

Prime Minister:

28 January 1983

Policy Unit

John  
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PRIME MINISTER

Agree that the  
Policy Unit paper may  
be circulated to Misc 91

Yes - 2, in  
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WIDER PARENTAL CHOICE AND EDUCATION VOUCHERS

(attached)

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Sir Keith Joseph's paper is the first practicable attempt to manage a transition from a system of schools controlled by officials to one in which parental choice is dominant. It proceeds by gradual stages. And it does not interfere with the powers and duties of local education authorities to provide free education under the 1944 Act. Both the schools and the parents taking advantage of the scheme would do so voluntarily. The same would be true of LEAs which volunteered to take part in the local pilot schemes.

If the scheme were a success, it would produce a far greater variety of types and sizes of school which would be available to all. Those who feel that the present scheme does not go far enough might find that, in practice, it brought about, over a period of 15-20 years, a quite radical change in the pattern of Britain's schools.

But if the scheme is to catch the popular imagination, several changes need to be considered (we follow the numbering in the paper).

2(1) We may wish to exclude the boarding element and insist that the voucher is spent only on tutorial costs. But it would be a mistake to exclude boarding schools from the scheme. Increasingly, all except the most expensive public schools draw their clientele from local families, and many take more day pupils than they used to.

Equally, the proposed exclusion of schools which charge more than £500 over the value of the voucher would exclude some of Britain's finest schools such as those in the Girls' Public Day School Trust, Dulwich and Whitgift. Our purpose must be to open up the best schools. After all, the original purpose of many of them (eg Eton) was to educate "poor scholars".

2(2) We must be careful about inserting a criterion of "cost-effectiveness" for proposals to expand popular schools and improve or eliminate unpopular ones. It is all too easy, as the experience of the 1944 Act proved, for cost-effectiveness to be interpreted to suit the whim of the LEA.



3-5 A means test or a tax clawback would be quite sufficient to meet the objection that the scheme would subsidise the rich.

It is important not to set the ceiling too low. The voucher should be available, in whole or part, to parents who would otherwise have a struggle to pay day school fees. We believe that the ceiling should not be lower than £15,000-£20,000 a year.

We must also stress that the costs to public funds would be transitional, since in the long run more parents would be educating their children in the private sector and topping up the vouchers out of their own pockets.

6. Local Pilot Projects. The readiness of so many local education authorities to take part shows the attractions of the scheme even to those who administer the status quo. We would expect to see many more volunteers once the pilot projects were in operation.

7-8 There is a case for proceeding by separate steps. But you may wish to consider the alternative possibility of a single Bill which would make provision, but set no date, for the national scheme at the same time as enabling the pilot projects to go forward. This would mean that we had jumped the major political hurdle at the start of the Parliament. Changes which seemed necessary in the light of the pilot experience could be made in minor amending legislation.

9-10 We believe that open consultation is essential. So is a vigorous campaign of persuasion. A campaign for a reform of education in a democratic, popular direction should be conducted in a candid and forthright fashion.

#### Some Criticisms to be Answered

(a) It is important to dispel the idea that public aid to independent schools is a bizarre or doctrinaire cause. On the contrary, Britain is highly unusual in its refusal to extend public funds or tax reliefs to independent schools, for which parents therefore have to pay twice. We append some international comparisons in Annex A.

Opinion polls have shown again and again the general popularity of private schools. If we can make it possible for their pupils to be drawn from all classes, that popularity would be entrenched.



(b)

The CPRS says the scheme is too complex and suggests expanding the Assisted Places Scheme instead. But the voucher system, once in practice, would be easily understood. It would be no more complicated, for example, than the present arrangements for the financing of UK universities. The Assisted Places Scheme is in essence a scholarship scheme for bright children. It does not broaden the opportunities for all children, and does not improve choice or standards within the State sector.

(c)

It is important that we should explain how simple it would be to apply the voucher scheme to give practical effect to parents' wishes. In Annex B, we give a simple example of how vouchers could make it possible to retain or revive a village primary school. This should appeal to our own supporters in rural areas.

It would be just as easy to show how inner-city parents, dissatisfied with the existing schools, could start their own secondary school. Since falling school rolls have led to the closure of many schools in recent years, premises would be cheap and readily available in many cities.

If you think it would help, we would like to distribute this background paper to other members of MISC 91.

FERDINAND MOUNT

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INTERNATIONAL COMPARISON

Public funding and support for schools which are under wholly independent control are established features of the educational system in many European countries, though none has yet established a nationwide voucher system. Apart from the assisted places scheme, Great Britain, although not Northern Ireland, is unusual in denying general state assistance to independent schools. Our maintained voluntary controlled/aided schools are correctly classified as part of "the public sector", since under the 1980 Act, as under the 1944 Act, they remain ultimately under the control of the Secretary of State.

