

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

1 (To be aware before Cabinet tomorrow.)

PRIME MINISTER

DWS 11/6.

I thought that I should put on record my thanks to you and to the Chief Secretary for enabling me to announce additional support for the introduction of the GCSE. As I made clear in the House, we now look to the teachers to play their full part in making a success of the new examination system; the additional funding will be of enormous value in the discussions I am having with both teachers and local authorities, and will enable us to build on the foundations which Keith laid.

2. I am sorry that it was in the event not possible to couple an announcement on GCSE with further help for primary schools: I shall of course want to give continuing attention to primary education in carrying our policies forward.

3. I remain convinced that we must also act quickly on capital expenditure for schools this year, if we are to obtain electoral benefit. I am including a substantial bid for local authority capital in my PES letter but work flowing from programmes starting in 1987-88 will not come on stream soon enough to make the difference that I am looking for. I shall be discussing this further with the Chief Secretary and in particular the possibility of increasing capital spending this year in return for a reduction in my bid for local authority capital in 1987-88.

4. I am copying this minute to the Lord President and to the Chief Secretary.

K.S.

KB

Department of Education and Science

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