintained sector.

19. The range and balance of the subjects which might be provided in a CTC is illustrated in the curriculum model set out in Annex A. It shows what could be offered in an 11-18 school of 1,000 pupils with a pupil teacher ratio (15.4:1) which is in line with current good practice for an inner city school. In this model, technological emphasis is achieved by giving pupils relatively little choice in the subjects studied in years 4 and 5. This will be unusually directive. Parents and pupils will need to take this into account when they apply for a place in a CTC.

## Staffing

20. The staff of CTCs will be employed by their Governing Bodies, which will be free to negotiate pay and conditions of service, on the understanding that the Secretary of State's contribution to running costs will broadly reflect salary levels current in LEA-maintained schools.

21. The Secretary of State will generally require Governing Bodies to employ as teachers those who have 'qualified teacher' status although exceptions may be made on the recommendation of the governing body for individuals with other relevant background or experience. Governing bodies will also be expected to match the qualifications and experience of teachers to the subjects taught.

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22. Governing Bodies will be free to decide on staffing levels and on the balance between teaching and non-teaching staff, on the understanding that the Secretary of State's contribution to their running costs will assume a pupil:teacher ratio which moves in line with good practice in LEA-maintained inner city schools.

## Location

23. The Government is prepared to fund up to 20 CTCs. It intends that these should be established in a number of urban areas, some of them suffering acute social deprivation and receiving attention in other ways through the Inner City Initiative. CTCs are unlikely to be established outside large centres of population. The first 20 CTCs are likely to serve catchment areas drawn from the areas listed in Annex B.

## Funding

24. The principle of funding will be that the promoters will make a substantial contribution to capital expenditure but will be eligible for assistance from the Department of Education and Science towards the cost of buildings and equipment and will receive a grant which will be sufficient to meet all items of current expenditure which would fall on an LEA for one of its own schools (including expenditure on the repair and maintenance of the buildings). The conditions of grant will be agreed between the Secretary of State and the promoters.

25. Promoters will be invited to provide an endowment to enable their Governors to meet the costs of additional facilities or replace obsolescent equipment. Grant may in certain circumstances also be available to cover a proportion of the interest charged on loans incurred by promoters to finance their contribution to the initial capital expenditure. Additional grant may be earmarked to cover expenditure on equipment, as well as software, for Information Technology broadly on the lines of assistance offered through the Technical and Vocational Education Initiative (TVEI).

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26. The level of annual grant to CTCs will be determined on the basis that it should cover what might reasonably be spent on LEA-maintained schools serving similar localities.

### MANAGEMENT

27. Promoters will own (or lease) and run CTCs. The conditions of grant agreed between the Secretary of State and the promoters will set out the aims and objectives of the institution and will establish, among other things, the nature of the curriculum, the approach to the selection of pupils, arrangements to ensure the financial accountability of the governing body and provision for the Secretary of State to monitor the educational performance of the school.

### RELATIONSHIP OF CTCs TO THE REST OF THE EDUCATION SYSTEM

28. CTCs will be a distinct category of provision within the education system. They will not be answerable to local education authorities. It is desirable that LEAs and promoters of CTCs should work together for the benefit of the communities they will both serve. For example, the Secretary of State will encourage the Governing Bodies of CTCs to share their buildings and facilities, as far as is practicable, with pupils from other schools and to make them available to the wider community outside school hours.

### THE TIMETABLE

29. The Government expects that preliminary discussions between the Department and prospective promoters will be completed within a few months, and that the first CTCs will come into operation in 1988. It is confident that the number of institutions and the number of pupils will build up rapidly thereafter. The Government intends that 20 CTCs should be in operation by the end of the decade.

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**NEXT STEPS**

30. Individuals and organisations interested in the scheme are invited to contact the CTC Unit at the Department of Education and Science. The address is:

CTC Unit  
Department of Education and Science  
Room 11/4  
Elizabeth House  
York Road  
London SE1 7PH

Tel: 01 934 0696

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## AN ILLUSTRATIVE CURRICULUM