The Netherlands

Since 1917, the public financing of State and independent schools has been on an equal footing. As a result, 65% of educational expenditure is on private schools, with a slightly higher percentage at the infant and primary levels. Any group has the right to set up schools, and many schools belong to the Churches.

Denmark

Independent education in Denmark is a tradition of long standing. One-twelfth of all pupils are in private schools. In 1981, 21 of the 351 independent schools were newly-established, indicating some dissatisfaction with the State system. Private schools receive average subsidies of 85% of operational costs.

The Federal Republic of Germany

Independent education in West Germany is guaranteed by the Grundgesetz. Private schools may receive recognition and subsidy from the State so long as they do not segregate children according to the financial means of their parents. About one-twentieth of pupils are in independent schools, which flourish most in those regions where the local authority is sympathetic for religious or political reasons. Socialist-controlled authorities are least helpful.

France

More than one-fifth of pupils are in independent schools, most of which are run by the Catholic Church. Almost all independent primary



and secondary schools are subsidised by the State, which spends almost one-eighth of the education budget on them.

#### Republic of Ireland

The constitution enshrines the principle that parents are the arbiters of choice in education for their children and that they are not required to use state schools. The distinction between independent and State sectors is not sharp and is not a political issue. In practice, most primary and secondary schools are wholly or chiefly State-funded, but under denominational and vigorously independent control. There are three chief categories of school:

- (a) "national" primary schools run by the Church but funded by the State;
- (b) independent secondary schools, some fully State-funded and others supported partly by fees;
- (c) vocational, comprehensive and community schools, State-funded and run by local authorities.

#### Northern Ireland

The 1944 Act did not apply to Northern Ireland, nor did the 1976 Act. Northern Ireland thus retains Voluntary Grammar Schools, roughly equivalent to British Direct Grant Schools, as well as a greater degree of independence for its maintained Church schools. Assessment of Performance Unit Studies showed that school standards in Northern Ireland were, on the whole, distinctly superior to those of other parts of the UK. Roughly 30% more school-leavers in Northern Ireland leave with one or more A-levels than in England.



VILLAGE SCHOOLS

One strong attraction of the voucher scheme is that it would promote the re-establishment of village schools which have been closed, and the founding of new ones.

The problem is well-known: the Government tells LEAs to cut costs by cutting surplus places; the LEAs respond by closing village schools with high unit costs; parents protest that they would willingly contribute to the upkeep of village schools; but under present arrangements, no such contributions are allowed.

One solution is the voucher. Assuming costs of £10,000 pa for each teacher, £35,000 for buying a two-classroom school or £45,000 for a three-classroom school, running costs of £5,000 pa for two classrooms or £6,500 for three, and equipment costs of £70 per pupil per year (all these assumptions are somewhat above the current national average), the costs of three types of village school would be as follows:

1. A school of 40 children aged 5-11, in two classes, 5-8 and 9-11, each under a full-time qualified teacher. For Maths and English there would be three sets graded by ability. A part-time qualified teacher would be needed. Parent-helpers would assist children with difficulties in literacy and numeracy.  
 COSTS: Salaries £25,000; running costs £6,500; equipment costs £2,800; capital costs £6,500.  
 TOTAL: £40,800 = £1,020 per pupil per year.
2. A school of 30 children in two classes each under a full-time qualified teacher. Two divisions for Maths and English. Three parent-helpers for remedial work. Sometimes a parent-helper might take a class to free a teacher for remedial work.  
 COSTS: Salaries £20,000; running costs £5,000; equipment costs £2,100; capital costs £5,000.  
 TOTAL: £32,100 = £1,070 per pupil per year.
3. A school of 20 children in one class under one full-time qualified teacher. Two sets for Maths and English, requiring one part-time qualified teacher. Two parent-helpers for remedial work.



COSTS: Salaries £15,000; running costs £5,000; equipment £1,400; capital costs £5,000.

TOTAL: £26,400 = £1,320 per pupil per year.

The voucher would be set at £800, the average cost of educating a child at a maintained primary school. The parents of each child would therefore contribute £220, £270 or £520 pa, or £75, £90 or £175 per term, for each child. The level of fees could be reduced by donations, fund-raising or Government assistance.

Government help might take the following forms:

- (a) state guarantees for some portion of the initial costs, as proposed in "Wider Parental Choice";
- (b) legislation requiring an LEA, before closing a school, to offer it for sale to any group able and willing to keep the school open;
- (c) provision for one or two centrally-funded experts to advise any persons wishing to set up new independent schools.

Expenditure on (b) would be nil; on (c) very small; and on (a) not very great, if only a portion of the capital were guaranteed.