

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

1. I thought it might be helpful in the light of our forthcoming meetings on teachers' pay and on City Technological Colleges if I set out, for your eyes only at this stage, how I see progress on these fronts leading to better education in the future.

2. Raising the quality of education is crucial. We do not want further disruption in the schools. A reasonable deal from Coventry and Main which provided good value for the children, the parents, the Government and the teachers would help to restore order and improve the recruitment, retention and motivation of teachers. While I do not believe that we shall be able to secure an ideal structure on pay and conditions, there is the chance of some improvement; and we do have the opportunity to get a financial grip on local authorities which will give them every incentive to enforce teachers' contracts. I do not think that anyone has come up with a better way of doing this than through a specific grant mechanism. I have done a separate short note for MISC 122 next week.

3. Our problems over teachers' pay can be attributed to the monopoly position of the local authorities and the teacher unions. We need to create alternatives. I see the initiative that we are to take on City Technological Colleges as a vital complement to a settlement on teachers' pay. To have alternative state-funded schools operating in local authority areas is a far better way of reforming the education system than the introduction of vouchers or the transfer of education from the local authorities to the centre. It will be helpful to consider extending the coverage of specific grant into other aspects of education delivery by local authorities and to look further at such possibilities as open enrolment, but

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I think getting City Technological Colleges up and running
- trusts set up, sites found, heads appointed, children taught
- will be worth much more than speculation over abstract
reform which excites and then denies expectations.

4. Essential features of City Technological Colleges are:

- (i) A contract between the promoters of each College and central Government. The promoters would take responsibility for running the colleges. We should avoid creating a large bureaucracy at the DES.
- (ii) Direct per capita funding for each College.
- (iii) Freedom within the State system from salary structures negotiated nationally with the unions.
- (iv) The obligation to teach a challenging and up-to-date curriculum to all pupils.

5. I believe that through City Technological Colleges breaking the monopoly of the local authorities these factors will be seen as essential to the revitalizing of our education system. This reform could form the basis of a really attractive manifesto position for our Party at the next election. This would rest on:

- (i) A better paid teaching profession but with levers through specific grant to help ensure that better teaching is actually delivered and employers act as employers should.
- (ii) More pressure on local authorities to deliver high quality education - from above through the extension of the specific grant sanction; and from below through giving greater powers to parents, to heads and to governing bodies as foreshadowed

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in the Education Bill.

- (iii) The creation within the state system of real alternatives to local authority maintained schools, with more parental choice, and with the possibility of existing state schools coming into a directly funded regime later.

6. I am ready to discuss this further, along with one or two other matters I would like your advice on, when we meet next week.

kb.

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Department of Education
and Science

12 September 1986

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