

24 October 1983

MR TURNBULL

c Mr Mount 5

PUBLIC EXPENDITURE SURVEY: EDUCATION

Several points of interest emerge from the DES minute of 21 October.

1. Local Authority Capital Expenditure

The minute reveals that LEAs are committed to spending only £260 million of the £300 million presently allocated for capital expenditure in 1984/5. This leaves £40 million for them to spend on ~~the~~ ^{new} restructuring ^{projects} made necessary by falling rolls - a sufficient sum for the purpose.

180 Schools
36 FE
10 Nursery
30 Basic needs
256

The note implies (and DES officials confirm) that any additional funds would be spent on:

- i. items of capital equipment costing more than £6,000; (items costing less than £6,000 are purchased out of recurrent funds);
- ii. improvements in special schools;
- iii. improvements to old buildings;
- iv. land purchases.

Of these, only land purchases are urgent: they are needed for the school rationalisation programme to continue; about £10 million is required for this purpose. It would therefore be possible to reduce the DES ^{additional} bid for LA capital expenditure in 1984/5 from £50 million to £10 million.

The minute does not discuss capital expenditure in 1985/6 or 1986/7. The proportion of the allocated funds already committed to particular projects in these years will presumably be smaller than the proportion committed in 1984/5. This should make it even easier to prune the budget.

2. University Capital Expenditure

The minute lists additional bids for 1984/5 totalling some £25 million. These have now been reduced to £12 million, of which £8 million is for equipment, and £4 million is for rebuilding medical schools.

It appears that the medical projects are forced on DES by DHSS, and are intended to rationalise provision rather than to provide more doctors. This spending is probably inevitable.

The equipment grant is lavish. The minute shows that some £87 million is already being spent by the UGC. This is in addition to the £25 million which is spent on university equipment by the Research Councils, and which is not listed in the minute. It would be difficult to justify any additional bid.

The minute also shows that universities are committed to spending £11 million on new building projects costing over £1 million each. This seems unnecessarily large: it should be possible to reduce the amount in 1985/6 and 1986/7. (The minute does not tell us, and I have not been able to find out, how much is spent on building projects costing less than £1 million, which are funded out of current expenditure. This deserves further investigation.)

3. University Staff:Student Ratios

The minute reveals a staff-student ratio of 10:1. This is unnecessarily luxurious, particularly when one remembers that a large proportion of the teaching in many departments is done by graduate students, who are not included in the statistics. If half the jobs in universities were frozen, and natural wastage were allowed to occur, the official ratio would rise to about 11:1; and the taxpayer would save some £10 million a year. Would this be an unreasonable move?

4. Number of Teachers

It would be interesting to know whether the reductions in teacher numbers have generally been achieved by removing vulnerable but important people (such as part-time remedial teachers) rather than by dismissing unnecessary or incompetent teachers. My visits to schools lead me to think that this may be a widespread problem.

OL.

OLIVER LETWIN



10 DOWNING STREET

Prime Minister

The DES note answers the questions you raised at the meeting with KJ.

Attached is a commentary by N Letwin.

KJ appears before MISC 99 on Wednesday morning.

AT

24/10

A stylized handwritten signature or set of initials, possibly 'WJ' or 'WJS', consisting of several sharp, angular strokes.