

E.R.

FROM: P CARVILL

DATE: 20 May 1992

cc PS/PUS (L & B)
Mr Hill
Mr Holmes
Mr Wallace

Mr Fell

Mr Semple

CATHOLIC SCHOOL ISSUES

I attach a copy of a submission which has gone to Mr Hanley. The draft submission to Secretary of State will be revised in the light of discussions with Mr Hanley, and I will keep in touch with you to confirm that we are all content with the way in which the political/community relations issues and the financial implications are expressed. The latter in particular may need to be expanded a little (or perhaps be the subject of a separate DFP/DENI submission?)



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DRAFT SUBMISSION: MINISTER TO SECRETARY OF STATE

CATHOLIC SCHOOL ISSUES

1. Cardinal Daly has now written, as expected, to request an early meeting with you to discuss future arrangements for the funding and management of Catholic schools. This would be to continue the dialogue which he had started with Peter Brooke, but which was interrupted by the election. The implications of this debate with the Cardinal go well beyond purely educational issues. In fact they go to the heart of some key aspects of community relations in Northern Ireland: the equity (perceived as well as real) of the treatment of the Catholic community by government; the relationship of the institutions of the Catholic community to public bodies; and the drive to improve the social and economic situation of the Catholic community.

2. Education issues have always been of special significance to the Catholic Church in Northern Ireland, and in the past year or so they have been attended by heightened (and unwonted) political controversy. The Cardinal and his episcopal colleagues are making a strong play for a better deal, riding on the back of the recent SACHR study. This raised questions about the equity of the historical funding of Catholic schools (both recurrent and capital) and argued the case for a higher rate of capital grant. The Bishops greeted the publication of the SACHR report with an emotional and highly coloured campaign, alleging years of discrimination. This may have been a gut reaction, or a tactical one designed to improve their bargaining position, or a mixture of both.

3. You will want to consider the issues carefully before deciding what line we should take. However, I doubt if you will readily feel able to go as far as the Cardinal will urge, and there have been some informal indications that he may be unrealistically optimistic about what we may be able to offer. It is therefore critically important that your personal authority for and commitment to whatever line we take should be made clear, so I am grateful to you for agreeing to take the lead in these discussions.

4. Behind a welter of detail, there are two key issues:

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- (a) The direction in which we want the Catholic school system to develop: to be a relatively self-contained sector, with a strong central managerial role for Church interests; or a more diverse and outward-looking system, with individual schools looking to and linking with Area Boards as well as Church interests for support and help? [The bishops want to enhance the role and authority of the Council for Catholic Maintained Schools, a statutory body on which Church interests are dominant].
- (b) The level of capital grant that we are prepared to make available to Catholic schools: whether to stick with the present 85% (in parity with England and Wales) or increase this to 100% (or 98%, as the Cardinal suggests); and whether an increase in grant rate needs to be accompanied by a change in the membership of school Boards of Governors. [All voluntary schools in Northern Ireland already have their recurrent costs met from public funds: there is practically no independent sector.]

5. The Bishops are motivated by a combination of principle and vested interest. They see the Catholic schools as the most important single factor in the handing on of the Catholic faith from one generation to the next. They have therefore never been prepared to accept any arrangement which did not guarantee them the ownership and control of these schools. Over the years they have come to accept that they must share the management of individual schools with others, but they have always retained a majority interest. This is why grant was limited to 85%, which in turn means that the Catholic community has to find some £4 million a year to fund school building programmes. [The 15% contribution from other voluntary schools which are not under Catholic management amounts to some £1m].

6. The Bishops argue that higher capital grants and stronger central management would lead to a better quality of education for Catholic pupils. They argue not for 100% grants but for 98%, on the grounds that they wish "to preserve the voluntary principle". The residual 2% capital contribution would, of course, retain for the Church a financial lever over the individual school,

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which in a 100% grant regime might come to see itself as more autonomous. Similar considerations seem to underlie the opposition of the Catholic hierarchy in England to grant maintained status which attracts 100% capital grant for all schools wishing to opt-out of LEA control.

