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PREM 19/731

P.2

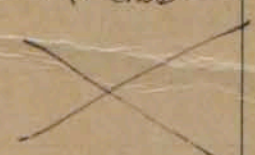
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Policy on Education Expenditure
Hm Inspectorates of Schools
Microcomputers in schools.

EDUCATION

PE 1: May 79

PE 2: April 81

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3.4.81		17.8.81					
15.4.81		20.10.81					
22.4.81		5.11.81					
1.5.81		18.11.81					
6.5.81		22.12.81					
2.5.81		23.12.81					
29.6.81		14.1.82					
1.7.81		22.1.82					
10.7.81		16.2.82					
14.7.81		22.2.82					
17.7.81		23.2.82					
27.7.81		15.3.82					
30.7.81		17.3.82					
6.10.81		6.4.82					
		22.4.82					
		6.5.82					
		13.5.82					
		24.5.82					
		27.5.82					
		31.5.82					
		26.82					
		5.7.82					
		7.7.82					
		— Pt ends —					
							

PREM 19/731

PART 2 ends:-

S/S DES to S/S ENW 7.6.82

PART 3 begins:-

DES to TF 5.7.82

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Prime Minister (2)

Education
CF PPS?

M/S 7/6

cc JV
AW

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1 3EB

ms 7 June 1982

Jean Michael

Thank you for letting me see your exchange of letters with Mr Barkway, Leader of Bromley Council.

Mr Barkway is opposed to any change in grant arrangements that would put more detailed control of the local education service into my hands. So am I, as paragraph 4 of my letter of 6 May to Willie Whitelaw, circulating a report on "The Financing of Education", made clear.

The virtue of introducing a block grant for education (which I favour in that letter) is that it would enable me to commend the Government's expenditure policy and priorities more directly and effectively to the local education authorities, without getting drawn into detailed controls. Incidentally, the policy principles in Bromley which Mr Barkway rightly quotes with satisfaction - protecting the core of the education service at the expense of economies in the school meals service and the closing of surplus school places - are precisely those which I would wish to be commending more forcefully to authorities if our present financing arrangements did not preclude it.

I am copying this to those who received my 6 May letter and yours.

Jean Michael

Keir



Prime Minister (2)

cf SV
AW

A very interesting

letter from Cllr

Barkway.

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PS0/13882/82

Your ref:

31 May 1982

Dear Keith

Ms 2/6

ms

/ You may like to see the attached letter I have just received from Mr Barkway, the Leader of Bromley Council, about the education grant proposal and my reply. If this reaction is typical of that of our supporters in local government we ought perhaps to bear this in mind when we meet to discuss your paper next week.

I am copying this letter to the recipients of yours of 6 May.

Yours ever

MICHAEL HESELTINE



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/13882/82

Your ref:

31 May 1982

E. D. Barkway

Thank you for your letter of 18 May about the possibility of an education grant. This possibility was one of many discussed in the Government's Green Paper on Alternatives to Domestic Rates. As you may know the Government are currently considering the results of our consultations on the Green Paper, but no decisions have yet been taken. Meanwhile it is very useful to have your comments on the education grant possibility, which I shall certainly bear in mind.

I am copying your letter and this reply to Sir Keith Joseph.

Yes
Michael Heseltine

MICHAEL HESELTINE

C.P. Education

PA p1.

MCS 1/6



10 DOWNING STREET

(4)

Prime Minister

Ferdie Mount's note doesn't deal with the argument that, if you take education out of local authority expenditure something else will fill the gap (eg more social workers) - and given the difficulties in controlling local authority expenditure there can be no prospect of reducing the totals pro tanto. This seems to me an overwhelming objection to an otherwise promising proposal.

MCS 27/5

27 May 1982

PRIME MINISTER

THE FINANCING OF EDUCATION

We spoke about the attraction - and the drawbacks - of returning to something like the old Exchequer Grant for education.

I am rather concerned that in their initial reactions to Keith Joseph's report, Michael Heseltine and Patrick Jenkin should take such a negative view of the possibilities.

There are indeed difficulties about making sure that local authorities would not use the education grant as an excuse for spending more money on other things. But those difficulties were not insuperable under the old system, and are not insuperable now. The Department of Education believes that an education grant, combined with a system of marginal rate penalties, might actually improve the Government's control over local government expenditure.

