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CABINET

EDUCATION POLICY

Memorandum by the Secretary of State for Education and Science

Colleagues know that the Department of Education and Science is now preparing instructions for drafting a large Education Bill to be introduced in the autumn. Collective agreement has already been secured for many of its provisions including the national curriculum and compulsory financial delegation to schools.

2. In order that the work may continue through the Election campaign I seek authority from Cabinet to prepare legislation on three more proposals for which formal clearance has not yet been secured.

OPTING OUT

3. We have decided to include in the Manifesto proposals to enable schools to opt out of management by Local Education Authorities (LEAs) and become direct grant schools funded under a contract with central government. My aim is to establish a substantial minority of schools in a new sector outside local government control by the end of the next Parliament. From the outset the scheme would be open to all maintained secondary schools and the 2,000 primary schools with 300 pupils or more - with possibilities of extension to smaller primary schools later.

4. The main features of my proposals which will require legislation are -

- a. Opted out schools would be substantially self-managed; they would own their own premises; employ their own staff; manage their own finances; and control the admission of pupils.
- b. Department of Education and Science grants would be paid under a contract with each school; the provisions of the national foundation curriculum would be applied to each school.
- c. The governing body of any maintained school would be empowered, without prior consultation with the LEA, to propose that it cease to be maintained by the LEA and acquire direct grant status. Proposals would be subject to a statutory process including local objections.

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d. The funding arrangements would be based on local per capita formulae approved by the Secretary of State such that opted out schools were not penalised in terms of resources compared with other similar schools remaining under LEA control in the area.

e. Subject to further detailed consideration, the funding arrangements will ensure financial neutrality between central and local taxpayer; we intended to secure that where a school opts out in a particular authority's area, that local authority's grant and aggregate exchequer grant should be reduced by the actual expenditure on the school.

5. These proposals will secure an end of the local authority monopoly of school education outside the independent sector. They will increase parental choice; bring about a wide measure of autonomy for schools; and create the necessary spur of competition to jack up standards both in the LEA schools and those with the enterprise to opt out.

MAINTAINED FURTHER EDUCATION: FINANCING, GOVERNANCE AND LAW

6. My proposals for financial delegation to schools and for reforming the management and funding of polytechnics and Higher Education (HE) colleges have already been announced. Legislation to reform school governing bodies was passed last year. Parallel reforms are needed in those Further Education (FE) colleges which will remain with LEAs. I should like to announce these immediately after the Election, and meanwhile to set drafting in hand.

7. Maintained FE colleges should be given at least as much financial discretion as schools. I propose, as with the schools, to require LEAs to draw up and submit for approval schemes for delegating extensive financial powers to their colleges. The work of colleges is more complex than that of schools, and the formula for calculating their budgets would have to reflect that. But otherwise I envisage that the powers and responsibilities of college governing bodies should be broadly similar to those we have agreed for schools.

8. Reforms are needed in the composition and role of FE governing bodies. School governing bodies are being reformed under the 1986 Act, and our plans for reforming the governing bodies of polytechnics and HE colleges have been announced. FE governing bodies need to be brought into line and made more independent and effective. I propose that they should generally have 26 members, 12 of them from business and the professions. LEA nominees should be limited to 5 and not take the chair.

9. These reforms would entail legislation. But FE has an insecure legal basis. A 1982 study concluded that, because of changes since 1944, much existing FE provision was ultra vires. The law needed to be updated to take account of developments in, for example, the youth service and provision for those with special educational needs. Introducing major reforms in FE without amending the underpinning legislation would be to build on sand. The proposed Bill gives an opportunity to update FE law and remove anomalies in a way that would be widely welcomed.

BOGUS DEGREES

10. Lastly I propose legislation to restrain the activities of bogus degree operators. My objective is to act to protect the good name of British higher education; those who sell worthless "degrees" - mainly to foreigners - bring our university system into disrepute. I propose to do so in a way which does not involve my Department in the staff-consuming task of accrediting degree-awarding bodies.

11. The legislation I propose would -

a. describe the kinds of United Kingdom degree which I regard as genuine degrees, by virtue of being awarded by institutions in the United Kingdom authorised by Royal Charter or Act of Parliament;

b. require a prescribed form of words on certificates, advertisements, stationery and other promotional material, to establish that other "degrees" were not genuine in the sense of a. above; and

c. impose penalties for breaches of the law.

Subject to further discussions with the Departments concerned, I propose that the existing local authority arrangements for consumer protection should be extended to enforce the proposed provision. I hope that the Secretaries of State for Scotland and Northern Ireland will support my proposals so that they will have effect throughout the United Kingdom.

RECOMMENDATION

12. I seek authority to commission work on the above legislative proposals subject to final clearance of the details by the appropriate Cabinet Committee set up after the election.

K B

Department of Education and Science

12 May 1987