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C(79) 29

COPY NO 80

10 July 1979

CABINET

PUBLIC EXPENDITURE: EDUCATION

Memorandum by the Secretary of State for Education and Science

1. We face a conflict of priorities. We are committed to reduce public expenditure; and we are pledged in the Manifesto and in The Queen's Speech to maintain and improve standards in education. I believe that cuts in education of the size and on the timescale proposed in C(79) 26 - over 10 per cent in 1980-81 - would make it impossible to fulfil this pledge on standards. Since we are protecting law and order, reductions in local authority expenditure will hit education very hard.
2. The following points are relevant:-
 - i. Fractionally less was spent on education in 1978-79 than in 1973-74, our last year in office. This was despite an increase in secondary numbers which wholly offset the fall in primary numbers, and a growth of nearly 15 per cent in the numbers in further and higher education. Our predecessors provided for an increase of little more than 1 per cent in expenditure on education between 1979-80 and 1981-82, with no growth thereafter. The recent fall in primary numbers is now extending to the lower secondary age-groups. But beyond 16, numbers in schools and in further and higher education (where costs per pupil or student are inevitably much higher, though lower than they were five years ago) are still rising steadily. And the plans we inherited already provided for a fall of over 30,000 in teacher numbers over the next four years.
 - ii. The education service is creaking badly - partly because of unduly rapid organisational change, partly because of lack of resources; and the disparity in standards between different parts of the country is now very worrying. As the chairman of almost any county education committee will confirm, there are often not enough books; there are too few teachers of mathematics, science and some specialist subjects; many other teachers are in urgent need of retraining; school buildings (especially many of the thousands of

primary schools dating from the last century) are often poorly maintained; and some polytechnics are short of essential equipment. The same is true of some universities.

iii. There are areas - the Inner London Education Authority is perhaps the prime example - where more is spent than need be in today's circumstances. But administrative costs in education departments, at under 4 per cent of total spending by local authorities on education, are smaller than 5 years ago. And the number of non-teaching staff they employ (caretakers, secretaries, technicians, school meals staff, etc.) is slightly smaller than in March 1975.

3. I accept however that there are opportunities for reducing expenditure on education. The savings would come mainly in such areas as nursery education, school meals, school transport, teacher numbers and access to higher education; some of these measures will involve legislation this Session. We can secure the co-operation of our supporters in local government in reductions based on this approach. This is vital if we are to minimise the damage to educational standards, and if we are to proceed with the various provisions of benefit to parents in the Education No 2 Bill, including the assisted places scheme.

4. On this basis, I can undertake to find savings of around £250 million or 3 per cent. This is the figure we contemplated for 1980-81 when in Opposition and represents the limit of what is tolerable and practicable next year, though we should be able to make further savings in later years. I accordingly invite my colleagues to agree that I should discuss with the Chief Secretary how cuts on these lines might be achieved and report back to the Cabinet on 26 July.

M C

Department of Education and Science

10 July 1979