That may sound optimistic in view of our present problems with overspending, but there is a case for arguing that specific grants are easier to keep control of than a huge block grant. Is it significant that overspending has become such a herculean problem only recently in the era of the fiendish complexities of the block grant? The principle of locating financial control of a service with the body which raises the bulk of the revenue for that service is surely impeccable.

It is argued, by the CPRS and others, that the educational effects of the change would be largely "psychological" and that Sir Keith's proposal to take powers to pay specific grants for various purposes could be considered separately on its merits.

I think the effect would be psychological only in the sense that he who pays the piper may be said to have a psychological effect upon the choice of the tune. The return of the education grant, accompanied by the specific-grant power, might turn out to be an essential step in the decentralisation of power to parents.

No longer would the Local Education Authority enjoy largely unfettered power without responsibility for raising more than a small proportion of its revenue. The relationship between grant and performance would become more explicit. At the same time, the DES would be able to open up, via specific grants payable to independent charitable bodies as well as to local education authorities, alternative avenues for promoting quality in schools: direct-grant nursery and primary schools, for example, as well as the state-aided but not state-owned secondary schools, which provide such healthy academic competition on the Continent and in Northern Ireland.

We are all well aware of the dangers of any form of centralisation, when the powers fall into the wrong hands. We are aware, too, of the DES's lack of practice in exercising direct powers of supervision and control of schools. We have also learned the hard way the risks of over-hasty reform of local government. But to reject out of hand this proposal would be to reject an opportunity to explore what might turn out to be the shortest path to quality in state education. The profound and difficult question remains: can we decentralise power to parents without first centralising some degree of power within the Department of Education?

If we feel that the idea is not yet sufficiently worked out to be included in the legislative programme, there is a good case for carrying out detailed work on its wider implications as part of a longer-term programme to guarantee better standards in schools.

FERDINAND MOUNT

FM



JFF717

Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7678

Prime Minister (4)

Mus 25/5

JV
AW

24 May 1982

The Rt Hon William Whitelaw CH MC MP
Secretary of State for Home Affairs
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

MS

Dear Willie,

THE FINANCING OF EDUCATION

I have seen a copy of Keith Joseph's letter of 6 May to you, in which he reports favourably on the possibility of introducing an education grant at the rate of (say) 75%.

2 Although Keith was asked to examine this without regard to the consequences for the Exchequer of the substantial transfer from local to central taxation which his proposal would involve, I must say that the consequences of such a transfer seem to me potentially more important than the educational benefits of a direct grant for education.

3 My fears for industry would be twofold:

(a) that the compensating reductions in rates would not be achieved, especially in the local authority areas which have shown no disposition to respond to Central Government initiatives in the last two or three years in this respect.

(b) that any alternative means of providing the finance may well actually be more harmful to industry than the educational benefits achieved, whether through a higher PSBR and interest rates, income tax and VAT or a failure to achieve further reductions on NIS. In other words the overall net effect would be a higher burden of public expenditure on industry.

Clearly we would need to make a study of the macro-economic implication of such a large transfer of expenditure from local to the central Exchequer, and its likely effect on our economic/ industrial policies, before we could reach a decision in favour of a direct grant for education.



22 MAY 1982
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4 Moreover to make any judgement on the alternatives now would mean pre-empting the wider, and very difficult, consideration of rate reform in the light of the Green Paper, as Michael Heseltine rightly points out in his letter of 20 May.

5 Having said that, if we were to decide that these problems I mention could be overcome, I see a good deal of attraction in the educational advantages which Keith sees in a direct grant for education. I share Keith's concern, which I know is also shared by other colleagues, about our inability to achieve our policy objectives in education, not least those which would enhance our industrial and commercial competitiveness. The report by DES officials (Section II) shows a highly unsatisfactory situation. The fact too that this situation is exacerbated by our justified decreases in education expenditure means that we are getting a good deal of the blame for what is happening with precious little chance to remedy matters.

6 I am copying this letter to Keith and to those who also received a copy of his letter.

You are

Patel



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE'S Office

20 May 1982

M Pattison Esq
Private Secretary
10 Downing Street
London SW1

Prime Minister 4

*You may be interested to see the
annex at Page A which summarises
the changes from the UGC's provisional
allocations.*

Dear Mike,

ANNOUNCEMENT OF UGC GRANT DISTRIBUTION

... I am writing to let you know that my Secretary of State will be announcing tomorrow the UGC's decisions on the distribution of recurrent grant and of equipment and furniture grant for 1982-83. I enclose a copy of the text of his Written Answer together with a copy of the UGC's letter of guidance to universities with an annex showing grants for individual universities.

