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15th March, 1960

CABINET

THE CROWTHER REPORT

Memorandum by the Chancellor of the Exchequer

I am shocked by the proposal to announce now the provision of 8,000 more places in teachers' training colleges and other improvements.

2. I annex the covering note to the officials' interim report on the economic and financial implications of the Crowther Report. This is an interim report, circulated only a few days ago, not yet fully digested even by the officials.

3. However, there appears to be no doubt that even on existing policy, the educational bill will increase by over £650 millions (80 per cent) by 1974. Clearly we cannot undertake more: the question is whether we can do as much. There is not only a problem for the Exchequer: the part to be borne by local rates will, on the same estimate, more than double in the 15-year period.

4. This educational expansion (from 3.9 per cent of gross national product to 5 per cent) must be put in perspective with other claims:-

(i) We have before us a paper (C. (60) 35) which suggests that we should continue to devote the same proportion of an expanding national income to defence, economic aid, and other expenditure in support of external policy. In the last seven years, this has fallen from  $12\frac{1}{4}$  per cent of the gross national product to about  $8\frac{1}{2}$  per cent - this is why we have been able to have tax reductions and increased social expenditure.

(ii) The Minister of Transport is preparing a 10-year roads programme which would about treble our rate of spending in the next five years.

(iii) My colleagues know my preoccupation with the rate of growth of the cost of the National Health Service.

(iv) We shall soon be discussing pensions again.

(v) I must mention space research, civil aviation, and Cunarders.

(vi) There are also railways.

(vii) The Chairman of the Party Housing Committee is calling for a 50,000 a year housing programme - an extra £400 millions a year call on resources (private and public) and on savings.

5. With all these claims from all our policies pressing upon one another, I must ask my colleagues to stop and consider. At the best we are dissipating the prospects of continuing tax reductions over the years. We may be running the economy into inflation.

6. Against this background in my opinion we could not with honesty justify announcing additional educational improvements next week. The cost of building and running the extra colleges is a small part of the cost - the real point is the cost of extra teachers produced year after year - over £30 millions a year as early as 1974-75, and of course rising every year.

7. I would have hoped that the Education Ministers could present an effective story of achievement. We are already intending, it appears, to increase by 80 per cent in 15 years the cost of maintaining a child at school. If this is not waste, it must be a revolution in education. For example:-

(i) Improving secondary school staffing ratio by over one-quarter (21.9 to 16), and reducing average junior classes to 30.

(ii) Increasing number of teachers' training college places from 23,000 to 39,000. This will lead to an increase in the number of teachers from 264,000 to 332,000 by 1970. Enough both to abolish oversize classes and to raise the leaving age by 1975-1976 - only three years after what would be possible with 8,000 extra places.

(iii) The school building programme - 50-60 per cent of the children to be in post-war schools by 1970.

(iv) Doubling the number of further education teachers by 1970.

8. This seems to me an impressive list, and I am sure we cannot and should not announce more.

D. H. A.

Treasury Chambers, S. W. 1.

15th March, 1960

ANNEXNote by the Chairman of the Committee of Officials

The Committee's interim report shows that, under "existing policy", educational expenditure (excluding universities) is expected to increase as follows:-

	<u>1959</u>	<u>1964</u>	<u>1969</u>	<u>1974</u>
Educational expenditure £ millions	816	1,034	1,236	1,472
(1959 = 100)	(100)	(127)	(151)	(180)
Educational expenditure as a percentage of Gross National Product	3.9	4.3	4.7	5.0

2. If the Crowther recommendations (and certain other reforms, such as the forthcoming Anderson report on awards to university students) are implemented, these figures will be increased as follows:-

	<u>1959</u>	<u>1964</u>	<u>1969</u>	<u>1974</u>
Educational expenditure £ millions	816	1,077	1,327	1,590
(1959 = 100)	(100)	(132)	(163)	(195)
Educational expenditure as a percentage of Gross National Product	3.9	4.5	5.0	5.4

3. These tables show that "existing policy" alone will cause educational expenditure to rise from £816 millions in 1959 to £1,472 millions in 1974 and that implementation of the Crowther report, etc. would raise the 1974 total by £118 millions to £1,590 millions.

4. It is not within my Committee's purview to assess these prospective increases of expenditure in relation to the other objectives of Government policy.

5. At this stage Ministers are not being invited to approve the Crowther report as a whole. It is understood that the Minister of Education is seeking agreement to three main proposals:-

- (i) An extra 8,000 training college places.
- (ii) Agreement in principle to raising the school-leaving age to 16, but no decision yet on the date for doing so.
- (ii) An indefinite postponement of compulsory part-time day education for all up to 18, but the accelerated expansion of further education on a voluntary basis.

6. Teachers' training places. The supply of teachers is the key to the reforms and the chief item in the bill. Assuming no inflation, each 10,000 new teachers will by 1975 be costing £15 millions a year in pay and superannuation.

7. Two major reforms are envisaged - the abolition of oversize classes (reducing the secondary school staffing ratio from 21.8 to 16) and the raising of the school-leaving age to 16. On present (England and Wales) teacher training (with 16,000 new places under construction) both of these reforms can be done by 1975-1976, in whichever order seems best. With 8,000 more places, an additional 15,000 teachers could be trained in time to complete these reforms by 1972-1973.

8. The date of complete of these reforms - 1972-1973 or 1975-1976 - must be weighed against:-

(i) The cost of the new colleges (£12½ millions): and the cost of pay and superannuation for the extra teachers (£31 millions in 1974-1975).

(ii) The extent of the prospective need for a continuing rapid growth in the teaching force after the objectives have been reached in 1972-1973.

9. Raising the leaving age. The cost of educating those who would otherwise have left at 15 would be about £42 millions a year. New school buildings at £92 millions would be needed (loan charges about £7 millions). In the relatively short run, these costs might be met by going more slowly in removing oversize classes and in replacing and improving sub-standard buildings.

10. There would also be a reduction of gross national product, which we put at about £125 millions a year, as a result of the removal of the 15-year-olds from the labour force.

11. We estimate the net effect on current outgoings from public funds (taxes, rates, national insurance funds) at about £72 millions a year.

12. Further education. An 11½ per cent per year increase of expenditure is implied in the Minister's proposal, compared with 10 per cent on "existing policy". The cost would rise from the present £68 millions to £209 millions in 1974-1975 on "existing policy" and £235 millions as proposed.

10th March, 1960