

SUBJECT

SECRET AND PERSONAL

Education JARM



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S/C: D. HANCOCK, CO

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10 DOWNING STREET

From the Private Secretary

8 March 1983

Dear Inogen,

The Prime Minister held a meeting today with the Chancellor of the Exchequer, your Secretary of State, the Secretaries of State for Employment and the Environment, and the Chancellor of the Duchy. Sir Robert Armstrong, Mr. Gregson and Mr. Mount were also present. The meeting had before it your Secretary of State's paper of 18 February on a radical voucher scheme.

Your Secretary of State said that he had been invited by MISC 91 at its first meeting to prepare a paper outlining a more radical voucher scheme than that discussed at the meeting of MISC 91. As before, the objectives of the scheme were to widen the choice between private and public sector education available to parents and to increase the involvement of parents in the maintained sector and thereby to raise standards. The radical approach outlined in the paper was based upon the concept of schools as autonomous cost centres which were free to make their own decisions about which pupils to accept and free to manage their income from the vouchers paid by parents. The scheme nevertheless had to meet a number of major difficulties. First, if education was to remain compulsory there would continue to be a need for local education authorities to provide schools for those pupils not accepted elsewhere. Second, if a free education were to remain a right either the voucher would have to meet the price charged by any school, or alternatively local education authorities would have to supplement the voucher in certain areas. Third, although under the cost centre approach outlined in the paper most schools would not be maintained by local education authorities, there would still be a number of functions such as the provision of special schools which the LEAs would be required to perform. Local authority co-operation with any voucher scheme would not be universal and there would be considerable hostility to a scheme as radical as the one envisaged in the paper.

In discussion of the paper, it was noted that unless schools were allowed to charge and unless the right to a free education were abolished, the scheme would prove prohibitively expensive. Moreover, if local education authorities had a residual responsibility to ensure that the compulsory education requirement was maintained there was no impediment to their continuing to provide financial support to schools which failed to attract sufficient voucher income to be viable. Such a scheme might work in an area with good schools, highly motivated parents and a well-disposed LEA, but the test of whether it really extended parental choice

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would be in areas of poor education provision such as the inner cities. It was moreover noted that although the scheme envisaged that schools would become more autonomous, nevertheless by bringing independent schools within its purview it provided a basis on which a future Government could bring them within the state system. That was the opposite of the scheme's intentions.

Summing up this part of the discussion, the Prime Minister said that it was clear that the scheme as set out in the paper before the meeting was neither politically nor educationally acceptable. The central objectives of a voucher scheme, however, remained at the heart of Conservative education policy and some way should be found of achieving them within the framework of a more modest scheme.

In further discussion it was agreed that the objective should be to provide, in the first instance at least, scope for, and incentives for, experimentation by sympathetic LEAs disposed to widen parental choice and improve standards, within the constraints that education should remain free and compulsory. It might be preferable to get away from the technology of vouchers and to build on existing or previous mechanisms which had proved popular and effective. One such element was greater freedom on the part of schools to budget for their own expenditure as was already the case to some extent. Schools might be given greater encouragement to attract funds from non-LEA sources and to charge for extra facilities. The aim should be to reduce the budgetary dependence of schools on LEAs. In this connection it might be worth reviving the concept of direct grants to schools by the state. In order to give wider access to the independent sector it would be worth considering building on the Assisted Places scheme. Any voucher scheme must also enable parents to exercise the power of choice even where this was necessarily limited by geography. The open enrolment scheme of the Kent County Council was a pointer in this direction. Although there was a possibility that in some areas parental power might be usurped by unrepresentative groups, experience, as for example in the case of the William Tyndale School, suggested that given the opportunity parents even in unpromising areas were anxious to exercise responsibility. Any scheme involving parental choice would necessarily involve a reduction in the rolls of unpopular schools. In extreme cases closure might be possible but there ought to be some mechanism short of closure for improving bad schools. In this context the choice of headmaster was often crucial. It was desirable to find ways in which parents could bring more effective pressure to bear on LEAs to improve schools by changing headmasters and in other ways. Finally it was important to ensure that any new rights and facilities made available to parents were not vulnerable to rapid upset on political grounds.

Summing up the discussion the Prime Minister said that the Secretary of State for Education and Science should now, with assistance from colleagues, return to his proposals for a two-limbed voucher scheme in the light of the comments made at the MISC 91 meeting and at this meeting, and should report to the same group of Ministers before Easter.

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I am sending a copy of this letter to John Kerr (HM Treasury), Barnaby Shaw (Department of Employment), David Edmonds (Department of the Environment), Alex Galloway (Chancellor of the Duchy of Lancaster's Office), Richard Hatfield (Cabinet Office) and Mr. Gregson (Cabinet Office). I should be grateful if this record could be circulated only to those with a clear operational need.

Y  
ours ever,

Tim Flesher

(Timothy Flesher)

Mrs. Imogen Wilde,  
Department of Education and Science