... As you will see, the UGC have modified their provisional allocations in the case of twelve universities to allow some increase in the grants and/or the student number targets which were set in July 1981. I am enclosing, for your own information, a list of the twelve universities concerned (which is not being released to the press).

Yours ever,

Imogen Wilde

MRS I WILDE
Private Secretary

*Wh
20/5*

FRIDAY 21 MAY 1982

QUESTION NO

To ask the Secretary of State for Education and Science what announcement the University Grants Committee has made to universities about grants for the academic year 1982-83.

SIR KEITH JOSEPH

"The University Grants Committee has announced universities' recurrent and equipment and furniture grants for the academic year 1982-83 as shown in columns 1 and 3 respectively in the table following.

"As an aid to planning, the UGC has also given universities a provisional grant figure for 1983-84 and an indication of what the grant might be for 1984-85 on the basis of the planned provision for higher education set out in the expenditure White Paper Cmnd 8494.

"For twelve universities the UGC's grant distribution allows some increase in the grants and/or the student number targets which were set in July 1981. These modifications relate to various special factors at these institutions and follow discussions between the universities and the University Grants Committee in recent months. They include increases in science student number targets providing a total of 350 additional places. Copies of the annexes relating to grants for individual universities will be placed in the Library of the House.

"Following is the text of the general letter of guidance which the Chairman of the UGC has sent to all universities".



UNIVERSITY GRANTS COMMITTEE

14 Park Crescent London W1N 4DH

Telephone 01-636 7799 ext

Your reference

Our reference Circular Letter 10/82
44/52/024

Date 20 May 1982

I am writing to let you know the Committee's decisions about the distribution of recurrent grant and of equipment and furniture grant for 1982/83. The figures, together with the provisional recurrent grant figure for 1983/84, are given for your own institution in the Annex to this letter. The main considerations which underlay the Committee's approach to distributing the two grants are set out in the rest of this letter.

Levels of grant for 1982/83 and 1983/84

2. Recurrent grant for 1982/83 was announced by the Secretary of State for Education and Science on 21 December 1981 as part of a general statement about education expenditure. The statement included the following points:-

"The planned contraction of higher education in the period up to 1984 is to be maintained and the level of funding for each sector of higher education in/financial year/ 1982/83 is broadly in line with that contraction....The universities' recurrent grant for the academic year 1982/83 will be £1137m, including over £100m to compensate them for reduced tuition fee income. From within the 1982/83 grant the UGC will make provision for the continuation of the bursary scheme for outstanding overseas postgraduate students Over and above the recurrent grant, I am allocating £50m in the financial year 1982/83 to be used by the UGC specifically for restructuring including the cost of redundancies. A further additional amount for restructuring, and the recurrent grant for 1983/84, will be announced later."

3. The Secretary of State announced an equipment and furniture grant for 1982/83 of £83.6m on 8 April.

4. The Committee has also been told that the Government at present have in mind for the universities a recurrent grant in 1983/84 of around £1180 million. The announced recurrent and equipment and furniture grants for the 1982/83 academic year and the provisional figure for recurrent grant in the 1983/84 academic year are expressed in cash and are consistent with the provision for higher education set out in the 1982 Public Expenditure White Paper (Cmnd 8494). The total recurrent grant fixed for 1982/83 and the provisional total grant for 1983/84 reflect the Government's stated intention to maintain the

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contraction of higher education planned in the 1981 Public Expenditure White Paper (Cmd 8175). The Government's assumptions are that pay and price increases will need to be accommodated within these figures. The Committee has been told that in setting these levels of grant, allowance has been made for pay increases of 4% from the due settlement date in the 1982/83 financial year and that account has been taken of the historic differences between price movements in universities' non-pay costs and in retail prices generally.

