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Prime Minister **42**  
Education *WR*  
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Treasury Chambers, Parliament Street, SW1P 3AG  
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10 March 1983

Mrs Imogen Wilde  
Private Secretary to the  
Secretary of State for  
Education and Science

*Dear Imogen,*

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WIDER PARENTAL CHOICE

... The Chancellor thought that your Secretary of State and other Ministers present at last Tuesday's meeting might like to see the enclosed letter which he has received from Mr Robert Balchin, a Surrey County Councillor. He suggests that it contains some interesting thoughts which to some extent coincide with his own comments at the meeting, although at that time he had not seen the letter.

I am copying this letter to Barnaby Shaw (Department of Employment), David Edmonds (Department of the Environment), Alex Galloway (Chancellor of the Duchy of Lancaster's Office), Tim Flesher (No 10) and Peter Gregson and Richard Hatfield (Cabinet Office).

*Yours sincerely,*

*Margaret O'Mara*

MISS M O'MARA

*mt*



The Rt. Hon. Sir Geoffrey Howe, U.C., M.P.,  
House of Commons,  
LONDON, S.W.1.

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Dear Geoffrey,

'PRIVATISING' EDUCATION

I recently read in the educational press a report that the Cabinet Committee on Home Affairs has certain doubts about the Voucher Schemes presently being proposed. As you will remember, my November letter expressed similar doubts that any scheme which does not require Local Authority Schools to respond to the market for their services, could succeed in raising standards. It is the nature of this response which is, in my opinion of paramount importance, but I shall return to this a little later.

I am presently at work on a book which will be published, I hope, in a Philosophy of Education series next year. It will in part be concerned with the shift of values that has occurred since education ceased to be a consumer-orientated service and became largely producer led. Obviously there are basic ethical questions to be answered about the marketing of education as a 'good': whereas Disraeli saw a State education system as suitable only for 'tyrannies like China, Persia, Austria and Russia', Edward Heath feels that education ought not to be 'sold like a sack of potatoes'. The book is provisionally titled 'Comprehensive to Co-extensive', the second is an adjective virtually as meaningless as the first, but tries to convey the idea that state education, as Mill said, should be only 'one among many competing experiments'. It will look forward to a future when most schools are run as private enterprises, some owned as subsidiary operations by large firms such as ICI, others owned by private companies as well as by Charitable Trusts. I have my doubts that the latter, fettered as they are by the Charities Commission, can possess the necessary dynamism always to respond to the 'market', but this is a separate issue.

I mention the above only to reaffirm my commitment in principle to the privatisation of education; I hope that some of the present schemes will not scupper our eventual chances of achieving it. I have already suggested that a voucher plan which depends on the expansion of the Trust-operated independent system will be largely ineffective. Even if the private sector could expand by 50% in five years (and 15-20% is my guess, given the constraints on the availability of capital and the cautious nature of trusteeship) only an additional 2-2½% of all parents of school age children would be able to take advantage of it (those with the ability to 'top up' the fees by some £5-700 per annum) and it would be widely seen as a perk for the wealthy because those (5%) who would anyway have chosen independent schools would receive a subsidy for a major part of their fees. It is true that, if a voucher were to be added (as is Family Allowance) to one's income for tax purposes, the very rich would not benefit from it, but this would make little difference either to the cost or the political impact.

The inescapable conclusion is that Local Authority schools must be included in any scheme, but how?

I have spent ten years selling education and after two years spent on a Local Education Authority have had the opportunity to compare the two systems for 'market response'. The most important single difference between my school and the local primary school (which might be spending more per hour of pupil/teacher contact time) is the way in which I can pay my staff. Over the last

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ten years, the curriculum in my school has changed dramatically - parents do not want Classical Greek and spin bowling any longer but mathematics, sciences and computers; I pay those who teach shortage subjects considerably more than the national Burnham Scale, and those who do not, rather less. I can also hire and fire staff and adjust their contracts to meet fairly instantly the needs of the school (contraction or expansion of pupil numbers, parent-or examination-led rearrangement of the curriculum, etc.). The Remuneration of Teachers Act makes this quite impossible in Local Authority schools; the conditions under which State teachers work are negotiated separately, as you know, in a non-statutory body (CLEA-ST) and 'market response' by a Local Authority, let alone by the individual school, is almost nullified. Until individual schools or small groups of schools become 'cost centres', however, for a very large portion of education expenditure, they will be unable to respond to the effects of vouchers.

One of the plans allegedly submitted to you would allow a popular school to enlarge by one or more forms of entry, if more parents chose it; but it will not, ipso facto, become a better school (only a bigger one) of course, until the effects of extra income can actually be felt by the school operators. Likewise the school down the road which loses pupils will not raise its standards unless the loss has a direct relation to salaries/jobs within the school.

