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C. P. (64) 21

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CABINET

THE SCHOOL LEAVING AGE

Memorandum by the Chief Secretary to the Treasury
and Paymaster-General and the Minister of Education

We were asked to prepare a memorandum describing the implications of a decision to raise the school leaving age to 16 from 1969, 1970, 1971 and 1972 respectively.

2. Definitions. In this memorandum references to raising the age in a particular year mean that that is the year in which the first pupils accepted will be actually starting their extra year at school. For example, raising the age in 1970 means bringing the change into effect in the school year 1969-70 so that (in England and Wales) the first pupils affected will have their extra year from Easter 1970 to Easter 1971. The need for additional accommodation will not, however, arise until September, since the 11-year old age group is admitted to secondary schools only once a year, in September.

3. All figures include Scotland and are at March, 1963 prices.

4. Current Expenditure. As explained in the Annex to C. P. (64) 1, the theoretical additional current educational expenditure is estimated at £65 million per annum. This however includes £33.5 million for teachers' salaries, which would be incurred in the years under consideration only to the extent that additional teachers were somehow brought into the schools in those years as a result of raising the age. The actual increase in current educational expenditure, starting in the financial year in which the age is raised, would therefore fall between a minimum of £31.5 million and a maximum of £65 million; in C. P. (64) 1 it was put at £45 million. Non-educational costs (due to the effect on income tax, family allowances and national insurance) are put at between £30 million and £35 million a year. These figures are not affected by the date chosen.

5. Capital Expenditure. As explained in paragraph (b) of the Annex to C. P. (64) 1 capital expenditure of £115 million is required for building work. Including sites, fees and equipment the total approaches £150 million. The size of school building programmes has not been settled beyond 1967. Provision for increases in school population and for movements of population cannot be avoided. This will take up about two-thirds of the building programmes for 1965-67; the remaining one-third will be for improvements. The view of the Minister of

Education is that a continuation of at least the present rate of school improvement is highly desirable, but that if, and only if, the school leaving age is to be raised it would be defensible to make a substantial reduction to help accommodate the capital cost of raising the age. The Chief Secretary's view is that either the "improvements" are necessary, in which case it would not be possible to forego them in order to accommodate raising the school age, or they are not necessary, in which case it is not to be assumed that it would in any event have been possible to include them in building programmes at a time when pressure on resources will be very high; and that therefore it is not possible to claim the saving from not doing this as a real set-off against the cost of raising the school leaving age. In his view the extra capital costs in the three years preceding raising the age must be regarded as of the order of £150 million.

6. On the Minister of Education's assumption that part of the capital cost can be met by deferring improvements to schools, additional building starts of £20 million, £20 million and £10 million, beginning two clear years before the school leaving age was raised, would be required. The resulting capital expenditure (including building work, sites, fees and equipment) would be phased as in the table below:-

<u>Year of raising the age</u>	<u>£ million</u>						<u>Total</u>
	<u>1967-68</u>	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	
1969	8	19	37				64
1970		8	19	37			64
1971			8	19	37		64
1972				8	19	37	64

7. On the Chief Secretary's view that pressure of other claims on resources at the time might be such that it would in any event have been necessary to defer such school improvements, the additional capital cost of raising the school leaving age would be not £64 million but about £150 million, and the figures in the table above would read as follows:-

<u>Year of raising the age</u>	<u>£ million</u>						<u>Total</u>
	<u>1967-68</u>	<u>1968-69</u>	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	
1969	19	44	87				150
1970		19	44	87			150
1971			19	44	87		150
1972				19	44	87	150

8. Growth of other public expenditure during the period. The memorandum C. P. (64) 19 by the Chancellor of the Exchequer and the Chief Secretary to the Treasury shows that expenditure on all the major programmes is likely to be rising rapidly in the late 1960s. In particular there will be pressure as a result of the Buchanan Report and regional redevelopment to increase investment in roads even more

rapidly than at present; we are already committed to an ultimate total of 400,000 houses annually, and the Minister of Housing and Local Government has proposed that this target shall be increased to 500,000. Defence expenditure is likely to increase rapidly in the late 1960s when the bulk of the cost of the new aircraft carrier will fall to be met and we may be expected to provide a new generation of aircraft. Expenditure on the Concorde will also be at a peak at this time. In the field of Health there is already great pressure on the annual growth rate of $2\frac{1}{2}$ per cent in current expenditure and the capital programmes will not begin to flatten off until 1970 or later. The bulk of the cost of the Channel Tunnel, if it were approved, would be likely to fall in the two years 1968-70.

9. In the Chief Secretary's view it is clear from the above that the pressure on public expenditure will be such that it will be impossible to find room in any event for the additional expenditure involved in raising the school leaving age, unless at the same time cuts are decided on in other proposals; and that in view of the difficulty involved in making cuts that will take substantial effect before 1972, the difficulty in raising the age would be accentuated even further by the choice of any earlier date.

J.A.B-C
E.B.

22nd January, 1964