

expenditure" and referred to the redeployment of resources from less important activities. The Treasury and DOE had copies of both documents and offered no comments.

In January, with the Prime Minister's approval, I referred to these plans in a speech to the North of England Education Conference at Sheffield. I added "The aim is to complete the consultation process during next month February, with a view to the announcement of final decisions in time for the accreditation council to begin work in the spring."

Nick and I are now ready to make this announcement. The Prime Minister has approved the establishment and chairman of CATE. The circular has been amended in the light of comments from

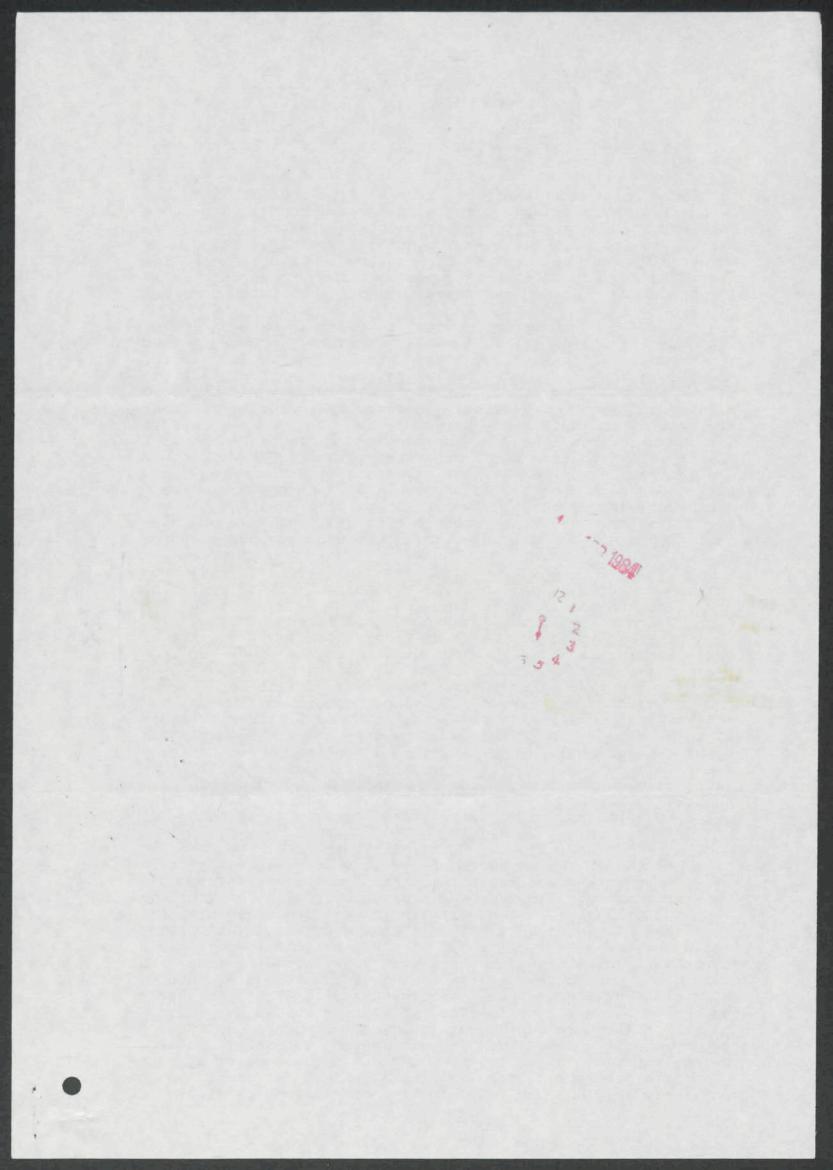
the local authority associations (who, despite some misgivings about resources, generally support these plans) and others. When it is issued I propose to make it clear, in a Written Answer, that out intention is that the teaching force - which has declined already by 30,000 or 7 per cent in England alone since 1979 - should be better as well as smaller, in the words of the recent Green Paper on Public Expenditure, Cmnd 9189. I shall go on to say "To the extent that the policies set out in the circular may require local authorities and institutions to incur additional expenditure in future years ie after 1984-85, we will expect this to be contained within the provision for those years, including the cost of employing teachers." (It would not be appropriate to include these words in a circular to local authorities since some small additional costs will also fall on universities and other institutions which are not the authorities' responsibility.)

