

B.R.
SUBJECT
cc MASTER

NOTE FOR THE RECORD

EDUCATION

The Prime Minister this morning met Mr. Baker with the Lord President to discuss Mr. Baker's proposals for increased education spending ("Education - Changing Public Perceptions", letter of 2 June).

The Prime Minister later reported this conversation to the Chief Secretary. Mr. Baker had said he had had no dealings with the press until his interview with the "Today" programme yesterday morning, in which he had emphasised that any increases in resources for GCSE would be "modest". He was entirely behind the MTFs objectives. He thought it was important to offer something now in order to raise morale. But with falling school roles it should be possible to reduce education spending in 2 years' time. Indeed he intended to make proposals that education spending should fall in 2 years' time.

The Prime Minister said she had indicated that she expected the Chief Secretary to be sympathetic to the idea of providing some extra resources for GCSE this year. But everything else would need to go through the full Survey process. The Prime Minister had indicated to Mr. Baker that she had invited the Chief Secretary to work up a scheme which would allow increased use of new receipts from the sale of schools.

The Chief Secretary was glad to hear the Prime Minister's account of the conversation. At a meeting with the Chief Secretary after that with the Prime Minister Mr. Baker had continued to push all his proposals, including particularly the proposal for extra spending on primary school books and £10 million for Church schools.

D.N.G.

DAVID NORNGROVE

6 June 1986