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WIDER PARENTAL CHOICE: PAPER BY THE SECRETARY OF STATE FOR  
EDUCATION AND SCIENCE

1. On 8 March I was invited, with assistance from colleagues, to develop my proposals in MISC 91(82)1 for a two-limbed voucher scheme in the light of the comments at the MISC 91 meeting and the meeting on 8 March.

Independent Schools

2. My colleagues and I agree that the objective here - to give far more parents access to independent schools so as to widen choice and put maintained schools on their toes - is best met by a voucher or fee-remission scheme on the lines set out in Annex A. I invite the group to consider the question of taxing or means-testing the voucher; and whether the scheme should be national and operated by the Secretary of State or apply only where there is a local education authority (LEA) willing to operate it.

3. We agree that our objective could not in practice be well served by expanding the Assisted Places Scheme: to do so would be to destroy the scholarship character which has made it so popular. There is no mileage either in creating a new category of direct grant schools: in the nature of things these would be so vulnerable politically that I doubt that we would ever get enough takers.

Maintained schools

4. I remain convinced that much can be done to widen parental choice in the maintained sector, and to improve standards there, by a new discretionary power to assist through specific grants those LEAs who propose cost-effective schemes for expanding popular schools and improving or closing unpopular ones. Such a discretion would be a flexible and controllable means of



mobilising parental and financial pressures and experimenting with devolved financial management, without fundamental change to the legal structure created by the Education Act 1944. Details are at Annex B.

5. As a modest supplement, I also suggest requiring the governing body and head of every maintained school to convene an annual meeting, to which all parents of pupils would be invited, for the purpose of giving an account of their stewardship. Parents would be entitled to pass resolutions about the school which the LEA, governors and head would be required to consider.

6. The special advisers have suggested an alternative arrangement for maintained schools on the lines of their paper at Annex C. Like the proposals in Annex B, the advisers' proposals would be implemented only through willing LEAs. Once again the key would be a bargain with the Secretary of State to secure additional money. Instead of a high rate of grant directed specifically at named activities or projects, however, the grant here would be a supplementary one with a much wider coverage but less leverage. A participating LEA would be able to adopt a new legal framework for their school provision which would turn most maintained schools into independent charitable trusts responsible for their own affairs. These would be maintained and funded by the LEA through vouchers weighted according to social factors: the LEA would initially determine its total expenditure for all schools and the amount of financial support for each school would thereafter be related through the voucher mechanism to the number of pupils the school attracted. The LEA would have some discretion (under rules made by the Secretary of State) to vary the support it gave per registered pupil. If the school got into financial difficulties, the LEA would subsidise it under rules agreed with the Secretary of State, or take it over, or cease to maintain it, subject to a right of appeal by the school to the Secretary of State.



Pilot projects

7. Both sets of proposals for maintained schools (and the local variant of the proposal for independent schools) are by their nature local experiments and as such will serve as pilot projects. If the scheme for the independent sector were a national one, it would grow piecemeal in practice, so that one might dispense with pilot projects for it also.

Assessment

8. The proposals for independent schools, and those in Annex B, are, I believe, technically feasible subject to the resolution of certain questions identified in Annex A and B. The proposals in Annex C are attractive in principle. They have however only just emerged and are plainly far-reaching. I would like to recommend them if further work shows them to be politically and practically feasible. They would require thorough appraisal by officials. This will take time.

9. In my judgement, the proposals in Annex B could now be worked up into a worthwhile scheme. In our earlier discussions colleagues thought that a scheme on these lines did not go far enough. A scheme on the lines of Annex C is certainly more radical. One of its attractions is the potential shift in the balance of power from the LEA to school and parents through a voucher which has a financial meaning. But there are some big political difficulties which will need to be resolved. For example:-

1. It is open to doubt whether we shall find willing LEAs to volunteer to change to a school regime which deprives them of many of their existing powers. The strongest doubts attach to those urban LEAs in whose areas the need for reform is greatest. We must also not presume on the support of the churches.



2. There will be difficulties in reconciling the independence of the schools under the proposed voucher regime with the continuing responsibilities and duties of the LEA. Problems will arise as to how the LEA will perform its duty to secure minimum standards and about the reality of the transfer of power from LEA to school where schools are subsidised by the LEA.

3. Parental rights and choice will paradoxically be diminished. Parents will lose the right of appeal given to them by our 1980 Act. Experience in the independent sector suggests that it is unlikely also that over-subscribed schools will expand voluntarily. Only those parents who are fastest off the mark will get the school of their choice.

