

3 January 1984

PRIME MINISTER

PRIVATE MONEY AND SCHOOL CLOSURES

I attach a paper by Oliver Letwin, suggesting a new way of increasing the number of independent schools and of reducing the opposition to school closures.

Do you agree that the paper should be sent to Keith Joseph, with a Private Secretary's letter asking for the viability of the scheme to be considered, and expressing your support for the principles behind it?

JOHN REDWOOD

Prime Minister ①

Agree I forward this to Sir Keith, expressing your interest, and asking that the proposal be looked at and a report sent back to you?

AT

4/1

No - this is much too stalling and has more a loss of judgement failures from a viewpoint - it is much deeper to close the school.

This scheme would be far more expensive especially in the earlier years

Note: Policy Unit asked to reconsider. They will provide PM with a fuller statement of the argument.

AT 5/1

not

PRIVATE MONEY AND SCHOOL CLOSURES

Because of falling pupil numbers, LEAs are closing schools. Parents object, and many say that they would be willing to pay to keep their schools open. Why not give them the choice?

In 1979, we gave LEAs the right to pay all or part of the fees of any child at an independent school. It is therefore proper for an LEA to allow a maintained school under threat of closure to reopen as an independent school, and then to pay all or part of the fees of pupils attending the school. *wmmmm*

Why are LEAs unwilling to do this at present? The answer is that: (1) they have no incentive to do it; (2) they are afraid that it will attract custom away from other schools in the area, and thereby cause their unit costs to rise; and (3) they do not realise how cheap independent schools can be. *4) it will cost them more money than closing the school down*

There is an obvious way to overcome the first of these difficulties. The Secretary of State could announce that he will approve a school closure only if the LEA concerned has offered to pay fees for pupils at an independent school on the same site. This would force LEAs to offer financial assistance to any parents who wished to set up their own replacement for a closed school.

*No - it wouldnt*

The scheme would achieve savings at least as great as those achieved by closing the school and transferring the children to nearby establishments. We would need to study the costs in one or two LEAs, to determine exactly how much of the fees should be paid to achieve this. Our guess is that the LEA could pay  $\frac{2}{3}$  of the average unit cost of educating a child at a maintained school in its area.

If other schools in the area lost custom as a result of the scheme and had to be closed, this would be grist to our mill: parents at these schools, too, would have to be given the option of financially assisted independence.

The Secretary of State probably already has the right to impose the proposed conditions for approval of school closures; but a short Bill might be needed to prevent LEA legal challenge. We would also need safeguards to ensure that parents did not set up Dotheboys Halls.