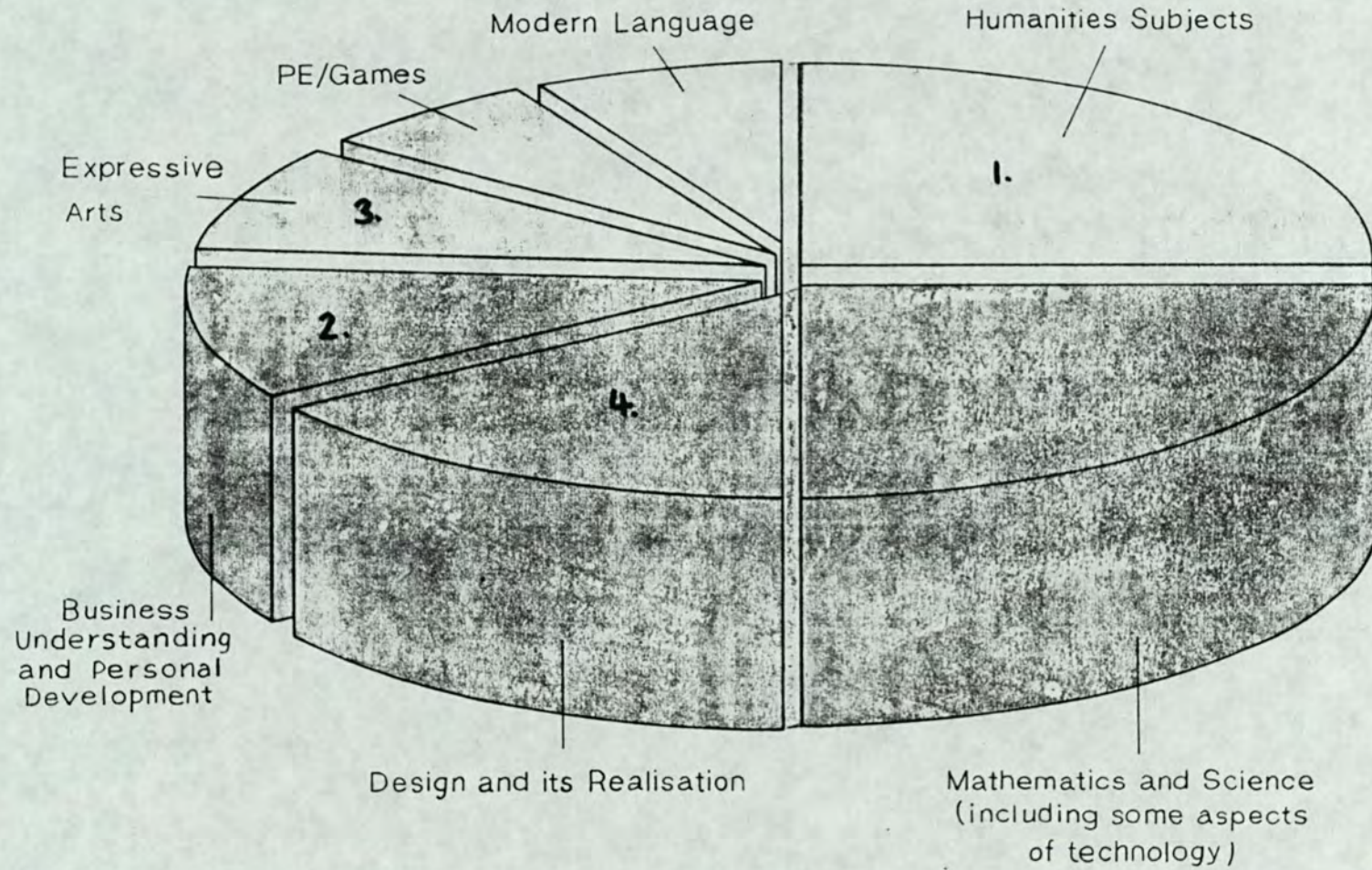
The curriculum offered in these colleges will need to conform broadly to the principles set out in the 'White Paper' 'Better Schools' and in DES policy statements on subjects of the curriculum and the curricular criteria for the extension of the Technical and Vocational Education Initiative.

" The individual programmes made available to students through the structure and application of common cores and option choices should be broad and balanced. They should be related to experience and aim to stretch all pupils to the full potential of their abilities. Students should be enabled to acquire a proper balance of knowledge, understanding, attitudes and skills including practical applications. The aim of the curriculum should be to develop the potential of all students as a preparation for adult life, including employment and the responsibilities of citizenship. This involves attention to the content of programmes, to the learning and teaching approaches used and to progression and continuity within courses and from year to year, particularly where what is done post-16 needs to start from what has been learnt before. It also involves the provision as far as practicable of programme patterns and choices which allow equal opportunity to boys and girls, to students from ethnic minorities and to students with special needs."

