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MISC 122: TEACHERS' PAY AND SPECIFIC GRANTS FOR EDUCATION

Taken together these two proposals are a radical shift towards creating a centralised, national education system. They involve a major enhancement of the powers of the DES and will doubtless be followed by a demand for increased staffing. As with the police, (in which the Home Office determine police numbers) the logic of a specific grant (because of the need to to contain the growth in expenditure) is that the DES will plan and direct the education system in ever greater detail.

If implemented therefore these proposals will not only pre-empt radical options such as Norman Tebbit's contract scheme but any move to greater parental choice through education credits.

Our strong recommendation is that both proposals should be rejected and in both cases other alternatives explored.

Specific Grant for Education

At present the Education Support Grant amounts to 1% of schools expenditure (which is roughly £11 billion); the new proposal is that the specific grant should amount to 100%!

The major arguments against are laid out in paragraph 10. The following points about the proposal need to be emphasised:

- i. it will lead to higher public spending (because of a lack of virement);
- ii. because of this the DES will get drawn more and more into the detailed administration of schools;

- iii. it pre-empts all discussion of any radical change in education, on the grounds that applying the specific grant will take time to show results.
- iv. it is highly unlikely that it will ever produce results.

This last point needs to be developed. Imagine an authority with a militant education committee, fundamentally opposed to appraisal and facing a cut in the specific grant. They respond by closing a school and increasing the rates. As a result our opponents are handed a ready made stick with which to beat us.

Two further points need to be made. First, you cannot extrapolate from the alleged success of the present ESG which accounts for 1% of expenditure to a specific grant which could account for 100%. To the extent that the present system of ESG enables DES to raise standards it does so by helping a well-intentioned Chief Education Officer to implement a small and non-contentious scheme. But to introduce a specific grant for major tracts of schools expenditure invites judicial review.

Second, TVEI is not a good example of a general specific grant, partly for the reason just given and partly because TVEI expenditure has not yet been judged by results, only intentions.

The crunch for TVEI will come when TVEI money has to be withdrawn because of a failure to deliver. It is interesting that TVEI has not been taken up by the most left-wing local authorities which are the very ones who will be most troublesome in terms of implementing an appraisal system through specific grant.

In addition, if TVEI is used as an example it bodes ill for extra DES staff. TVEI expenditure of £260m so far has resulted in extra administrative (not teaching) staff of between 160-170. If the specific grant is extended to £1 billion DES will need a major expansion.

Teachers' Pay Review

If it were possible to establish a Teachers' Pay Review Body which:

- involved a no-industrial action commitment by unions;
- took 'more account of market forces and management needs' than at present;
- and avoided excessive wage settlements

it would be of enormous national advantage.

But the very paragraph which make these claims also states that as a result of setting up such a body 'pay levels might be higher than we would prefer; and some new provisions affecting teachers' duties might be less attractive to us, such as maximum contract hours for teachers'. (Paragraph 11).

As the Appendix to the Chief Secretary's note shows existing pay review bodies have made excessive, not average, pay awards. In addition, they would almost certainly ossify the education labour market; and in view of the industrial action of the past 18 months the unions would again almost certainly totally reject a no-industrial action commitment.

Recommendations

1. Reject the DES proposals.
2. Invite the Chief Secretary to expand the final paragraph (11) of his note which mentions alternative systems for pay settlement.
3. The specific grant proposal is closely tied up with radical options. There are many ways of improving management competence - not least by giving individual schools greater management responsibility over their budgets (Audit Commission) and allowing parents increased choice (open enrolment and educational credits). Invite the Secretary of State to consider alternatives to the specific grant proposal.

BG.

BRIAN GRIFFITHS