4. There will be instability. A LEA having opted to adopt the new regime might opt out on a change of political control. For various reasons, a school's status may change more than once in a pupil's career.

5. There will be difficulty in securing the right kind of governor representing the parents, or enough such governors for the smaller or less popular schools, particularly in areas with no obvious community focus.

6. The proposal entails substantial changes of the 1944 Act and the political and religious settlement which underlies it. The necessary legislation will provoke strong opposition and the Parliamentary effort may prove disproportionate to the take up.

10. I invite my colleagues:

i. to endorse the proposals for wider access to independent schools in Annex A, and to resolve the main outstanding points of principle set out in paragraph 2 above.

SECRET AND PERSONAL

ii. to decide whether further work should be done on the proposals in Annex C to see whether they can result in a feasible alternative to the proposals in Annex B.

KJ

24 March 1983

SECRET AND PERSONAL



## WIDER ACCESS TO INDEPENDENT SCHOOLS

1. The objective is to give more parents access to independent schools so as to widen choice and in so doing to put maintained schools on their toes.

Assisted Places Scheme

2. This objective cannot appropriately be secured by extending the Assisted Places Scheme. This is in effect a scholarship scheme for secondary schools whose character and popularity would be destroyed if greatly extended. When the scheme reaches the peak now envisaged for it, about 40% of the pupils on average in the 221 participating independent schools will benefit from it. The scheme could be dove-tailed into a much wider scheme for assisting parents.

A much wider scheme

3. Our aim instead should be a new, much wider scheme which would also encourage entrepreneurs and parents to set up new independent schools and which would be open to all schools satisfying certain conditions on standards who admitted pupils to day or boarding places. MISC 91(82)1 described such a scheme which would be applied nationally. It is based on the idea that since parents should not be offered more financial support for private schooling than is available in the maintained sector, the maximum assistance to parents would be the expenditure which we judge appropriate for a pupil in the same age range in a maintained school. The limit on assistance means that until satisfactory existing or new independent schools come to operate with lower unit costs, parents would be required to find on average about £300 a year per pupil from their own pocket to bridge the gap between the face value of the voucher and present fee levels.

the special advisers have suggested that

4. Alternatively, the level of assistance to parents using the independent sector could be set locally by the LEA. Every parent in the area of the LEA would receive from the LEA a voucher in respect of each child of compulsory school age equivalent to approximately the average unit cost of maintained school provision in the area. Under such an arrangement, the value of the assistance to parents would vary from area to area and the scheme would be administered locally. Both variants would be applied nationally or introduced as part of a series of experiments with willing participating LEAs. Neither variant need depend on parents being issued with vouchers. Whether administered nationally or locally, it could operate through participating schools as a fee-remission scheme.



Tax or means-test?

5. The most important issue for decision is whether and how the assistance should vary with parental income. The main considerations are these:
- i. unless the assistance is taxed or means tested, the deadweight cost of assisting those who now pay for themselves would be about £500m a year. Even if we exclude all those schools which formerly did not meet the minimum standards required for registration as efficient and also assume that 20% of the remaining independent schools prefer to stay outside the scheme, the deadweight cost is still £330m.
  - ii. To tax the assistance would give help to all, however rich. Only families with gross incomes below £2795 would normally be entitled to full assistance: most parents would have to find more than £300 a year per pupil, at least initially. On the other hand, families with gross incomes above £42,000 would still receive about £400 per annum in assistance towards independent school fees.
  - iii. A special means test could be made more favourable than taxation for lower income parents and less favourable for rich parents. Both the means test used for mandatory awards in higher education and that for the Assisted Places Scheme discriminate in favour of the poorest families.  
Any means test could be structured in more or less favourable ways.

6. The table below shows for purposes of illustration how assistance would be distributed under three different models. It assumes a voucher with nominal value of £1040; a family with 2 children of secondary school age; and <sup>that</sup> the means tests <sup>are</sup> applied to 1981/82 income.



Approximate income distribution (% of population in band)	Gross family income (£s)	Benefit received as % of nominal value of assistance		
		Taxation	Awards means test (without minimum award)	APS means test
25	3,000	70	100	100
	4,000	70	100	100
	6,000	70	100	93
40	8,000	70	89	67
	10,000	70	65	33
23	12,000	70	46	Nil
	15,000	70	17	Nil
12	20,000	55	Nil	Nil
	25,000	55	Nil	Nil
	38,000	45	Nil	Nil
	42,000+	40	Nil	Nil

7. The deadweight costs of assistance to those already using fee-paying schools for a national scheme would be as follows:

£millions, 1983/84 prices

No taxation/means test	330
Taxation	210
Awards means test	110
APS means test	60

These estimates assume a national scheme. Clearly, the cost is much less if Limb 1 is confined to the areas of those LEAs willing to participate in Limb 2.

