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cc Master

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cc B. V. Quinn

10 DOWNING STREET

15 May 1986

From the Private Secretary

Dear Bob,

HOW TO GET BETTER SCHOOLS

The Prime Minister this afternoon held a meeting to discuss your Secretary of State's minute of 13 May and his papers of 26 March and 12 May. In addition to Sir Keith Joseph, the Lord President, the Chancellor of the Exchequer, the Home Secretary, the Secretary of State for the Environment and the Chancellor of the Duchy of Lancaster were also present.

The Secretary of State for Education said it was vital to raise the standards of education available to the 94 per cent of children who were educated in State schools. A number of measures were in hand designed to achieve this. It was now important to try to gain greater control over the educational policies and practices of the local education authorities. In particular, there was a need for stronger financial levers to be made available to central government. There was a need also to increase the range of alternatives to LEA maintained schools.

The Secretary of State for the Environment was attracted by the alternatives to LEA maintained schools proposed by Sir Keith Joseph. Education was in much the same position as housing had been 20 years ago, when the choice had lain primarily between council housing and owner occupation. There was a need to create a greater range of choice. A new specific grant power should be considered, possibly amounting to several hundred million pounds, though any such proposals needed to be handled with great care as they would tend to undermine the thrust of the proposals set out in the Green Paper on local authority finance.

The Chancellor of the Exchequer felt there was a limit to what could be achieved in practice within the existing system. However proposals for future action could help to change the climate. The financial implications of any proposals would need to be carefully considered, and it would be important to try to avoid the dead weight costs of providing public support for people who would otherwise anyway have educated their children within the private system. Money could be attracted in from charitable

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foundations, taking advantage of the tax measures which had been announced in this year's Budget. The Chancellor said he would resist very strongly any proposal for a statutory review body. He was however attracted by a proposal for open enrolment, though its costs would need to be considered.

The Home Secretary was concerned about the desperately poor education offered in some inner cities. An increase in parental choice would not necessarily reduce the problems. Whilst parents would want the best for their children, many of them might well be unable to exercise their choice effectively. New specific grant powers might help. But it seemed likely that at some stage it would be necessary for central government to take the responsibility for some schools away from the local authorities. The Home Secretary hoped that foundations and charities would then take over their management, but Government control could not be excluded.

In discussion, it was noted that one possibility would be to introduce technical schools into inner cities using some public money as a catalyst. TVEI might provide a starting point. Any legislation would have to provide for Government to take over schools only where there was educational failure, as a safeguard against the power being used for political ends. Powers to introduce charges already existed, and should be retained.

The meeting discussed whether the government should seek to impose a national core syllabus. In its favour it was argued that it would allow clear standards to be set throughout the country, which would be well understood. Special needs of whatever kind would be met by additions to the syllabus. Against this it was argued that it was vital to secure the support of teachers for any proposals in this area. The UK had a tradition of decentralised education, and changes would have to be introduced by consent. Discussions about the curriculum were well advanced. Agreement would be a major achievement which could be built on for the future. This should not be thrown away by an attempt to impose a national syllabus.

The meeting agreed that the proposal for open enrolment offered worthwhile possibilities which should be further explored.

Some scepticism was expressed about the proposal for greater use of specific grants. The withdrawal of grant when a school failed to reach the appropriate standards would lead to immense controversy and opposition. Against this, it was argued that general, mechanical, pressures on local authorities had failed in the broader area of local authority spending and finance. It was unlikely that they would succeed in securing better education. Other levers would be needed. The difference between the Secretary of State for Education's proposal for specific grants and the Chancellor of the Duchy's for the introduction of contracts was one of mechanics rather than objectives or substance.

It was agreed that there was a need for a more explicit explanation and discussion of how specific grants might be used in practice to secure better standards.

Bringing the discussion to a close, the Prime Minister said the proposal for open enrolment should now be studied in greater detail. Further discussion would be needed of the proposals for Government maintained schools and for the reintroduction of direct grant schools, together with the proposal to create new financial levers to induce LEAs to act in accordance with Government policies for schools. Expansion of the assisted places scheme remained a possibility, but to be acceptable it would have to form part of a broad package which also demonstrated the Government's concern to raise standards within the State sector. No further action should be taken at this stage on the proposal for a statutory review body, and Sir Keith Joseph's minute of 13 May about teachers' pay would need to be considered at a later date.

I am copying this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (HM Treasury), Stephen Boys Smith (Home Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), John Turner (Department of Employment), Robin Young (Department of the Environment) and Jill Rutter (Chief Secretary's Office).

Joan,

David

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