The models that follow sketch out only one way in which the principles mentioned above might be translated into the actual curriculum provided by an 11-18 college. Some of the schools, after considering the curriculum as a whole, could adopt or develop more radical ways of meeting the objectives of the initiative and individual schools would be encouraged to develop curricula which reflect the strengths of their teachers and the opportunities provided in the local area. Schools will need to prepare guidelines for the subjects of the curriculum which ensure that cross-curricular themes such as health and environmental education and the development of study skills are properly dealt with, and also fully reflect the intentions of the initiative.



ILLUSTRATION OF A POSSIBLE CURRICULUM FOR YEARS 1-3



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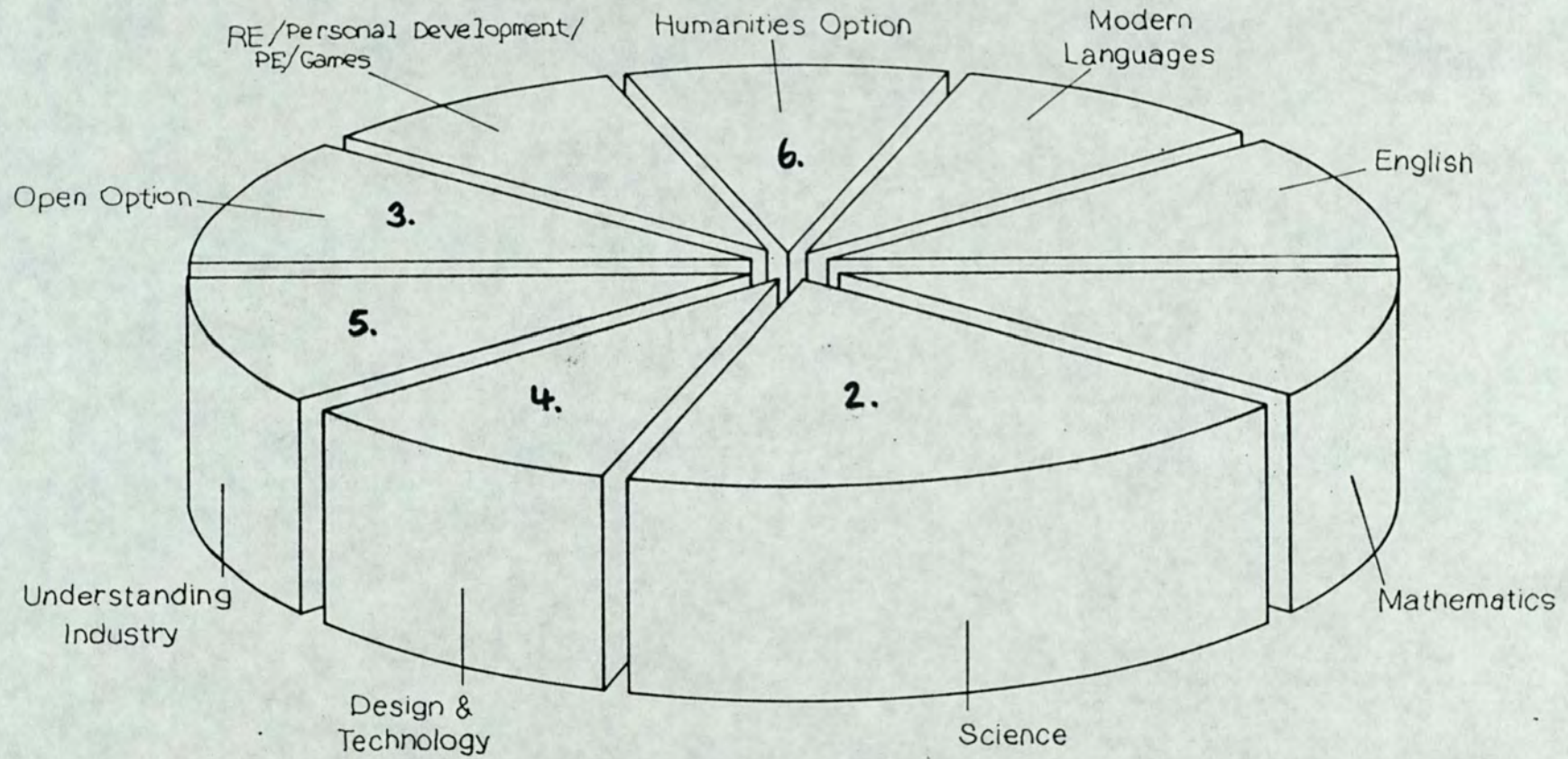


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1. To include English, history, geography and RE, taught separately or in various combinations.
2. A sequence of modular courses, to include in each year elements of business understanding, moral and health education, tutorial work including study skills and aspects of personal development.
3. To include music and drama.
4. To include Art and Design, CDT and home economics.
5. Approximate time-allocations over the 3 years might be in the region of 25% (Mathematics and science), 20% (Design and its realisation), 25% (humanities subjects) and 30% for other courses. Variations within this overall pattern might exist both between and within years. The curriculum would be differentiated within this common provision in accordance with the needs of individual children.



