

CCBSG
CSB/UP.

PRIME MINISTER

CITY TECHNOLOGICAL COLLEGES *- Mag A.*
(Education Secretary's minute of 22 September)

CONCLUSIONS

1. You will wish tomorrow's meeting to decide:-
 - i. Whether to authorise Mr Baker to proceed with plans to establish up to 20 City Technological Colleges (CTCs) in inner cities on the lines set out in his paper;
 - ii. If so, how and when the scheme should be announced.

BACKGROUND

2. Apart from the limited primary school initiative, this is the first of the more radical proposals discussed by Ministers in recent months to come forward in a specific form. It has, of course, already been given some publicity in Press leaks, and will not therefore come as entirely a surprise. The concept was also advocated in the form of Crown Technical Schools in the article by Norman Macrae in last week's Economist which also covered a range of other radical ideas similar to those Ministers have been considering.

3. The essence of Mr Baker's proposal may be summarised as:-

- up to 20 CTCs on an experimental basis for 11-18 year olds of all ability etc ranges in (mainly) deprived inner city areas, with a strong technical bias within a broad curriculum;



- owned and ~~controlled~~ by trusts, and managed (within an agreed framework) by appropriately constructed governing bodies;
- financed as to current expenditure by central government grant, and (hopefully) as to capital by the promoters;
- pupils to be selected by the Head and governing body;
- staff to be employed directly by the governing body, who will determine pay and conditions of service.

4. Mr Baker hopes that the first CTC could be up and going, with as many age groups as practicable, in September 1987. He proposes to establish a small team within DES (with a seconded Principal from the Department of Employment) to try to achieve this.

MAIN ISSUES

5. The proposal clearly has great attractions in terms of the government's educational objectives. Among other things it would:-

- take out the LEAs, give greater choice and say to parents, and enable the government itself to exercise more effective influence on curriculum development and standards generally;
- provide an opportunity to break out of Burnham and put into practice the government's objectives in relation to teachers' pay and conditions of employment;



- contribute significantly at the same time to a number of other policy objectives eg better technical and IT training, improvement of education in inner cities;
- if successful, pave the way for wider and more radical reform of the state educational system.

6. On the other hand, the scheme can be expected to be criticised by the government's political opponents and by vested interests in the local authority and education service. It is vital, therefore, that it should not be launched unless the government are satisfied that it is thoroughly well prepared and soundly based and is not likely to come a cropper through lack of support and preparation, (I understand that the response to the more limited primary school initiative has so far been disappointing and that little progress has been made). In considering, therefore, whether an early announcement should be made, you may want to question Mr Baker, and to invite the views of other Ministers, on some or all of the points in the following paragraphs.

Promoters

7. Mr Baker's paper asserts that he is confident of finding business promoters willing to invest in the scheme. My understanding, however, is that so far only one specific name has been identified. It is, of course, difficult to take matters very far forward until a scheme has been announced and set out in some detail. But you may think it prudent to have more specific information about potential business and other backers before the government are publicly committed. If the scheme is to be successful, and the government are not themselves to be landed with large contingent financial liabilities, a large number of promoters of sound financial standing and high reputation in the community will be needed.



Finance

8. The costings are necessarily very broad brush. Depending on the level of the promoters' contributions, 20 CTCs of a 1,000 pupils each might involve grant of £4 million in 1987-88 rising to £38 million in 1990-91. The Chief Secretary has agreed to accept a maximum of these amounts as an addition to the DES expenditure baseline (in effect pre-empting the outcome of the current PES exercise). You will want to confirm, however, that the Chief Secretary remains content with the proposals and financial arrangements as now set out by Mr Baker. It will be crucial so to negotiate the agreements between the government and the backers that the government are not left with open-ended contingent liabilities. There should be some off-setting reductions in due course from savings in LEA-maintained schools, but these will take time to come through.