Another plan proposes a 90% voucher, with 10% left to the LEA to do with as it wishes (this is supposed to meet the objection that the costs of some schools are allegedly much greater than others in the same area.) It would of course use the 10% to plug up the haemorrhage caused by a diminution in funds coming in to unpopular schools; popular schools would receive only nine tenths of their just income !!

I made the point in my last letter that the introduction of a voucher, tax credit, etc. should, in my opinion, be almost the last in a series of legislative moves made to enable schools to respond properly to parental discrimination. It is clear that these moves would have to involve far reaching reform of the ways in which we pay and employ teachers and in which schools are funded and spend money. Some exponents see the voucher per se as the catalyst which will enable all this to happen; in fact the 'market forces' brought into being simply by supplying a voucher and relying on entrepreneurs to expand the independent system will, as I have said, have a minimal effect. In fact, parents would have the freedom to choose but the freedom to respond would be denied to the schools; both freedoms are essential before standards will rise.

This brings me to the question of experiments in selected Local Authority areas. Certain Tory LEA leaders have given the indication that they would be willing to put the question of a voucher experiment to their committees, presumably with a recommendation to assist with it. Local experiments seem to be a perfectly proper way to approach the problem and at least remove the criticism which many of us levy at the comprehensivists: that they foisted an untried system of education on the country. Are we willing, however, to prepare enabling legislation, not just to allow the experiment to start (i.e. the repeal of parts of the '44 Butler Act), but to enable the schools in those areas to respond? If not, the experiments could only fail and put back the cause of 'privatisation' for many years. I personally find it difficult to foresee half a dozen Local Authorities actually voting to support a measure, the implications of which are that they are not doing a good job and should hand over a major part of the control of their empire to other hands; but then I may be jaundiced by the unstated (but none the less present) collectivist philosophy of Surrey County Council! If experiments are to take place they should be given, by legislation, every possible chance to succeed; I worry that some voucher exponents think that enthusiasm is enough!

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If it is thought that the quite extensive legislation necessary is not worthwhile just to expedite experiments, or in fact too few LEA's actually volunteer to take part, then we might approach the problem laterally by a form of 'creeping' privatisation which should start by giving autonomy in expenditure to, say, primary schools. There are enough left of them to give some real choice, their operators could be quite quickly trained and they do not have the complicated finances of secondary schools. Each school or small group of schools would have to have a bursar, of course, to assist with its management and a 'board of directors'. I suggested in my last letter that school based expenditure should not at first encompass teachers' pay but eventually they should be given a total sum, calculated per capita, by the LEA for ALL their outgoings. At this stage, the vouchers/tax rebates would appear and all primary education would be funded by central government. The LEA's would be landlords and inspecting authorities. (Incidentally, rural junior schools threatened with closure because of falling rolls, might, if they have control of their own funds, opt to offer parents slightly larger classes - but with the advantages that the schools would be small and local - and to offer teachers realistic sub-Burnham salaries instead of redeployment or redundancy. This might well save many closures and stop the trend towards large centralised schools.) We might well have then learned enough to proceed with the privatisation of secondary schools.

If our aim is to have most schools independent of the state and most pupils paid for by vouchers or real money (via tax credits, etc.), thus allowing those schools to respond adequately to the needs of those who use them, the corollary of such 'privatisation' of schools is, it seems to me, the 'professionalisation' of teachers, via some kind of properly elected general council. There is, it is granted, the danger that such a council could lead to 'producer-led' training of teachers, especially if the unions made more than a minimal input into it; but a teachers' council could hardly make a worse job of things than the DES which so loosened the reins of teacher supply when staff were needed in the early seventies, that the rule seemed to be 'if it moves it can teach' and large numbers of <sup>barely</sup> qualified people entered the schools - and are in posts of responsibility today. This, however, is a separate but related issue, which I have discussed at length with Max Beloff and which he may mention to you in the report of his committee. Incidentally his comment to present voucher schemes: 'They can't work' is probably the reaction also of someone who has been selling education at the sharp end too!

In conclusion:

The independent sector possesses neither the capital nor the will to expand by more than about 20%; the impact of such an expansion on general school standards will be minimal.

A voucher scheme to be successful therefore requires the state schools to be able to respond to the forces of the market for their services.

Such response will be possible only if schools are virtually autonomous in their expenditure.

Considerable reform of present legislation, especially that concerned with the remuneration of teachers and the funding of education will therefore be necessary.

It is possible that, if co-operation from LEA's is not forthcoming or it is not felt that it is worthwhile to indulge in considerable and costly legislation just for local experiments, that a nationwide experiment

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involving just one sector may be considered - I have suggested the primary sector as the most suitable.

Parents must indeed have the freedom to choose but also schools must have the freedom to respond. Both freedoms are essential before standards will rise.

Please forgive me for directing at you another lengthy letter concerning vouchers and please do not worry about a reply; I hope that you might bear some of the above points in mind, however, when you next come to consider propositions about vouchers.

With kindest regards,

*Yours very sincerely,*

*Bob*

BOB BALCHIN

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