#### Capital guarantees

8. Given the political and other risks, discretionary guarantees by the Government for capital expenditure on expanding existing or creating new schools are essential to get the scheme off to a solid start.

#### Direct grant schools

9. An alternative approach which has been suggested is to give assistance direct to independent schools, as opposed to parents, in the manner of the former direct grant schools scheme. The essence of such assistance is that it should be generous enough to allow high standards and ready access to families from all income groups. However, there is no prospect of bringing most of the 167 former direct grant schools back into such a scheme. 119 went independent (and 113 of them



are in the Assisted Places Scheme), 44 became maintained and 4 closed. A school which depends wholly or mainly on direct Government subsidy is so vulnerable to the vicissitudes of political change that few groups of people are likely to set up new schools of this kind. We do not therefore favour such an approach.



## OPTION 1: IMPROVING CHOICE IN THE MAINTAINED SECTOR

1. This option builds on the approach described in MISC 91(82)1. Its objective is a flexible and controllable means for widening parental choice and for improving standards in the maintained sector. The Secretary of State would be empowered to direct extra resources to LEAs willing to develop schemes of more open enrolment through a system of discretionary specific grants.

Local schemes

2. New legislation would empower the Secretary of State:

- i. to agree arrangements with LEAs selected by him whereby they would seek to rationalise their maintained school provision in greater conformity to parental wishes;
- ii. to pay specific grant (say at 75%) to participating authorities on certain additional costs flowing from agreed schemes in particular the recurrent costs of providing additional places at over-subscribed schools; and
- iii. to help over school transport, particularly in rural areas.

3. This offers the most direct way of increasing parental choice because the major constraint on offering more choice for parents through open enrolment is financial. There can never be untrammelled freedom of choice for parents because of the limitations of geography and because popular schools are not infinitely extendable. But selective investment in the most successful schools can greatly increase the proportion of parents who obtain the preferred choice of school for their children.

4. The strength of this approach is that it enables the Secretary of State to negotiate schemes for wider parental choice authority by authority taking account of local circumstances and exploiting different opportunities for experimentation. It does not rely upon a single blue-print which LEAs may either accept or reject. Given the financial stimulus we could expect to be able to choose from among LEAs according to how far they were willing to meet the criteria and there would be a chance of attracting a range of LEAs with different social conditions. The mechanism would permit the cost and range of schemes to be tailored to the level of resources judged appropriate.



Criteria for approval of local schemes

5. The criteria for such schemes could ensure substantial experimentation. Since each scheme would essentially be the subject of a bargain between the Secretary of State and the LEA there would be scope for appropriate local variation and initiative. The basic criteria would include:

- i. the cost-effectiveness and educational soundness of the measures for increasing access to popular schools: this would need to specify targets for the number of places to be added to over-subscribed schools and the details of admissions policies in relation to the additional places;
- ii. the cost-effectiveness and educational soundness of the measures for improving or closing unpopular schools. The LEA would be required to indicate a lower limit for each under-subscribed school which if breached, would oblige the submission of closure proposals for consideration by the Secretary of State. In relation to under-subscribed schools, the LEA would be expected to identify a plan of action based on the results of inspection to improve the quality of performance and the quality of a school's management including where appropriate changes in personnel. HM Inspectorate would be available to assist in the development of such plans and would be strengthened for that purpose.
- iii. how far the LEA efficiently delegated to the schools in question the management of the school budget determined by the LEA. There are already some worthwhile developments in a few authorities to give schools wide budgetary freedom which are designed to improve cost-effectiveness and to encourage a greater sense of financial responsibility in the schools. We can ensure that LEAs build on these developments.
- iv. the effectiveness of the schools' participation in their community, eg by making facilities available out of school hours; development of links with local industry and commerce; and action to improve the involvement of parents in the work and life of the school.



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6. LEAs would themselves meet the cost of improving under-subscribed schools under a scheme approved by the Secretary of State. Since empty places in a school send up its unit costs per pupil, LEAs have a strong financial incentive to close schools which are heavily under-subscribed. This option also provides a financial incentive for tackling the problem of under-subscribed schools by making help for the expansion of popular ones conditional on <sup>the LEA</sup> / tackling this problem.