The Committee's approach to reduced funding, 1981/82 - 1983/84

5. The Committee's grant letter of July 1981 (Circular Letter 10/81) and the individual letters which went with it were intended to provide a planning framework for the three years 1981/82 to 1983/84. They set out the Committee's views on provision in the arts, science and medicine. The Committee later explained in some detail to the Select Committee on Education, Science and the Arts, both orally and in writing, how it reached these views and how it took its decisions on individual institutions. It has also held (or plans to hold) discussions with all those institutions which have asked for them and has received views from other bodies, from MPs, from the staff and students of universities and from members of the public. The Committee is therefore well aware of the problems which result from the requirement that the university system should adapt itself in a short period to a substantially reduced level of funding.
6. The financial constraints this year are no less stringent than in 1981. Although the Committee is sensitive to arguments which have been put forward on behalf of many subject areas, its responsibility is to maintain the best possible balance of provision over the whole range of disciplines and it has not felt able to make any material change in the balance adopted last year. Nor has it felt able to agree to any general relaxation of the student number targets which it set last year.
7. In reaffirming its general approach to the problem of a lower level of funding, the Committee wishes to draw attention to the following points:-
 - a. Many universities are seeking ways of attracting additional income from external sources. The Committee would wish to encourage this. Income so raised will not lead to a consequential reduction in grant.
 - b. Preservation of the dual support system of research is a major concern of the Committee and one of the factors that will continue to be taken into account in determining recurrent grant is that income from research grants (as opposed to contracts, on which overheads may be recovered) can involve a university in additional expense.
 - c. Some groups of staff are especially mobile. Either their early appointments represent a completion of their training, so that they tend to serve in a post for a shorter period than average - clinical medicine being the obvious example - or they leave the university

system for other sectors such as industry and commerce. An across-the-board freeze on staff appointments can therefore cut provision disproportionately for the subjects affected. The Committee would not wish to see this happen.

d. The Committee has not lost sight of the importance to the vitality of the university system of being able to initiate and sustain new developments in teaching and research. It has been impressed by the enterprise shown by universities in identifying such developments in their academic plans. In 1982/83 as in 1981/82 a sum of £20m has been held centrally for restructuring purposes from the initial block grant distribution and the Committee has already decided to give support to selected universities for assisting the development of biotechnology. The share of restructuring monies that can be made available for this kind of action is limited, however, although the Committee will not be able to judge how limited until it has a better idea of the likely cost of reimbursing universities for redundancy compensation. This must clearly have first call on funds set aside for the purpose of assisting the system to adapt to the lower level of Government funding. I hope that I may be able to say more in the Autumn about support for new developments.

e. The Committee is concerned at the vulnerability of expenditure on consumable and other materials, including library acquisitions, when urgent and substantial reductions in total expenditure have to be made. The Committee hopes that, where universities have felt obliged to make cuts in these valuable areas, their plans will include provision for restoring expenditure to a reasonable level.

f. In determining the grant distribution and giving advice in 1981, the Committee was conscious that the capacity for teaching and research in many minority arts subjects could be endangered by pressure on resources. Indications are that not only minority arts are at risk but that similar problems are affecting some sub-divisions of science subjects. The Committee therefore extends the hope expressed in its 1981 grant letter that universities will enter into discussions among themselves and with the Committee about how provision for minority subjects generally might be sustained.

Recurrent grant: differences between Circular Letter 10/81 and this letter

8. In general the Committee's approach to the problem of adapting the university system to a lower level of funding remains unchanged. The main differences between the figures for 1982/83 and 1983/84 given in Circular Letter 10/81 and those which are set out in the Annex to this letter are to be explained as follows:-

a. The Committee has reviewed the decisions it took last year in the light of universities' responses and academic plans. This review has resulted in a modification in a limited number of cases of the grants or of the student number targets.

- b. As announced in Circular Letter 14/81 of 9 September 1981, the Committee amended in one important respect its recommendations contained in the July grant letter relating to tuition fees to be charged for part-time studies. This change required an increase in grant in 1981/82 to reflect the shortfall in fee income from part-time undergraduates. The adjustment has been carried through into 1982/83 and 1983/84.
- c. The grant distributions have been adjusted to take account of the loss of fee income resulting from the Government's decision to reduce the level of tuition fees for home students on designated advanced courses from the beginning of academic year 1982/83. The adjustments reflect the assumption, referred to in paragraph 10 of Circular Letter 10/81 as the basis of individual grant figures, of an evident progression towards the student number targets. The practical effects are that a university whose admissions in 1980 were significantly higher than those in 1979, or whose planned admissions for 1982 seem higher than might be expected if it is to achieve its student number targets for 1984/85, will receive only the new rate of fee for its "excess" students. Similarly a university which has fewer students than a steady progression towards the 1984/85 target might suggest will lose only the new rate of fee for the "shortfall".

9. These points apply to universities generally. Any other significant factors affecting the block recurrent grant to your own institution, such as the running costs of major building projects expected to come into use in 1982/83, are referred to in the Annex.

