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cc B/G
cc B. Unwin

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Chancellor of the Duchy of Lancaster

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19 May 1986

David Norgrove Esq
Private Secretary to the
Prime Minister
No 10 Downing Street
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Prime Minister 4
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20/5.

Dear David,

HOW TO GET BETTER SCHOOLS

The Chancellor of the Duchy has seen your letter of 15 May to Rob Smith, reporting on the Prime Minister's meeting of the same day.

In that letter, you recorded the view that 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.

The Chancellor of the Duchy considers that this neglects important differences between the proposals, both in substance and in their presentational attractions. He thinks it would be helpful for some of these to be set out.

A system of an Education block grant, with increased specific grant, would be an unambiguous extension of central control over all LEAs. The key difference between that and a contractual approach is that the latter can take a varying form, depending on the position taken by the LEA concerned. It is a flexible instrument; both able to offer the Secretary of State strong powers to compel adherence to standards by recalcitrant LEAs, and able to allow authorities to pursue differing means to reach common objectives in terms of curriculum and standards. Also, the contract approach can be an explicit move in the direction of funding on a per capita basis, the necessary first step if one were to move later to a system of educational credits.

But the differences are perhaps more important in terms of presentation. There is likely to be resistance to a move in the direction of greater central control, if that seems to reduce local

accountability and, more important, reduce the influence of parents and governors. The latter have only just had their position boosted by the Education Bill. We need to find a mechanism that can be presented as strengthening the concept of a partnership, involving central government, the LEA, and parents.

A contract is something which people understand. It gives enforceable rights, and imposes obligations. Although it is the creation of two parties, the Government and LEAs, it can still be used to confer rights on parents and governors, and give them a locus in challenging, if necessary, the actions of LEAs.

The Chancellor believes that a contract approach, combined with other proposals to promote parental choice and diversity of educational provision, can be used to good presentational effect. He would not wish to see it relegated to a minor variant.

I am sending a copy of this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (HMT), Stephen Boys-Smith (Home Office), Rob Smith (DES), John Turner (DEmp), Robin Young (DEnv) and Jill Rutter (Chief Secretary's Office).

Yours Sincerely

Andrew Lansley

ANDREW LANSLEY
Private Secretary

EDUCATION Policy PT7