Optional use of vouchers

7. This option does not depend upon the use of education vouchers. It is explicitly designed as a means of increasing parental choice in the maintained sector by increasing the supply of places in schools that parents want and by improving performance in those schools that lack of parental demand has shown to be inadequate. No LEA is however prevented from basing its proposals, in discussion with the Secretary of State, on the use of vouchers and organising its financial support for schools so that the voucher is an influential element in a school's budget. The voucher could not however be the sole determinant of the budget.

Annual parental assemblies

8. To improve schools' accountability to parents, legislation should also be introduced to require the governing body and head of every maintained school to convene an annual meeting, to which the parents of all pupils would be invited for the purpose of giving an account of their stewardship. Parents would be entitled to pass resolutions about the school which the LEA, governors and head would be required to consider. Parents could also require the school to make available information on performance and policy not contained in that which schools are now required to publish under the 1980 Education Act.

Public expenditure and manpower

9. The cost of this approach depends on the willingness of LEAs to submit suitable schemes (and to find 25% of the cost) and on our readiness to approve them. So in principle we could limit the cost to what was financially and politically feasible. The current cost of each additional school place is likely to be somewhat less than the average cost per pupil which is now £800 for primary pupils and £1050 for secondary pupils aged 11-16. As an illustration, we calculate that additional current expenditure of say £10m in the first year might secure about 20,000 new primary school places or about 15,000 new secondary places in over-subscribed schools. Even if that were the full extent of the annual shift to more popular maintained schools, it would entail a subsequent growth of expenditure rising to £50m in year 5. The capital cost of the extra places, spread over several years, might be up to £250m if they were primary and up to £300m if they were secondary. The devising, examination and monitoring of local schemes would also entail some extra manpower in central and local government.



## ANNEX C: ADVISERS' VOUCHER SCHEME

1. The aim of this scheme is to introduce vouchers and financial accountability not only in the independent but also in the maintained sector, and thereby to treat the two sectors in a manner that will generally be regarded as even-handed. The scheme does not, however, exceed the limits imposed by the Ministerial Meeting of 8 March 1983. Compulsory education is continued; the prohibition on charging in maintained schools is continued so as to avoid any narrowing of the choice available to the poorest parents; and the independence of existing independent schools is preserved.

2. We propose a scheme with two limbs. Limb I consists of arrangements for a voucher to be used at independent schools; limb II consists of a new set of arrangements for maintained schools. The body joining these two limbs would be the LEA.

## THE LEA'S BUDGET

3. In order both to minimise disruption and to make allowance for current variations in spending, we propose that the GRE/RSG system of external funding for LEAs should remain intact. The novelty would be in the internal organisation of the LEAS schools-budget: it would be obliged to allocate much the larger part of this budget to a voucher-fund; central government would fix the precise proportion to be devoted to this fund, subject to national consultation. The LEA would then have to distribute this fund in the form of vouchers. The voucher would have different face-values for the three age ranges, 5-11, 11-16 and 16-18; the aggregate face-value of all vouchers issued by the LEA would be equal to the total sum in its voucher-fund. The small proportion of the LEA's schools-budget not devoted to the voucher-fund would be retained by the LEA in the form of a discretionary fund.

## LIMB I - THE INDEPENDENT SECTOR

4. Every parent residing in the area of a given LEA would receive, from the LEA in respect of every child aged 5-18 inclusive, a voucher that would be usable as part payment for the fees of an independent school. The maximum value of the voucher, if taken to an independent school, would be its face value. But not all parents would be entitled to receive this maximum value. We recognise that those with high incomes would have to be subject to tax or means-test.

5. Since the face value of the voucher would vary from LEA to LEA, parents living in different places would receive different amounts of help towards the cost of independent education. (This is an almost inevitable result of leaving the GRE/RSG system intact.) We believe that such variations, though not ideal, are reasonable (i) because they reflect variations already present in the maintained sector, and (ii) because parents whose LEA gave vouchers of high value would also be subject to high rates.



6. Further arrangements for this limb are described in Annex A above.

#### LIMB II - THE MAINTAINED SECTOR

7. Except in certain special circumstances (cf. para 10) each maintained school would derive its income from vouchers issued by the LEA. The school would not be allowed to charge fees above the level of the voucher.