7. One new development since the last meeting with the Cardinal in October is the decision announced in March to review the existing arrangements for the administration of education in NI and in particular to review the number, responsibilities and composition of Area Boards. There is no doubt that distrust of the Area Boards - which at present have a heavy built-in representation of District Councillors and Protestant churches, although the Catholic schools are also represented - is a key factor in the Bishops' thinking. If we could increase Catholic Church confidence in a revised Board structure this could go some way towards making it easier for them to accept a larger role for the Area Boards instead of greater central control by CCMS.

8. The background to these issues, and a range of associated points, is set out in the attached papers. It has to be recognised that it will not be easy to reach a mutually agreeable resolution. Our general objectives I think should be to respond to the social arguments for increased grant-aid; to increase the confidence of the Catholic Church in our administrative and financial systems; and to ensure that the denominational divide is not increased and perhaps, through the structure, review, reinforce the existing linkages. We should also bear in mind that any improvements we can make in the funding and quality of provision in Catholic maintained schools will contribute very directly to our strategic PE priority of Targeting Social Need. At the same time, we also have to be able to defend to Unionists, and to the Protestant Churches, any above parity improvements in the terms available to Catholic schools: there are already some signs of the Protestant Churches looking enviously at CCMS, and wondering if a similar body for controlled schools might be desirable.

9. Against this background, my own view on the key issues is that we should:

[(a) Resist proposals to increase the central influence of CCMS, as contrary to the thrust of government policy for schools to take

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responsibility for their own affairs, and also reinforcing segregation in education]

[(b) Work towards an accommodation with the Bishops that would deliver 100% capital grants (not 98%) but with some reciprocal concession on their part on school government: in part for political reasons: the reaction of Protestant interests]

[(c) Begin by asking the Bishops to reduce their nominees to a minority: give serious consideration to a compromise on a 50/50 split].

10. We also need to bear in mind that all aspects of these discussions will have to become public in due course. If we take the initiative with an offer of 100%, this will be capable of very positive public presentation, even though the Church hierarchy fears the implications of the independence which 100% capital grant could give to individual schools. Any proposal to reduce their representation on Boards of Governors would also be very difficult for the Church to accept. We might however, make it more palatable, in substance as well as presentationally, by offering to impose a legal requirement (similar in effect to that applying in integrated schools) that all members of Boards of Governors, irrespective of who appoints them, must be committed to maintaining the Catholic ethos of the school.

11. Finally, it should also be remembered that not all voluntary schools are under Catholic management. Some 22 Voluntary Grammar Schools (eg Methodist College, RBAI, etc) are owned and managed by other voluntary bodies. It would be reasonable to assume that any proposed change to grant rate/Boards of Governor membership should also be on offer to them. If all voluntary schools took up the offer of 100% we estimate that the loss of the 15% contribution to capital works would create an additional requirement of £5m per annum on public expenditure. That is an unwelcome additional pressure at a time of PE constraints, but I believe it would be entirely indefensible if it could not be demonstrated that these additional costs were met from additional resources and not at the expense of planned school projects.

12. You will obviously wish to discuss when you have had a chance to consider.

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Given the nature of the issues and their implications for the wider political and community relations scheme, I suggest that David Fell and NIO officials, as well as my own officials, should join in the discussion.

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BACKGROUND NOTE

1. The education issues for discussion centre on the rate of capital grant for voluntary schools and the role, remit and, more importantly, extent of control to be exercised by the Council for Catholic Maintained Schools (CCMS) for such schools. Underlying these two central issues, however, are the following:-

- the lower educational standards achieved by Catholic pupils;
- equality of funding for all schools and equality of opportunity for all pupils;
- the protection of the Catholic school ethos and the potential for increasing or reducing the denominational schools divide;
- the principle of delegated decision-taking at individual school level.

2. Significant change to existing arrangements would have implications for the review of Area Board structures which is currently under way, the wider relationships between the two sides of the community and potentially for the current talks. Many of the issues above are also the subject of debate (in some respects for similar reasons) in England but, as is often the case, there are added dimensions in Northern Ireland.