Legislation

9. This has important bearing on the issues in the two previous paragraphs. Mr Baker explains in paragraph 19 of his paper that the scheme could be introduced by regulations under existing legislative powers; but that the added protection of new primary legislation might be necessary. The position is as follows. The Secretary of State has powers under Section 100 of the 1944 Education Act to pay grant. This is the provision used for the payment of grant to direct grant schools. The payment of grant under this provision is not, however, in the form of a contract legally binding the Secretary of State. Promoters may therefore - particularly if there is much opposition to the scheme - require a participation agreement that is binding on the Secretary of State before being willing to enter into specific financial commitments. This would require new primary legislation, for which there is at present no provision in the programme. It may be, of course, that such legislation could be combined with any (also controversial) legislation the government may decide to introduce to replace the Burnham arrangements.



Location of CTCs

10. Annex B to Mr Baker's paper contains a list of 25 locations, of which the 7 at the bottom of the list are relatively less disadvantaged. They include the 8 areas chosen for the Inner City Initiative, and seem to cover a good geographical spread. But the selection has been made within DES and you will want to be satisfied that the list is acceptable to other Ministers.

Timetable

11. As indicated above, Mr Baker would aim to have the first CTC up and running in September 1987. There is obviously advantage in moving with all speed possible and much to be said for setting a tight target in order to concentrate minds. But this is a very ambitious target and you will want to be satisfied that there is a good chance of it being achieved before any specific public commitment on timing is given.

ANNOUNCEMENT

12. The timing of an announcement will to some extent depend on the discussion of the issues raised above. You will want to avoid the risk of public commitment before you are satisfied that the scheme is soundly based. Subject to that, you will no doubt wish to consider whether the announcement should be made at the Party Conference. You will no doubt in any case wish Mr Baker to clear the terms of the announcement with yourself and with the other Ministers most closely concerned.

REPORT OF THE MAIN COMMITTEE

13. I understand that the Scottish Secretary wishes to discuss this briefly. He has now sent you and the other Ministers a copy of the Report, which he proposes to publish on 2 October. I suggest, however, that you avoid any substantive discussion or conclusions at this meeting. What is crucial, as Ministers agreed at MISC 122 on 15 September, is that the government should make a comprehensive response next month to both the Main Report and to the outcome of the ACAS sponsored negotiations in England and Wales. Work is in hand in the Official Committee to prepare



recommendations for consideration by MISC 122 under your chairmanship on 16 October. It would be sensible to await the outcome of this and not try to reach any premature decisions on Scotland alone.

14. However, you will no doubt wish to hear the Scottish Secretary's first impressions of the Main Committee's recommendations. At first glance, they seem to be broadly as expected. The main features of what is presented as a single package are:-

(i) Teachers' Duties: a new contractual scheme of conditions of service covering in and out of classroom responsibilities, including administrative duties, staff and parents' meetings, appraisal, cover etc;

(ii) Pay Structure: substantial increase in differentials, with the largest increases for those at the top of existing scales, and the creation of a new Senior Teacher grade, with a salary of £14500 (but no merit or special payments for shortage subjects);

(iii) Pay Levels: a 2-year deal (through to March 1988), adding 16.4% to existing 1986-87 salary levels (22.8% to the March 1986 baseline);

(iv) Negotiating Machinery: establishment of a biennial Review Body, starting in 1988, to deal with both pay and conditions (but no "no strike" condition).

15. Until we have examined and costed these recommendations in detail, it would be prudent to suspend judgement. The limited phasing of the pay proposals will clearly present particular



difficulty, and may set an unwelcome example for England and Wales, where the Coventry agreement envisaged a more gradual phasing in period. Just as the unions in Scotland and in England and Wales will no doubt want to secure the most expensive and least onerous terms of the two sets of recommendations, the trick for the government may be to combine the best of the Main conditions and duties with the more gradual Coventry phasing in of pay increases. However, until these issues have been properly considered together, it would seem best for the statement the Scottish Secretary makes on publication of the Main Report to be as non-committal as possible.

HANDLING

16. You will wish to invite the Education Secretary to introduce his proposal on CTCs, and the Chief Secretary to comment on the financial implications. Other Ministers will no doubt wish to comment generally on both the substance and the politics of the proposal. The Lord President may wish to comment on the possible legislative implications. Finally, if time allows, you will want to invite the Scottish Secretary to speak briefly on the Main Report.

J B UNWIN

Cabinet Office
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