8. The maintained voucher schools would employ their staff, provide their books and equipment, maintain their buildings and meet such outgoings as rates and electricity charges. For this purpose, each school would have to become a legal entity such as a trust. Each school would decide which pupils it admitted and there would be no appeal against that decision (subject to para 10 iii below). It would also decide the details of provision and of its curriculum. Since its income would largely derive from public funds, it would have to publish properly audited accounts, which would be subject to challenge from the LEA and it would be required to maintain at least the same standards as are now required of maintained schools.

#### ALLOWING FOR DIFFERENCES IN UNIT COSTS

9. Ideally, a voucher would have the same value at all maintained schools within the area covered by a given LEA. But, unfortunately, schools in different localities may well have inescapably differing unit costs. It is necessary to allow for these differences in the construction of the voucher-system, since failure to make such allowance, coupled with the ban on charging, might lead to widespread bankruptcies of maintained-voucher schools. We therefore suggest that the voucher, when taken to such schools, should be 'weighted': ie the school would receive from the LEA, for each voucher, either more or less than the face value, accordingly as the school's needs were greater or smaller than the average for that LEA. The 'weighting' would follow a formula agreed with the Secretary of State allowing for unavoidable differences in unit cost due to sparse population, high proportion of ethnic minorities, age and state of school buildings, etc.

#### SECURING FREE AND SUITABLE EDUCATION FOR PUPILS OF COMPULSORY AGE

10. Certain further adjustments would be needed to enable the LEA to discharge its duty to secure free and suitable education for all children in the maintained sector.

- i. Where a maintained-voucher school failed either to cover its costs or to meet the minimum standards required by HMI, the LEA would have power either to subsidise it, or to close it, or to take it over until such time as it could be reconstituted as a maintained voucher school. There might consequently be, at any given time, a number of LEA-managed schools in each area.
- ii. Where there were insufficient school places in an area, eg because of population movement or increase, the LEA would have either to provide transport to available places elsewhere or to establish an LEA-managed school until it could reconstitute it as a maintained-voucher school.
- iii. Where a maintained-voucher school admitted fewer pupils than it had places for, and children could not secure admission to any other school in the area, the LEA would have power to require that maintained-voucher school to fill its empty places as a cheaper alternative to the creation of LEA-managed schools.



- iv. The governors of a maintained-voucher school would have the right to appeal to the Secretary of State against an LEA's decision to close or take over the school, or against an LEA's demand that the school admit additional pupils.

11. The money needed to fulfil these functions would come (1) from the LEA's discretionary fund - ie that small proportion of the LEA's schools-budget not directed to the voucher-fund (see para 3 above), and (2) from a specific grant allotted to the LEA for this purpose by the Secretary of State (see para 24 below). These two sources of funds would also be used:

- i. to cover the LEA's administrative costs.
- ii. to supplement the voucher of any child whose education would involve extra costs due to special circumstances, such as handicap, whether in special or ordinary schools;
- iii. to pay cash to parents towards unusually high costs of transport to school, in accordance with existing legislation.

#### CAPITAL ASSETS AND EXPENDITURE

12. When existing maintained schools became maintained-voucher schools, all those that did not, like some voluntary schools, own their own buildings now, would be offered conditional ownership of them without payment, though the Local Authority would continue to be responsible for servicing and amortizing any debt on them; schools might, if they chose, lease their buildings from the LEA at a peppercorn rent. (If the school ceased to exist as a maintained-voucher school, ownership would normally pass back to the LEA.) Subsequently, each maintained-voucher school would become responsible for its own capital expenditure, but could obtain an 85% grant (as now for voluntary aided schools) at the DES's discretion.

#### EDUCATION BELOW AGE 5

13. Those maintained schools at present offering nursery education would - subject to the LEA's agreement - continue to do so. The LEA would fund such provision by direct grant to the school; any extension of nursery provision would be funded in the same manner. In addition the LEA would have discretion to issue vouchers for ordinary primary schooling to "rising-fives"

#### CONSTITUTION AND POWERS OF GOVERNING BODIES

14. When some 25,000 existing LEA-maintained schools first became maintained-voucher schools, each new voucher school would initially become a trust with a governing body. As long as it retained this status, the LEA would appoint a fixed proportion of the governors; the teachers would also elect some governors; the number of those governors is a matter for further discussion; but the proportion of the whole should not in any case exceed 49%. The remainder of the governors - a majority - would be elected by parents of pupils, though the governors themselves would not have to be parents. (The parents might, for example, choose to elect the local vicar.) Subject to agreement with the Churches, in the former voluntary-aided schools, the constitution of the governing body would remain as at present; and also subject to agreement with the Church, the voluntary-controlled schools might be brought under the same arrangements.



