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PRIME MINISTER

GRANT-AIDED PRIMARY SCHOOLS

1. As you know, I have been considering the possibility of our introducing in the next Parliament an experimental scheme for primary schools maintained by the holder of my office. The attached paper briefly outlines the concept. It has so far been considered only within my Department, and tested provisionally by a tentative and strictly confidential oral approach on practicalities to the Haberdashers Company.
2. Would you now like me to pursue the proposal further with some of our colleagues, with a view to putting something in our next manifesto? As the paper explains, I cannot get much further without some more advice on practicalities from the Haberdashers. But I judge it wrong to draw them into more detailed discussions unless the proposal is supported in principle by the Government.
3. If you agree that the proposal deserves support, you may care to have my paper considered by an appropriate group of Ministers.

KJ.

KJ

7 June 1985

DRAFT

C O N F I D E N T I A L

Grant-aided primary schools

Memorandum by the Secretary of State for Education and Science

1. I ask my colleagues to agree that I should pursue the feasibility of a controversial experiment, designed to help raise standards in primary education, with a view to announcing in our next Election Manifesto our intention to implement it in the next Parliament. If the experiment succeeded, some 2,500 more children than at present would go to good independent primary schools. Parental choice would be increased to that extent. Moreover it would then be open to us to apply the lessons and benefits of the experiment to a larger number of primary age pupils.

2. The proposal is to create a new category of grant-aided primary schools (GA schools), catering for day pupils aged 5-11, which would be privately owned, maintained financially by the Secretary of State and run on principles and lines approved by him. GA schools would be part of the independent sector, but pupils educated in them would normally proceed to LEA-maintained secondary schools. They would be intended as a half-way house between the maintained and independent school sectors and a means of influencing the nature and quality of the maintained sector in the long term.

3. The purpose of GA schools would be to experiment with the circumstances in which a curriculum based on the policies in the recent White Paper "Better Schools" (Cmnd 9469) could be effectively delivered by qualified teachers to children throughout the ability range. One experimental feature of GA schools would be that all parents, except the poorest, would pay a fee of, say, £50 a term as an earnest of their commitment to their children's education and to the school. Other areas

for experiment would include the teachers' pay (freeing the schools from the constraints of the Burnham scales), pupil teacher ratios and class sizes, teaching approaches and methods.

4. So that such experimentation remained relevant to the generality of primary schools, GA schools (1) would be obliged to admit children from their neighbourhood without regard to ability or religious denomination; and would (2) receive from the Secretary of State for their current expenditure in respect of each pupil sums corresponding to the national average current expenditure per primary pupil (including debt charges) incurred by LEAs, with perhaps some local adjustment to reflect eg inner-city factors. The income from fees would be additional but GA schools would not be allowed to charge more than the prescribed fee, although, like LEA-maintained schools, they could receive voluntary contributions from parents and others; (3) would also be required to admit as soon as practicable not less than about 200 pupils, the minimum desirable size for an educationally effective primary school proposed in "Better Schools"; (4) would through their proprietors be responsible for all capital expenditure, though their income from grant and fees could be used to service it.

5. Since existing successful independent schools would scarcely wish to become financially dependent on the Secretary of State, and unsuccessful ones are unlikely to merit his support, GA schools would be new creations. It would be difficult under the scheme to earn a commercial return on capital invested in a GA school, so that GA schools are more likely to be promoted by a charitable trust, particularly one with experience in running schools, than by an entrepreneur. By encouraging the establishment of GA schools in any part of the country, including city areas where parents are dissatisfied with LEA-maintained primary schools, one might aim at setting up some 12 schools initially.

6. The financial support required from the Secretary of State for 12 GA schools of at least 200 pupils each would be of the order of £2m a year, but the cost could be greater if the schools

attracted more pupils than the minimum or were situated in high-cost inner city areas, or took a long time to reach the minimum (see para 8 (3) below). We would need to consider how to find this money in the appropriate public expenditure survey; but the costs could not be offset by savings in LEA-current expenditure, since LEAs could not quickly secure from the places not taken up by the pupils in question savings which would match the cost of each place at a GA school.

7. Since GA schools would be substantially maintained with voted money, the Secretary of State would have to satisfy himself and Parliament, in an atmosphere of controversy, that they would, and actually did, spend the money effectively and secured the standards laid down by him. The arrangements for achieving these objectives would make significant extra calls on DES manpower, including HMI, which could not be met within existing limits.

8. As the main paymaster, the holder of my office would be investing a good deal of political credit in "his" GA schools. The success of the experiment would depend critically on:

- (1) The effectiveness of the likely opposition from LEAs and teachers who would, for example, resent the application to the independent sector of money which they would claim could be better applied to the maintained sector in the interest of raising standards.
- (2) The willingness of promoters to risk money and enter into a politically controversial scheme. We could not guarantee them against the political risk that a hostile Government might abandon the scheme, though we could make abandonment more troublesome for such a Government by promoting the scheme under primary legislation; such legislation is not technically necessary because the scheme could almost certainly be operated through regulations made under existing powers.
- (3) The ability of the Secretary of State to pick for support proposals which would actually result in good

schools - the quality of the head teacher would be crucial. Once he had committed himself to supporting a school, he would in practice find it difficult to withdraw support unless its likely failure to achieve the required size and quality become indisputable; as long as there was a prospect of its becoming successful, the Secretary of State might not be able to avoid giving additional financial support in order to prevent the collapse of a promising project.

9. Since the success of this experimental scheme would then justify its wider application, we would have to be ready to defend our intention of so applying it if it were indeed successful. The public debate about the scheme would therefore relate to such matters as the desirability of extending the independent sector by centralist means and of charging a fee for a State-maintained school. We need to consider the compatibility of the scheme and its wider application within our other educational policies and our policies for local government.

10. In my view, we cannot decide definitively whether to go ahead with an experimental scheme of GA schools until we have explored its feasibility further. Such exploration would require fairly detailed discussions with possible promoters, which in their interest and for the sake of the scheme should at present be conducted in confidence. I have taken preliminary soundings, in strict confidence, from the Haberdashers Company, who run primary and secondary schools in the independent sector and are also responsible for voluntary aided schools in the maintained sector. Their initial reaction suggests that charitable bodies like themselves might be willing to promote and operate GA schools despite the political risk if the terms were right. I would like to pursue the matter with the Haberdashers Company (and probably others) in more detail. But I do not think it right to draw them into substantive discussions, although these would remain without commitment on either side, unless I could tell them that, subject to feasibility, the Government wished to proceed along the lines set out in this paper.

11. I therefore invite my colleagues to agree that the scheme outlined above is acceptable in principle; that I should pursue its feasibility on the basis set out in para 10; and that I should report the outcome to enable us to decide whether to proceed with it.

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