



10 DOWNING STREET

*From the Private Secretary*

1 September 1986

SCHOOLS - THE WAY AHEAD

The Prime Minister this afternoon discussed with the Chancellor his minute of 5 August about educational reform.

The Prime Minister said she found the note most interesting. The proposals in it would represent a colossal change, but they would be welcomed by many people. There was clearly a need for substantially more work on the proposals. There could well be a need for a tier of administration between the DES and the schools. This might be necessary both for itself and to reduce opposition to the proposal from people at present employed in LEA administration and inspection of schools. But their role could be advisory and without power. The Prime Minister noted that the abolition of Aggregate Exchequer Grant could help to make a success of the Green Paper proposals for reform of local authority finance.

The Prime Minister looks forward to a discussion with John Anson. She is likely to wish to discuss a number of more detailed points with him, including questions about how proposals for closing and opening schools would be handled and financed and how teachers' pensions would be administered. She is considering further how the proposal might be brought into a more general discussion. In the meanwhile she would be glad to see the notes on arrangements in France and Germany which the Chancellor had with him at the meeting this afternoon.

(DAVID NORGROVE)

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