

CONFIDENTIAL: CMO



SUBJECT CC MASTER  
CC EDUCATION: Teachers Pay.

FILE LOR  
bcc Prof Griffiths  
Meeting recon

10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

25 September 1986

Dear Rob,

CITY TECHNOLOGICAL COLLEGES

The Prime Minister this afternoon held a meeting to discuss your Secretary of State's minute of 22 September which set out a proposal to establish City Technological Colleges. The handling of the Main Report was also discussed. Present with your Secretary of State were the Lord President, the Parliamentary Under Secretary of State for Wales, Chancellor of the Duchy of Lancaster, Secretary of State for Employment, Secretary of State for the Environment, Secretary of State for Scotland, Chief Secretary, Treasury, and Sir Robert Armstrong.

Introducing his proposal, your Secretary of State said there was immense concern about the quality of education, particularly in inner cities. Indeed, in some inner cities the education system had virtually broken down. City Technological Colleges were intended to make a start on putting this right. The Schools would contain 750-1,000 children with an age range of 11-18; they would be free, state-maintained, but independent of the local education authorities; they would have a broad curriculum but with a strong technical and practical element; they would encourage self-reliance and involve longer hours, shorter holidays and homework. They would be established in urban areas, mainly in inner cities. They would establish a way forward beyond the next Election, since they embodied three new principles: a direct link between the schools and the DES, per capita funding, and a centrally determined curriculum. New schools were inevitably hard to establish. It would take time to secure private sector involvement and it would not be easy to obtain premises. If an announcement were made soon, the aim would be to start the first school in the autumn of 1988. Financing had been agreed with the Chief Secretary. There would be savings in local education authority expenditure, but only in the medium to long-term. The intention would be to make a preliminary announcement at the Party Conference with a fuller explanatory document following in the next week.

The Chief Secretary stressed that his agreement with the Secretary of State for Education set maximum public expenditure figures for the next three years. Two factors

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were particularly important: first, it would be vital to secure good and reliable private sector sponsors, and secondly, public expenditure should be set at the same level per capita as would have been provided by the local education authorities.

In discussion, the proposal was welcomed in the warmest terms by all those present. This was a most important and imaginative initiative and the schools would act as beacons helping to raise standards throughout our cities.

Points made in discussion were as follows:-

- (i) it was vital that the schools should be successful. It would be better to go for fewer schools if that would give them a greater chance of success;
- (ii) for the same reason, it would be best if the early schools were not to be set up in the worst areas. They should be set up in outer areas, drawing in children from inner city areas. Otherwise the balance would be tipped too much towards deprived children who would be more difficult. This would also help to attract better teachers. The schools could be described in more general terms as being designed "to serve the children of the cities";
- (iii) there was a risk that the proposal was designed to hit too many objectives, from improving technical education to helping deprived children. To put the early schools in better areas would reduce this risk;
- (iv) the proposal, as at present structured, would constrain the schools by too many central regulations. To impose too many regulations would increase the risk of legal challenge. There would be no possibility of legislation in the coming session to remove this risk;
- (v) it would be better if the schools were set up under the legislation which had governed direct grant schools;
- (vi) the proposed regulations were drawn too narrowly in a variety of ways: they should give more latitude on the catchment area, on the requirement for a balanced provision for boys and girls, and pupils should be selected both on the basis of their general aptitude and their ability to profit from the education which would be offered (paragraph 5 (ii) of the attachment to your Secretary of State's minute). It would be better also if there were no requirement that teachers should be qualified; it would be enough to require that they had previous teaching experience;

- (vii) in making the announcement the introduction of parental fees at a later date should not be precluded: the announcement might say that fee-paying would not be introduced before, say, the first five or six years. In the meantime, it would be important to maximise parental contributions through, for example, PTAs;
- (viii) the curriculum, although it had a more practical bent than existing schools, still seemed rather academic; it would be preferable for it to look more towards B.Tech and City and Guilds qualifications;
- (ix) it would be wrong at this stage to allow existing independent schools to join the scheme;
- (x) the establishment of a Technological College in Glasgow might be considered when some English schools were successfully under way.

Bringing this part of the discussion to a close, the Prime Minister warmly welcomed the initiative. This was a most important proposal which she might herself wish to promote in her speech at the Guildhall. Inviting the Secretary of State for Education to revise his proposal to reflect the points made in discussion, the Prime Minister urged in particular that early schools should be set up more towards the outer edges of city areas and that the schools should be less circumscribed by DES regulations. It would be better if the schools were brought in under direct grant legislation.

On other matters, your Secretary of State reported that the Committee of Vice Chancellors and Principals had agreed that it would now be desirable to work towards a mixed system of loans and grants for students. This was a substantial advance. He had himself given an undertaking that no university would close. This did not, however, rule out fundamental changes. It seemed unlikely that legislation to remove academic tenure would now be needed. He was in negotiation with Vice Chancellors, who were themselves now coming to recognise the need to phase out tenure.

The meeting then discussed the Main Report. The Secretary of State for Scotland said it was to be published on 2 October. It was in many respects excellent. The terms and conditions proposed for teachers conformed very closely to those the Government sought. However, there was an inevitable cost and the Report proposed an average increase for teachers of 16.4 per cent, in a deal structured over two years: teachers would not receive an increase in 1987/88. He expected that teachers would be hostile to the proposals on conditions and differentials and luke warm to the proposals on pay. The attitude the Government took when the Report was published would be important.

Points made in discussion were as follows:-

- (i) the proposed pay increases would cause great difficulty. The Main Report itself presented the increase as a rise of 22.8 per cent on a base line of March 1986;
- (ii) the Government had said that there should be no need for local authority rates to rise in real terms if local authorities were behaving efficiently and responsibly. The proposals on teachers pay could shatter this position and blame would need to be placed where it belonged, on local education authority negotiators. The more warmly the Government thanked the Main Committee for its work, the more closely it would be associated with the proposals. It would be vital to pin responsibility for the costs on those who made the settlement: otherwise there would be no constraint on them in future;
- (iii) the Government had made no commitment beyond the £1<sup>1</sup>/<sub>4</sub> billion (which was in fact now a little over £1 billion after deduction of extra expenditure on meals supervision). Whether any extra sums should fall on ratepayers or taxpayers would need to be further discussed. It was suggested that if the Government made no commitment to provide extra money the settlements in both England and Wales and Scotland would collapse;
- (iv) the position on rate-capped authorities would need to be considered;
- (v) it would be important to consider the ACAS and Main outcomes together, and quickly. The Coventry agreement would become more expensive the longer the discussions between teachers and employers continued;
- (vi) enforceability remained a serious problem.

The Prime Minister invited the Secretary of State for Scotland to revise and re-circulate the draft statement circulated with his minute of 24 September. This should thank the Committee for their Report and say that the Government would study its conclusions urgently. The aim, if possible, should be to announce the Government's conclusions on both ACAS and Main before the House re-assembled, to avoid the build-up of pressure which would occur then. Delay would make the decisions no easier to take. The Prime Minister invited officials to prepare a note on the options available to Ministers. It would be particularly important to pay attention to any risks of legal challenge. The paper should be circulated well in advance and the Prime Minister urged her colleagues to consider it with the greatest care.

I am copying this letter to Joan MacNaughton (Lord President's Office), Alex Allan (H.M. Treasury), Colin Williams (Welsh Office), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), John Turner (Department of Employment), Robin Young (Department of the Environment), Robert Gordon (Scottish Office), Jill Rutter (Chief Secretary's Office, H.M. Treasury) and to Michael Stark (Cabinet Office).

*Joan,*

*David.*

DAVID NORGRIVE

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