15. The powers of the governing bodies of maintained-voucher schools would include control of admissions policy, control over distribution of expenditure, and appointment of head and staff.

#### FURTHER EDUCATION

16. To minimise disruption, we suggest that the management and funding of FE should initially remain, as at present, with the LEAs. We might, at a later date, want to consider whether to include FE in a voucher scheme.

#### TEACHERS

17. Under the scheme, maintained-voucher schools would employ and pay their own staff. But some schools would continue to be directly managed by LEAs: this would make it desirable to retain the Burnham scales. In addition, the retention of those scales in maintained-voucher schools would minimise opposition from the Teacher-Unions. Despite a popular impression to the contrary, the present arrangements of the scales give considerable latitude to employers to put good teachers on high scales. We anticipate that maintained-voucher schools would exploit this opportunity more liberally than LEAs do at present.

#### COMBINED EFFECTS OF THE TWO LIMBS

18. Under the provisions of limb I, independent education would become financially accessible to many parents who cannot at present afford it. And under the provisions of limb II, most maintained schools would become self-managing legal entities, depending for most of their funds upon the vouchers brought to them by parents. There would consequently be a general enhancement of the power of parents to affect the education of their children, and an increased devolvement of responsibility to individual schools.

19. The LEAs would, however, continue to have responsibility for ensuring that free and suitable education was provided for all children in maintained schools; and they would have both powers and discretionary funds enabling them to fulfil that responsibility.

#### A VARIETY OF SCHOOLS

20. Since each voucher school (whether maintained or independent) would be free to determine its admissions policy, the scheme would permit the development of a large variety of schools: some would be academically selective, some single-sex, some reserved for members of particular religious or ethnic minorities, and some devoted especially to the cultivation of artistic or technical skills.

#### PUBLIC EXPENDITURE AND MANPOWER

21. Public expenditure on education, at least in the first decade, would rise over what it would otherwise be, on two counts:



- i. the dead-weight cost (subject to tax or means test) of vouchers used at independent-voucher schools by parents who would otherwise have paid all the fees themselves;
- ii. the financial lubrication arising from the various functions of the LEA and the DES.

22. On the other hand, it is reasonable to hope that the greater awareness of costs brought about by the introduction of vouchers would lead gradually to a more efficient use of resources.

#### INTRODUCING THE SCHEME

23. For political, administrative and educational reasons, it would be preferable to introduce several pilot schemes undertaken by LEAs willing to co-operate with the government. Legislation would be necessary; but we suggest it should be permissive, enabling rather than compelling LEAs to introduce both limb I and limb 2 in their area. The hope is that more LEAs will subsequently wish to join the scheme. Eventually, all the LEAs could be brought in, if necessary by further legislation. (At this stage, the DES might become the issuing authority for vouchers.) It would also be possible to introduce limb I (the voucher to independent schools) over the whole country before the full scheme became national.

24. Our legislation would also have to give power to the Secretary of State to make a specific grant for the purposes of introducing the voucher scheme. Such a grant would be an inducement to LEAs to introduce the scheme, and would enable them to finance the extra expenditure involved.

25. We recognise that many LEAs would be unwilling to join the scheme. But we have two reasons for believing that, given an appropriate specific grant, some might be willing:

- i. LEAs in various parts of the country are now expressing interest in the possibility of making schools more nearly self-managing;
- ii. preliminary discussions at a political level with certain Conservative LEAs revealed considerable interest in the original limb I/ 2 scheme, which - though less radical - was in some respects similar to the present proposals.

#### CONCLUSION

26. A scheme of this kind would be demonstrably even-handed as between the maintained and the independent sector.

27. It would be justified on the grounds that it would expand parental choice for all parents, especially for the less well-off. It would also increase parental control of schools and involvement in their management. It would reduce political interference in education and revive the power of governing bodies. The self-management of schools would represent a substantial reinforcement of decentralisation, democracy and accountability. It should also lead to much improved cost-consciousness and so eventually to economies which would help to compensate for initial extra expenditure.



SECRET AND PERSONAL

✓ P. Gresser no. 8 2  
F. Mount no. 9

Prime Minister!

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We are to discuss this on Tuesday but it would be worth

The Prime Minister has asked that the attached paper should not be copied or circulated outside your Private Office.

reading at the weekend.

JR

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SECRET AND PERSONAL