

CONFIDENTIAL

6 October 1983

Policy Unit

MR BUTLER

EDUCATION: UNIT COSTS

The unit costs of primary and secondary schooling cited in Miss Hodgkinson's letter to you of 5 October, are misleadingly low. They exclude debt charges, revenue contributions to capital outlay, and local authority and DES administrative expenditure.

Unfortunately, I do not have many figures of my own for genuine unit costs. But I do know that, including the items mentioned above, one arrives at an estimate of £803 per primary school child and £1135.5 per secondary school child, in England alone, in 1983-4. These figures are, respectively, £143 and £210.5 higher than Miss Hodgkinson's figures for England and Wales. There is no reason to suppose that the difference is caused by the exclusion or inclusion of the Welsh, who are neither more prudent nor more prodigal than their English counterparts in these matters.

When Dr Boyson was at the DES, he fought a sustained campaign to ensure that unit costs were represented in a way that made them comparable to the costs of independent education -- i.e. that they should include debt charges etc. It would be a pity if the Prime Minister were to capitulate to the DES on this point.

Would you be willing to ask Miss Hodgkinson for a new set of figures, representing the full unit costs?

OLIVER LETWIN

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