CENTRAL BACKGROUND

3. It is difficult to establish a starting point for these issues but, if we take the mid-eighties it will suffice to say that by that time:

- the evolving pattern of recurrent and capital grant aid to Catholic Maintained Schools had reached the stage whereby all recurrent costs were funded at 100% (since 1968) and capital grant rate had increased to 85% with associated increases in non-Catholic Trustee representation in Boards of Governors. This pattern broadly mirrored the movements in England and Wales and, with the exception of

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arrangements introduced in 1988 for grant-maintained status, grant rates are currently the same. It is, however, interesting that from 1947-1959, NI capital grant exceeded that in England and Wales by 15% but between 1959 and 1968, NI capital grant fell short of that of England and Wales by 10%. It should also be noted that the arrangements in Scotland are also different, for historical reasons, and in effect Catholic schools in Scotland have their capital as well as their recurrent costs met by the state. [Annex A summarises the existing representation on Boards of Governors in Northern Ireland];

- DENI and the Catholic hierarchy had common concerns about the low level of achievement in some Catholic schools - particularly single sex boys' schools [Annex B shows most recent key statistics identifying the differential in performance between the two school sectors]; and
- both agreed that the then loose umbrella organisation for Catholic Maintained Schools should be replaced by a strong upper tier which could improve procedures for the appointment and promotion of teachers, take the lead on curriculum initiatives, and increase the pace of rationalisation.

IMPLICATIONS OF EDUCATION REFORMS

4. This resulted in a formal agreement between DENI and Catholic Bishops in 1987 to establish CCMS as a strong upper tier for Catholic Maintained Schools. However, the national Education Reform proposals, with its statutory curriculum and its emphasis on delegated responsibility for curricular and financial issues to individual schools, rendered some aspects of this agreement out of date before it could be given statutory effect. As a result the role and functions of CCMS as defined in the 1989 Order were significantly less than those agreed in 1987, at least as far as curriculum issues were concerned. There was a similar diminution in Area Board responsibilities for controlled schools (counterbalanced in part by the new Area Board responsibility of providing curriculum support for all schools) but this did little to reduce the feeling within the Catholic hierarchy that Government had

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renege on the 1987 agreement [Annex C summarises the role and functions of CCMS].

5. There was some limited concern during the passage of the 1989 Order about the role of CCMS but Catholic school interests were more concerned to prevent the introduction of grant-maintained status to Northern Ireland and to oppose what was perceived as unfair support to integrated education in Northern Ireland. The Bishops sought a judicial review of the GMI 100% capital funding rate on the grounds that they believed it was discriminatory but their case was lost.

SACHR EDUCATION PROJECT

6. It was in the late 80's that SACHR became a key player in events. A major review of Fair Employment legislation by SACHR between 1985 and 1987 highlighted the higher level of Catholic unemployment and identified differential educational qualifications as one of the factors contributing to this. SACHR then embarked on a long-term education project which has involved a series of research studies by consultants. These have recently been completed and in their current annual report (which should now have reached you) SACHR is presenting its conclusions and recommendations. The SACHR annual report will be laid before Parliament in July but its recommendations on education are already in the public domain. The consultants have in fact prepared an overview paper drawing together key points from all research papers and this is attached at Annex D. This paper goes some way towards correcting the less balanced elements of the various individual papers.

7. The most controversial study published so far has been that commissioned by SACHR to examine the financing of schools in Northern Ireland. This was published in June 1991 and subsequently included in the SACHR 16th annual report to the Secretary of State. The study attracted considerable attention and comment both locally and further afield. It also generated a considerable criticism of Government, based largely on misinterpretation or over-simplification by others of the data and information which the authors had analysed. In this respect the Bishops, and CCMS, gave a most unhelpful lead to Catholic opinion. [A summary of the Report and Lord Belstead's

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response are at Annex E.]