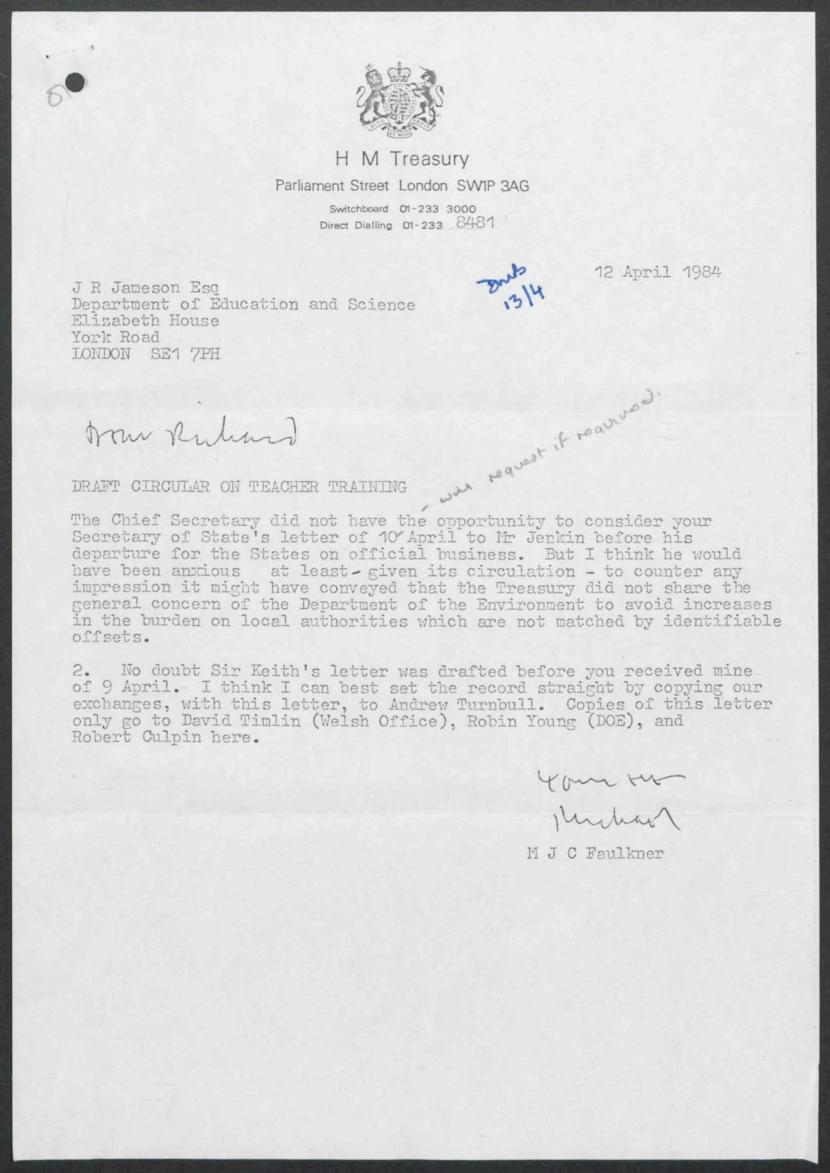
The Department sent the latest draft of the circular and of this Written Answer to the Treasury and DOE on 2 April and subsequently provided them with an estimate of the cost to local authorities ie about £3 million a year, mainly for the release of teachers from school to college, by the time the plans are fully implemented in 1986-87 or even 1987-88. The covering letter explained that we hoped to issue the circular before Easter. The Treasury acquiesced in the proposals. Your Department commented 9 April "We surely cannot keep piling extra duties and powers on to local authorities and expect to get away with the line that we expect authorities to contain extra expenditure within the existing PES provision." They went on to say that they would feel bound to advise you to question the need for our proposal in substance. They added that they would expect you to be particularly concerned about the proposal to issue the circular immediately when the Rates Bill is before Parliament.

I understand this concern, particularly since you and I both objected very recently to a proposal to change the rules about the numbers permitted to be carried on school buses in such a way as to add up to £10 million to the cost of school transport. But I think there is a crucial difference. The school bus proposal would have added substantially to costs without yielding any educational benefits. Our present proposal, as I have shown, lies at the heart of our educational policies; colleagues have endorsed it more than once; yet the cost to local authorities — only a fraction of £10 million — should be contained within our spending plans for 1985-86 and beyond. The Lords have now rejected by a good majority the amendment to the Second Reading of the Rates Bill; and it is time, over a year after Cmnd 8836, for us to make progress on teacher training.

The circular is now with the printers. We would propose to issue it on Thursday, after the Second Reading of the Paving Bill but before the House adjourns for Easter, so that CATE can be set up and start work. I would answer the Question on the same day. May I please ask you to let my office know by midday tomorrow, Wednesday, if you see any difficulty about this? I shall be grateful for your help in what I believe is a most important matter.