ILLUSTRATION OF A POSSIBLE CURRICULUM FOR YEARS 4-5



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1. This is largely a directed, 'common core' curriculum with limited optional choice. Within this framework, the curricula of individual-pupils will need to be differentiated according to abilities, interests and needs.
2. Science occupies 20% of the week; it might be taught as separate subjects, in an integrated way or as double science.
3. The open option will include a wide range of subjects, which will vary with schools' particular strengths: eg, history, geography, RE, a second foreign language, music, home economics, computer studies and economics.
4. The Design and Technology course will include elements of CDT, technology, art, computing and information technology.
5. This course will be organised on a basis of units or modules including industrial design as well as the financial and economic aspects of industry and commerce.
6. This option will include subjects such as economics, geography and history.
7. Except for the double science allocation, all subjects/courses will receive an allocation of approximately 10% of the week.







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## COURSES OF STUDY AVAILABLE IN SIXTH FORM

1. Students will be able to take:

i. one-year courses leading to Royal Society of Arts (RSA), Certificate of Pre-Vocational Education (CPVE) or General Certificate of Secondary Education (GCSE) qualifications

or

ii. selected one or two-year vocational courses leading to Business and Technician Education Council (BTEC) or City and Guilds of London Institute (CGLI) qualifications. These courses might need to be run in association with other providers of vocational education and training