8. The 2 main issues emerging from the study were:-

- i. An analysis of per-capita pupil recurrent expenditure (excluding teacher costs) by Area Boards on schools between 1980 and 1985 showed that certain areas of recurrent expenditure (principally ancillary staff, maintenance and rates) were higher on pupils in controlled schools (non-denominational but with mostly Protestant enrolments) than in those in voluntary maintained (mostly Catholic) schools. The factors underlying these differentials have been analysed exhaustively. While it is impossible to explain all the differences, it is quite clear that the effect of demographic and enrolment trends, which have left controlled schools with unfilled places, has played the largest part. No evidence of direct discrimination was found or attributed. This was not accepted by many who contributed to the vociferous public debate at the time and claims for compensation were made.
- ii. The researchers, examined various aspects of present capital arrangements which (as in England and Wales) require 15% contribution from voluntary schools in return for majority representation on Boards of Governors, and concluded that the present arrangements probably have a detrimental effect on educational provision in Catholic schools, particularly for specialist accommodation for scientific and technical subjects. They recommended that the grant rate should be reviewed.

9. As a consequence of the study, SACHR recommended that DENI should carry out routine monitoring of educational policy and procedures in the parallel religious schools systems and in the integrated sector and that DENI should initiate a full scale review of the voluntary contribution involving all interested parties. These recommendations were broadly accepted in the Secretary of State's response last July.

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PETER BROOKE'S MEETINGS WITH CARDINAL DALY

10. The study of the financing of schools in Northern Ireland also provided a catalyst for the Roman Catholic Church authorities to approach the government about their concerns over the funding and management of the Catholic system. These are

- the level of recurrent funding of a voluntary sector;
- the 15% contribution to capital work which is proving a difficult burden for many poorer Catholic parishes, especially in the light of the significant capital investment which is being required to implement the Northern Ireland curriculum;
- the conditions for the retrieval or "clawback" by Government of capital grant-aid when voluntary schools close or are replaced;
- the availability of grammar school places for Catholic children transferring to secondary education;
- the role and responsibilities of the Council for Catholic Maintained Schools (CCMS).

11. The former Secretary of State and Lord Belstead met Cardinal Daly and his colleagues on two occasions to discuss these issues but no discussion has yet taken place on the proposals outlined in a submission prepared by the Catholic authorities which proposed an increase in Government grant-aid to the voluntary sector from 85% to 98%, and an increased role for CCMS in the management and support of Catholic schools. [Attached at **Annex F.**] While the Church authorities also criticised the differential funding in recurrent expenditure, there is now greater understanding of the reasons for it and acceptance that the new arrangements which provide for the recurrent funding of schools on a largely pupil based formula funding will eradicate unwarranted distortions of recurrent expenditure patterns, while at the same time leaving scope for the needs of individual schools.

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12. As agreed at the meetings with the Cardinal a working group of DENI officials and officers of CCMS has also met on a number of occasions to discuss the issues arising from the SACHR study and has produced a joint report on progress. [Attached at **Annex G.**] These discussions, while difficult at times, produced a common understanding of the issues involved and were seen as an essential precursor to subsequent discussions on increase to the rate of grant-aid from 85%. Officials' remit did not extend to a discussion of rate, but concentrated instead on resolving some of the historical concerns and ensuring that there is a common understanding of all administrative procedures. Some useful improvements have emerged and further discussions are starting on outstanding issues relating to capital planning and information needs. There are, however, some very specific and detailed proposals in relation to clawback arrangements to be formally dealt with at the meeting with the Cardinal. These are summarised in **Annex H.** The joint report on progress was to have been considered by the Secretary of State and the Cardinal at the meeting scheduled for March but postponed because of the Election.

PRESENT POSITION

13. These issues and more importantly the way in which they have been represented in the Press have considerably soured relationships between the two education sectors but DENI has put a great deal of effort into seeking to improve relations with CCMS, with some success. As far as the Bishops are concerned they will probably now profess themselves content to set aside the analysis of historical rights and wrongs and look to the future. There should be no concerns about the LMS funding arrangements and the basis for distribution of all capital monies - the recent West Belfast £17m investment will, of course, be very welcome. Specific proposals are in train to provide more Catholic grammar places and ongoing monitoring arrangements are being finalised in consultation with CCMS and Area Boards.

