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10 DOWNING STREET

THE PRIME MINISTER

17 December, 1982

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Dear Mr. Evans,

You wrote to me on 30 November enclosing a resolution from Salford City Council about future education policies and referring to "proposals" submitted by the Central Policy Review Staff.

There were no such proposals. The CPRS prepared a confidential analysis for Ministers, outlining a number of possible ways of limiting the growth of public spending in the longer term, so that we could decide whether to commission further work on any of them. As I explained to the House on 11 November, that paper was not discussed and no further work is being done on it.

The general question of whether the funding of the education system is organised in the best possible way for all concerned is one which I think any responsible government would wish to examine from time to time. Sir Keith Joseph has made clear, quite outside the CPRS context, that the potential advantages to very many households with a wide range of incomes of a properly constructed voucher scheme, including the extension of parental choice and the stimulation of competition, which should help raise standards, makes it worthy of serious consideration. The first step might be a small pilot scheme which would allow study of the costs and benefits involved in practice. However, we have not yet taken any decisions on a voucher scheme.

/So far as

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So far as higher education is concerned, we want to produce a more cost-effective system, attuned to the needs of the country and the economy, and we believe there should be opportunities for greater diversity in the way higher education institutions are financed.

Yours sincerely

Raymond Stiller

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John Evans, Esq., MP.