

SUBJECT cc Master  
cc Econ Pol: Public  
Expenditure Pt 21



FILE

B/C: OLY

DA

10 DOWNING STREET

From the Private Secretary

27 April 1984

Dear Elizabeth

Raising Standards in Education

The Prime Minister held a meeting today with your Secretary of State. Mr. Hancock was also present.

Your Secretary of State set out the political background. The Sheffield speech had been extremely well received but the Government was still seen in a negative light as seeking to reduce the resources available to education. Government policy towards local authorities had caused the Shire counties in particular to cut educational provision though in large measure this was a justified response to falling school rolls. There was a danger that the Government's standards initiative would be taken over by other parties who would gild it with promises of more money.

The efforts of his Department were directed towards raising standards rather than the old battles about organisation. Many parts of the programme required little or no extra expenditure, for example improvements in curriculum, improved initial training for teachers, and increased influence for parents as governors. Two initiatives would require additional resources. Improvements in in-service training of teachers was required, particularly to make good the deficiencies in maths teaching identified by the Cockcroft Report, and to prepare teachers for the TVEI; improvements were also necessary in the management of teachers. The latter had two components - the establishment of a system of assessment and the establishment of a performance related pay structure for teachers.

Your Secretary of State said schools lacked any system of assessment such as existed in large companies, the Civil Service or the armed forces. Without it, there was no proper basis for promotion, for remedying the defects in mediocre teachers, or for weeding out inadequate ones. Managers, whether head teachers or Directors of Education Authorities, could not, for example, secure dismissal for incompetence without the evidence of a proper system of records. He was urging local authorities to establish systems of assessment at no extra cost and some authorities were already moving in this direction. It might, however, be necessary to offer some additional money to secure full acceptance of these proposals.

/ He said

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He said he would shortly be seeing local authorities on the question of performance related pay. The proposal was to seek a bargain with teachers under which increments were abolished and replaced by merit increases. Acceptance of a system of assessment was an essential precondition. It was unlikely such a package would be self-financing; the cost could be about £100-200 million a year. He had stressed to local authorities that he would not recommend to colleagues any proposals for performance related pay unless he was totally satisfied that they would be effectively administered. In order to find resources it was necessary to reconsider Government expenditure priorities. He recognised that a number of reviews were in hand which could identify the required savings.

The Prime Minister said she fully endorsed Sir Keith's objectives for raising standards but she was very sceptical about whether the methods he was considering would be cost-effective. Teaching standards had declined despite commitment of substantial additional resources. The duration of additional training had been increased, facilities improved, and the number of graduate teachers increased. She believed the key to improved management lay in the willingness of heads and Directors of Education Authorities to take responsibility for hiring and firing. Without this, assessment would become a bureaucratic exercise. It was generally known which the good and bad teachers were - what was lacking was the will to take action.

She doubted whether an increase in resources for performance related pay scales could be justified given the poor results achieved from past increases in resources. She doubted whether there would be sufficient commitment to manage such a structure rigorously. It might be better to employ teachers on time limited contracts (Sir Keith pointed out that decisions not to re-employ would not be taken if the evidence provided by assessment were not available). She suggested that rather than introducing assessment/performance related pay nationally, a pilot project could be considered. She also asked what were the features of the education systems in France and Germany which allowed them to achieve much higher standards.

BF | Your Secretary of State took note of these points and agreed to report back when the proposals were more fully developed. He repeated his assurance that he would only recommend a system of assessment and performance related pay and seek additional resources to finance it if he were totally satisfied that they would be cost-effective.

*Yours sincerely*  
*Andrew Turnbull*

Andrew Turnbull

Miss C.E. Hodkinson,  
Department of Education and Science,