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BISHOPS PROPOSALS

14. This leaves us with the specific proposals by Cardinal Daly ie
- a. CCMS should become "an upper tier of Catholic school management, ... responsible for the management and control of the Catholic school system as a whole". [CCMS already discharges some central functions, eg teacher employment, on behalf of all maintained schools].
 - b. CCMS should accordingly be given increased resources in terms both of personnel and funding.
 - c. Membership of school Boards of Governors should be changed so that CCMS will have the right to appoint 30% of the members of the Board of Governors of each Catholic maintained school, with the school Trustees (ie Catholic Church interests) also appointing 30%. [At present the Trustees appoint 60%].
 - d. The grant rate for capital works should be increased to 98%. [At present it is 85%].
15. The proposal to give CCMS stronger managerial powers and/or influence over Catholic maintained schools is simply a throw-back to the pre-reforms 1987 agreement. Notwithstanding the emphasis which the Bishops have placed on it, it would entail certain disadvantages:
- a. it would go against the grain of education reform, which emphasises the independence and direct responsibility of the individual school (there are already suspicions and concerns within Catholic maintained schools about the degree of control which CCMS presently seeks to exercise); and
 - b. it would be likely to tend in practice to lead to greater segregation in the education system, with the Catholic maintained sector becoming more self-contained and more distinctive.

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16. CCMS does have a valuable role to play in promoting better standards in the administration of the Catholic education system (eg in teacher appointments) and in co-ordinating some activities (eg in helping DENI to prioritise capital development programmes) but it has all the powers it needs to discharge an effective advisory role: there is little to be gained, and much potentially to be lost, by going further and giving it more central control.

17. The Bishops argue that this strong upper tier would not diminish the powers and responsibilities for curricular and financial issues given to individual schools by the Reform Order but this is very difficult to accept.

18. On increased capital grants the Bishops are only too aware of the historical linkage between increased grant rate and reduced Trustees control on Boards of Governors. But in proposing 98% grants there is (in effect) no reduction in the representation of Catholic Church interests on Boards of Governors; 60% of the Governors would continue to be appointed by the Church, albeit split 30% by the school Trustees and 30% by CCMS.

19. The key arguments for and against a change in grant are as follows:

a. **Arguments for change**

- the 15% contribution has increasingly placed a financial burden on the Catholic community, which because of its lower economic status is not well placed to meet this;
- this burden is perceived as having deterred Catholic schools from providing the full range of facilities which would have enabled their pupils to maintain parity in educational development with their peers in the controlled sector. This may in turn be an underlying cause of their lower attainment levels and curricular weaknesses in terms of science and technology;
- these difficulties have been exacerbated by the onset of education reform and the consequent rapid provision of facilities for

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specialist subjects which this has dictated. The argument has been advanced that as this is a Government policy, government should fully meet the cost of its implementation; and

- it is suggested that education reform has substantially diminished the scope for genuine discretion in management in the voluntary sector, and that, consequently 15% is now an excessive estimate of the current value of the voluntary principle.

b. Arguments against change

- while there seems little doubt that some poor parishes have difficulty in finding their 15% contributions, the maintained sector as a whole continues to promote many more worthwhile projects than DENI can afford to fund;
- the recent SACHR Report raises questions but establishes no clear link between the requirement to find a 15% contribution and low achievement in Catholic schools. Recent assessment of need for specialist accommodation to deliver the statutory curriculum demonstrate broadly similar levels of deficiency in both sectors;
- education reform has in fact enhanced rather than diminished the role and responsibilities of Boards of Governors on which the Trustees still have a controlling interest;
- 85% is the rate of grant applied in England and Wales to the voluntary aided sector;
- the additional annual cost to government of removing the 15% contribution would be almost £4m for the Catholic voluntary sector and about £1m for the non-denominational voluntary sector, rising to over £5m across the survey period. Additional resources would therefore have to be allocated to the education budget;
- the whole question of grant rate to Catholic schools in which the

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Church retains majority control over Boards of Governors is a sensitive public issue. The retention of this majority control at a cost significantly less than 15% would be opposed in many quarters and may give rise to proposals for other denominational schooling eg Free Presbyterian or Free Methodist.