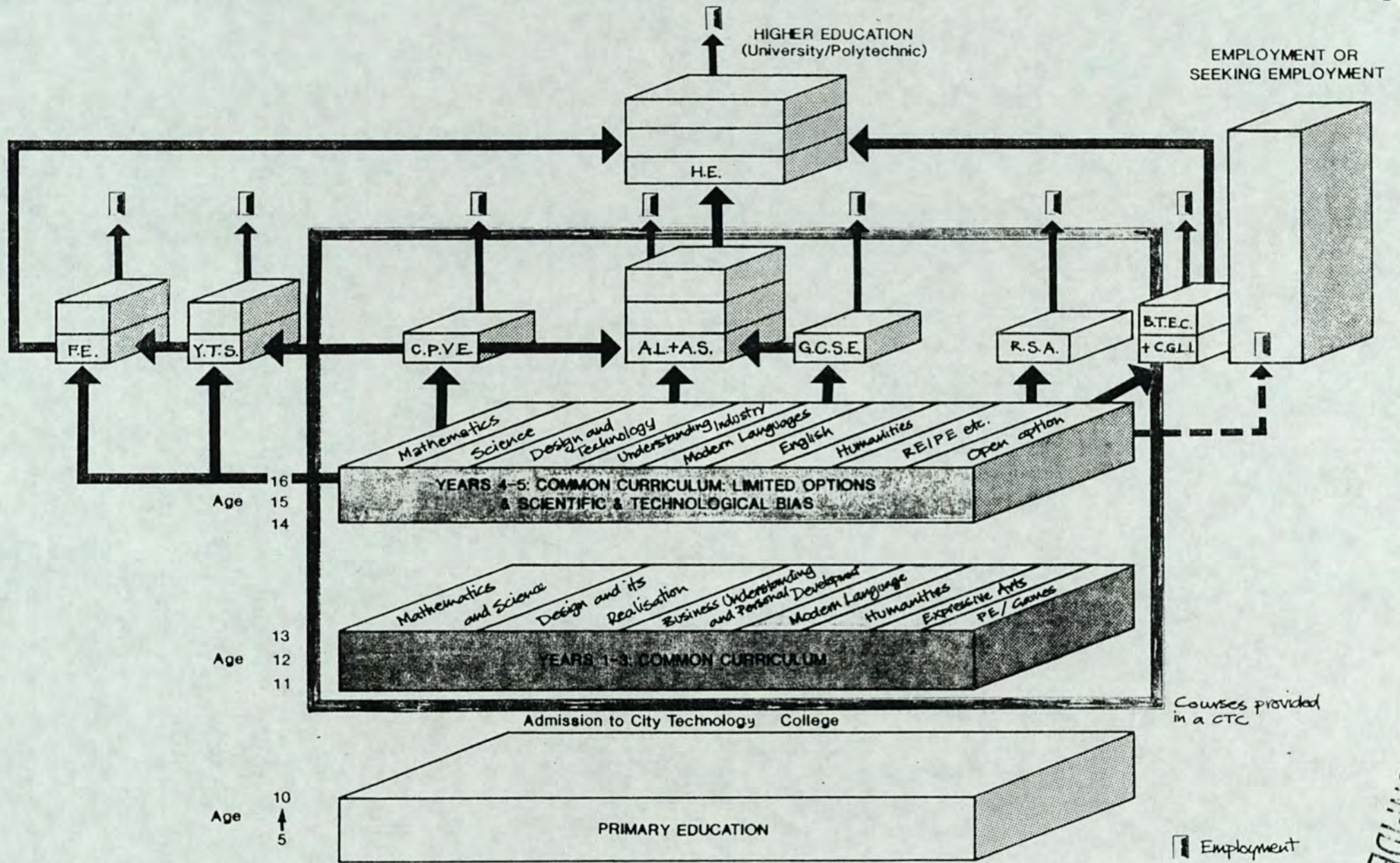
or

iii. two-year courses leading to General Certificate of Education qualifications at Advanced (A) and Advanced Supplementary (AS) levels.

[It will be possible to take various combinations of examinations.]

2. All students will participate in general studies, careers and guidance and recreational courses.





THE CTC AND THE EDUCATION SYSTEM

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ANNEX B

POSSIBLE LOCATIONS

Greater London  
including: North Peckham\*  
Notting Hill \*  
Hackney  
Newham

Greater Manchester  
including: Moss Side\*

Merseyside  
including: Liverpool  
Knowsley

West Midlands  
including: Birmingham (Handsworth)\*  
Coventry  
Sandwell  
Wolverhampton

East Midlands  
including: Leicester (Highfields)\*  
Derby  
Nottingham

Yorkshire and Humberside  
including: Leeds (Chapelton)\*  
Bradford  
Hull

Cleveland  
including: Middlesbrough (North Central)\*

Tyne and Wear  
including: Newcastle/Gateshead  
Sunderland

Lancashire  
including: Preston

East Anglia  
including: Norwich

South East  
including: Portsmouth  
Southampton

South West  
including: Bristol (St.Paul's)\*

\* included in Inner City Initiatives



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DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH  
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

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*Prime Minister 2*  
*I have asked DoE*  
*to let me know what*  
*effect this would have on*  
*Barnet rates.*

The Rt Hon Nicholas Ridley AMICE MP  
Secretary of State for the Environment  
2 Marsham Street  
LONDON  
SW1

October 1986

*DRS*  
*2/10.*

*Amthor*

*Please ask*  
*Nicholas Ridley 2*  
*to contact*  
*me on*  
*urgently*

**EDUCATION OF NO AREA PUPILS - FUNDING ARRANGEMENTS**

I promised to let you know my decision about future arrangements for pooling the cost of educating no-area pupils in order that you might take a decision about their treatment in the assessment of grant-related expenditure (GRE).

A no-area pupil is one who does not belong to the area of any local education authority (for example the children of short-stay servicemen). At present 45% of the cost of educating these pupils is pooled, and thus shared between all local education authorities. But they also count for GRE purposes, so that authorities in effect get 145% credit for the cost of educating them. This is an obvious anomaly and it seems sensible to correct it by raising the poolable percentage from 45% to 100%, and discounting the pupils from the GRE. For most LEAs, the effect of this change on their finances would be small but it would cost Barnet, which has an abnormally high number of no-area pupils, perhaps as much as £2m, and would increase ILEA's income by about £3m. The latter effect comes about because ILEA gains as the poolable percentage is raised, but has no block grant to lose from the discounting of the pupils for GRE purposes. I can, however, take this increase in ILEA's income into account in setting the maximum for ILEA's precept next year and intend to do so.