I am copying this letter to the Prime Minister, Nick Edwards and Peter Rees.





H M Treasury Parliament Street London SWIP 3AG Switchboard 01-233 3000 Direct Dialling 01-233 8481 9 April 1984 J R Jameson Esq Department of Education and Science Elizabeth House York Road LONDON SE1 7PH Iran Ruhan INTTIAL TEACHER TRAINING Thank you for your letter of 9 April - largely, indeed, as I had expected in the light of our conversation on Friday but in one important respect It was my understanding at the time that the additional bill to the local authorities by the time the scheme became fully operational would only be £0.5 million. It did not register that there would be additional costs of the order of £2 million arising from use of existing school teachers in the selection of students and provisions of training in the institutions. Hence my slight puzzlement at your Secretary of State's proposal to make a statement - a reaction which may in turn have puzzled you. A total bill of £2.5 millionis still of course small in relation to total present or foreseeable provision, but enough to cause concern in present circumstances - as your Ministers were quick to point out in response to DTp's recent proposals for modification of the 'three for two' rule. You will at once say that the present case is different in that the aim is to improve the cost-effectiveness of authorities' education spending. But we have the same problem that the Government will be imposing, and be seen to be imposing, a new direct cost on local authorities (and will be providing additional ammunition for Norfolk County Council!) - with no immediately identifiable relief on other fronts. I do not imagine that you have some other impending initiative conveniently to hand that will save authorities sums of this order; nor would authorities be receptive to exhortations to try even harder than they have already been asked to to reduce spending on, say, meals and milk or to improve the efficiency of their deployment of the teaching force. It may well be, therefore, that the draft statement as it stands is the best you can do for the moment. If so, we will have to return in the Survey to the question of where the £2.5 million is to come from - on which see paragraph 3 of my letter of 6 April. I am copying to Robin Young and David Timlin.



Department of Education and Science

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M J C Faulkner Esq HM Treasury Parliament Street London SWl

Your reference

Our reference

Date

9 April 1984

Dear Michael

INITIAL TEACHER TRAINING

We had a word about your letter of 6 April.

2. Our best current estimates of the answers to the questions about costs in your para 2 - in each case not until the scheme is fully operational in 1986-87 or even 1987-88 - are:-

> £m Local authority institutions Voluntary colleges 0.5 Universities 2.0 Mandatory awards 1.0

In addition there may be by then some costs to local authorities, of the order of £2m, through making school teachers available to take part in the selection of candidates for teacher training and in the training of the students within the institutions; but there are no "coded messages", to use your phrase.

- 3. You accepted that these figures were "modest" in relation to the Government's existing or prospective plans for local authority expenditure in 1985-86 and beyond indeed you thought that word might be inserted in the draft Answer after "incur" and on this basis you were content with our proposals. As I told you, the Secretary of State hopes to issue the circular and answer the Question before Parliament adjourns at the end of this week.
- 4. Copy to Robin Young, DOE. I hope he will take into account both this exchange with you and also the Government's collective political commitment (Cmnd 8836 and Election Manifesto, page 29, last two sentences) to the improvement of teacher training.

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H M Treasury

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J R Jameson Esq Department of Education and Science Elizabeth House York Road LONDON SE1 7PH 6 April 1984

Dear Pulpa

INITIAL TEACHER TRAINING: APPROVAL OF COURSES

Thank you for your letter of 2 April.

- 2. I would like to know rather more bout your assessment of the resource implications of the new policies before coming to a firm view on the text of the proposed statement and on the desirability or otherwise of including a reference to resources in the circular itself. Clearly bringing all PGCE courses up to 36 weeks will cost something. What do you expect direct effect to be on expenditure in local authority institutions, voluntary colleges and universities; and on mandatory awards spending? Otherwise, as I read it, the circular is asking local authorities and others to improve their teacher training courses rather than necessarily to make them any more expensive: but are there coded messages here which imply higher unit costs and, if so, what do you estimate their effects to be?
- 3. This all h as a bearing, as you will appreciate, on the credibility of statements that any additional costs can be 'contained' within provision for future years. If the costs are goint to be significant, we will need offsets to them and in view of the difficulties of delivering savings on local authority current, we should look in the first instance to your vote-borne programmes to provide these. (You have been rightly critical of recent initiatives from other Departments which would have imposed identifiable new burdens on education authorities but given them no clear guidance as to how savings were to be made to pay for these.)
- 4. I have no comments on other aspects of the circular.
- 5. Copies of this go to Robin Young (DOE) and David Timlin (Welsh Office).

Jui had

M J C Faulkner

