

PRIME MINISTER

bc. Professor Griffiths

EDUCATION WITHOUT LEAs

Your meeting will be attended by the Chancellor, Mr. Baker, Mr. Ridley, David Hancock, Walter Ulrich, Terry Heiser, Department of the Environment, John Anson, HM Treasury, and Sir Robert Armstrong.

I suggest on Monday you should aim:-

- (i) to identify the areas on which more detailed work is needed;
- (ii) to decide whether the number of people involved in this work should now be increased.

The paper shows the daunting scale of the changes which would be needed to make the proposals work. But, as David Hancock said in a conversation with Nigel Wicks today, no one in the DES believes we can continue with the present system. Walter Ulrich apparently sees no overriding technical problems in the proposals. (Indeed, DES say they would see it as a challenge to try to make the proposals work.) He sees the decision as almost entirely political.

General

It may be worth first holding a second reading on the proposal. Are people ready for such a major change? Could they be persuaded to be? How would the Government's supporters in the shires view it?

Particular areas

The two key areas for discussion are:-

- (i) LEA functions not exercisable by schools and colleges (paragraphs 20-22), and
- (ii) Effects on local government finance (paragraphs 23 and 27).

Other areas are of course themselves also very important - the Chancellor would include extra pressures for higher public spending and charges - but before we get on to those we surely have to ask whether the new system could be managed without a monstrous bureaucracy, and secondly, whether it can be financed in a sensible way.

What happens to prevent bureaucracy

LEA Functions not exercisable by schools and colleges

Paragraph 21 suggests three options for handling functions which will not rest with the schools and colleges: a bigger DES, quangos, or local authorities. None is at all attractive. It might be possible to construct a system which was an amalgam of several different approaches, but more power will inevitably transfer to the Centre. Taking the residual functions described in paragraph 21 in turn:

1. Determination of grant

Mr. Baker thinks probably only the Secretary of State could do this. He may well be right.

2. Financial propriety

One possibility would be for local accountancy firms to audit a sample of local schools and for an enlarged Audit Commission to carry out value for money audits, again on a sample basis.

3. Educational standards

Again, this would probably have to be a matter for the Secretary of State. How many people would be needed?

4. Securing a place at a suitable school

Again, probably a matter for the Secretary of State.

5. Protecting parental choice

It is not clear from this paper why the arrangements should be any different from what they are now.

6. Enforcing school attendance

This could be a matter for truancy officers who could become part of the social service departments of the local authorities.

7. Special schools

No suggestions.

8. Pay, pensions and training

DES might handle pensions; setting of pay rates needs to be considered further; mechanics of pay would be for perhaps a regional DES; each school could have an element in the capitation fee for in-service training; initial training would be run by the DES.

9. Appointment of members of governing bodies

With ten governors per school, that is a quarter of a million people with responsibilities much more important than they are now. We need an assessment of the number of schools in deprived areas where it might be difficult to find people.

10. Support services

Some of these, e.g., music teachers, school meals and transport, could be handled by the head teacher in collaboration with other local schools.

Effects on Local Government finance

If LEAs are to disappear, local authorities should have as little as possible to do with education finance. Finance should pass with responsibility. But equally, you will not want to add to central government taxation. Unfortunately the full simplicity of the Chancellor's proposal is not possible to achieve, partly because it looks as though further education has to be treated in the same way as schools and partly because of the need to continue to pay specific grants.

Anything which reduces central government grant increases local accountability. But the finances add up only if the non-domestic rates are retained by central government.

11. Conclusions from the meeting

You will want to consider what further work to commission. I would suggest more detailed papers on:

(i) the arrangements for functions not exercisable by schools and colleges;

(ii) the effects on local government finance;

(iii) the transition (the paper implies a big bang - but does it have to be?).

DES, DoE and Treasury must continue to be involved in working up the proposals:

(i) Do you want DES to continue to take the lead or involve the Cabinet Office?

(ii) Do you want to bring in Wales and Scotland (which have 15 per cent of the schools) or leave till later?

(iii) When would you like another meeting (towards the end of November)?