I have considered carefully whether to delay this change for a year so as to give LEAs who would lose by it more adequate notice and because, if we do proceed for 1987-88, we shall have to use imperfect data from the GRE assessment. For legal reasons, however, I believe it would be rash to delay. All the signs are that the ILEA are preparing to challenge a decision to defer in the Courts and I am advised that

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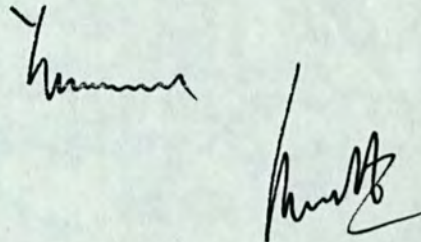
...../



there is a serious risk that such a decision would be declared to be unreasonable. I have a duty to make regulations applying pooling to expenditure on no-area pupils and those regulations may provide that only a specified proportion of such expenditure shall be poolable. However a decision to specify a given proportion must satisfy the legal test of "reasonableness". The ILEA would argue that the proportion of 45% is unreasonable because it is based on an irrelevant consideration - the pre 1981-82 Rate Support Grant arrangements. We have no effective answer to that argument.

We have already lost one pooling case brought by the ILEA at extra cost to the Exchequer and with disruptive consequences for local authority financing with which we are still grappling. It would be foolhardy to run the risk of another High Court defeat on an issue where in principle we too favour change. I conclude that we should make the pooling and GRE changes in 1987-88. I hope that your Department will bear with mine if it becomes necessary to make some corrections to the adjusted pupil number data used for GREs at Supplementary Report stage. I shall consult the local authority associations on the necessary amendment to the pooling Regulations.

I am sending copies of this letter to the Prime Minister, to the members of E(LA) and to Sir Robert Armstrong.

Two handwritten signatures in black ink. The first signature is on the left and the second is on the right, both appearing to be cursive and somewhat stylized.



PRIME MINISTER

cc Professor Griffiths

CITY TECHNOLOGY COLLEGES

Brian Griffiths and I agree that Mr. Baker has gone most of the way to meet the comments you made at your meeting.

Taking them in turn:

- (i) it would be best if the early schools at least were not to be set up in the worst areas - they should be set up in outer areas, drawing in children from inner city areas: on location see paragraph 23: the schools "should be established in a number of urban areas, some of them suffering acute social deprivation";
- (ii) the comment at the meeting was that the schools would be constrained by too many regulations: paragraph 27 states that the conditions will be "agreed" between the Secretary of State and the promoters;
- (iii) you felt that it would be better if the schools were set up under the legislation which had governed direct grant schools: the booklet now makes no mention of the possibility of legislation;
- (iv) you thought the proposal should give more latitude on the catchment areas: paragraph 8 just about meets this; it says among other things that they will not be expected to take all comers and they will give scope for selecting pupils;
- (v) you felt there should be more latitude on the requirement for a balanced provision for boys and girls: on this see paragraph 11, which appears to suggest that it would be the CTC schools as a group which will be required to provide balanced provision rather than any single school;



- (vi) you felt that pupils should be selected on the basis of their ability as well as their aptitude: on this see paragraph 9 which requires that CTCs should "aim at" admitting pupils spanning the full range of ability represented in the catchment area; there is also a reference to taking account of "achievements" at primary schools;
- (vii) you felt it would be better if there were no requirement that teachers should be qualified: paragraph 21 allows for exceptions to be made for people with other relevant background or experience;
- (viii) Lord Young thought the curriculum was insufficiently practical: the curriculum in the document is described as illustrative and the curriculum is one of the things to be agreed between the Secretary of State and the promoters.

The main area where Mr. Baker has not met you is on fees. Mr. Baker does not want CTCs to charge fees and says so quite explicitly.

See also the draft passage for Mr. Baker's Party Conference speech which is immediately below his covering minute.

May I suggest that Brian and I come to see you at 0915 tomorrow to discuss this for quarter of an hour before you start on your speech?

If you wish to pursue the possibility of fees at CTCs I am sure you will need a meeting with Mr. Baker tomorrow.

DW

DAVID NORGROVE  
2 October 1986

Will not pursue - he has met us on everything else  
not





10 DOWNING STREET

*Spoken to  
Scottish  
Office*

PRIME MINISTER

*DW  
2/10*

I suggest omit "wholeheartedly":  
the first paragraph otherwise  
goes over the top. Also omit  
the final sentence because that  
would make it more difficult for  
the Government to take a quick  
decision. Content with the  
statement subject to these  
changes?

*DW*

*After these  
decisions  
no*

(DAVID NORGROVE)

1 October 1986



PART 8 ends:-

ORN to DES (Mtg Rcds) 25.9.86

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PART 9 begins:-

DN to PM 1/10/86.

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