DNS

(DAVID NORRGROVE)

24 October 1986

PRIME MINISTER

EDUCATION WITHOUT LEAS

The officials have provided you with a paper which is an excellent anatomy of the problem, but which unfortunately lacks any flesh and blood. Arguably this might have been provided by the Secretary of State in his covering note; what we have is a page and a half of anaemic neturality.

The paper itself raises four key issues: educational (Questions 3 and 4 and para 20), administrative and organisational (Question 5 and para 21), local authority finance and structure (Questions 8 and 9 and paras 23-27) and resource and manpower implications (Question 12 and paras 32-34).

Transitional arrangements are very important but depend in all respects on the answers to these four issues. Other issues, such as teachers' pay, further education, etc. are of a lower order of importance.

(a) Educational issues

The key passages are para 20 (3)-(5). As they stand they are unexceptional. The fact that government will determine educational standards (3) secure a place at a suitable school for excluded children (4) and protect parental choice (5) is necessary but also open to enormous abuse. In each case the key issue is unanswered in the document:

- (3) "It would be necessary to resolve possible tensions between the objective of making institutions response to, in particular, parental custom and the objective of securing high educational standards." But how?
- (4) "It would be necessary to empower some public authority for example to compel the admission of particular children, to take over failing schools or to oblige a

governing body to increase the size of a school." But how?

- (5) "It will be necessary to consider whether to maintain appeal arrangements against non-admission; and how far to restrict the freedom of governing bodies ... to change the type and character of a school without reference to the effect this would have on the type and character of provision available in the locality." But again how?

These are the key questions to answer. Perhaps in view of the excellent breadth of the document general statements such as these are inevitable. If DES officials are present however they need to be pressed on these points in order for them to give a judgement as to what is feasible, and what are the key political choices.

(b) Administrative and Organisational issues

The choice for a new organisational structure intermediate between the Secretary of State and individual schools is the choice between options (1) and (2) in para 21 -

either opening up regional DES offices on the French model,
or copying the structure of the NHS with a national board, and regional and local offices.

As the object of the reform is to secure greater independence for the individual school, neither option gives one much confidence that this will necessarily be achieved.

There is no discussion of the merits of each option or the way in which we can ensure that schools achieve greater freedom.

Once again the key issue is unanswered but once again depth has had to be sacrificed for breadth.

(c) Local Authority Finance and Structure

Paras 23-28. Unfortunately another only partially satisfactory section. The horrendous conclusion in para 27 that one has to raise income tax by 6 or 7 pence on the basic rate of 9 to 10 percentage points or VAT shows no imagination whatever.

For example, if the reforms cover schools rather than further education, education expenditure by central Government approximates much closer to the RSG.

(d) Public Expenditure and Manpower

Paras 33 and 34. Most of the arguments to support pressure on public expenditure and increased costs are already present in the system via LEAs. The key feature of a new system would be that government would have complete control over total educational expenditure. Unlike the present it is in a position to resist the claims. It is an interesting catalogue of likely pressures but does not take us much further forward.

Conclusion

The paper shows little enthusiasm or vision for the benefits of reform. It takes a grand view of the areas which need to be looked at but because it is so broad fails to focus on the key political choices which have to be made.

Recommendations

It is clearly not possible on the basis of this paper to weigh up the costs and benefits of a major radical reform.

a. You might therefore ask the Treasury/DES/DOE to produce four further papers expanding on each of the major issues.

While they will almost certainly be anatomical in content they will at least show the rocks to be avoided and the prejudices

to be encountered if you decide finally to pursue this course.

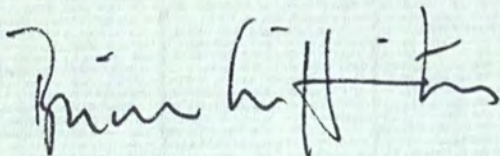
b. At some stage, preferably early, there is a fundamental strategic choice which Ministers have to make.

Either to press ahead with Education without LEAs

or to reform the present structure in a piecemeal manner through primary legislation covering

1. compulsory open enrolment
2. greater powers for head teachers
3. devolution of budgetary and admission policies to governing bodies
4. introduction of a national core curriculum and syllabus linked to appraisal by tests of attainment at various stages of children's careers.

This would be worth discussing.



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