Recurrent grant: detailed points

10. As in recent years, the recurrent grants shown in the Annex do not include any element for local authority rates, or for sewerage rates where these are paid separately. (Water rates are covered by the recurrent grant.) In financial year 1981/82 and, as is clear from university estimates so far submitted, in financial year 1982/83, increases in local authority rates differed by unpredictable amounts, so that it is not possible either to assume that all universities are more or less equally affected or to forecast what the changes will be. I shall write to you before August about grant for rates once we have details from all universities of the actual demands for 1982/83.

11. The recurrent grant for 1982/83 announced by the Secretary of State includes provision for the cost of capital projects which come within the revised minor works limit. I shall write to you, probably in July, about a first distribution of this. As in 1981/82, it will be in the form of an earmarked grant.

12. No provision is made in the recurrent grant figures in the Annex for reimbursement of severance costs of staff leaving or of part-time re-engagement of teaching staff needed in order to conclude courses which will be phased out as a consequence of restructuring. This reimbursement is being dealt with separately under arrangements which were announced in Circular Letters 5/82 and 8/82 of 1 March and 31 March respectively.

13. The implications of the 3.8% increase with effect from April 1983 in the institutional contribution to USS are being discussed with the Government.

14. No provision has been made analogous to the special grants in 1980/81 and 1981/82 "to help ensure that uncertainty about prospective income from overseas students does not adversely affect selected postgraduate work of particular importance to this country". It is assumed that universities will by now be well on the way to adjusting to the policy of full-cost fees for overseas students. The Committee has, however, made available to the CVCP a sum approaching £3m for distribution in 1982/83 under the Overseas Research Students Awards Scheme.

15. The Committee will be considering the implications for universities' cash flow of the reduction in undergraduate fees referred to in paragraph 8c. and I shall be writing to you as soon as possible with details of the arrangements for paying instalments of grant in 1982/83.

Recurrent grant, 1984/85

16. On the basis of the Government's present expenditure plans, a reasonable estimate of provisional recurrent grant in cash terms for the universities for 1984/85 may be obtained by adding 5% to the provisional cash grant for 1983/84. The Committee will however be considering the grant distribution for that year particularly carefully because it is the first year following the period of run-down covered by the July 1981 letter.

Equipment and furniture grant, 1982/83

17. In determining the distribution of the general equipment and furniture grant for 1982/83, a factor taken into account by the Committee is the level of activity in research, one indicator of which is the external research income from Research Council and other sources.

18. The cost of furniture and of its initial provision for minor building projects may, as you know, be met either from recurrent grant or from the equipment and furniture grant. In the past the Committee has expressed the hope that universities would limit their expenditure from the equipment and furniture grant for these purposes to less than 7% of the grant. It now feels that the linkage that might be implied by this formulation could create inequity between universities, since those with a high proportion of arts students would be subject to a greater constraint than those with a high proportion of science students. The Committee has therefore recalculated the levels it would wish to indicate as upper limits and its recommendation for your university is given in the Annex.

Yours sincerely

EDWARD PARKES

UNIVERSITY OF COLLEGE	Recurrent Grant (cash)		Equipment and Furniture Grant 1982/83 £m
	1982-83 £m	1983-84 (provisional) £m	
Aston	13.22	12.95	1.48
Bath	10.85	11.49	1.24
Birmingham	31.95	33.02	2.58
Bradford	13.40	13.14	1.15
Bristol	24.50	25.35	1.83
Brunel	11.42	11.54	0.93
Cambridge	36.02	37.86	3.34
City	10.20	10.37	0.60
Durham	14.82	15.37	1.08
East Anglia	13.52	13.57	0.81
Essex	7.12	7.27	0.47
Exeter	13.20	13.62	1.08
Hull	12.59	12.81	0.69
Keele	7.85	7.62	0.45
Kent	9.07	9.20	0.64
Lancaster	11.44	11.79	0.74
Leeds	36.06	37.31	2.95
Leicester	14.94	15.70	1.02
Liverpool	32.17	33.25	2.19
London Graduate School of Business Studies	1.51	1.71	0.06
London University *	173.76	178.32	13.20
Imperial College	25.34	26.33	3.01
Loughborough	15.18	16.01	1.43
Manchester Business School	0.97	0.96	0.03
Manchester University of Manchester Institute of Science and Technology	39.85	41.17	2.90
Newcastle	14.17	14.03	1.61
Nottingham	26.13	27.18	3.08
Oxford	23.16	24.06	2.08
Reading	37.06	38.73	3.20
Salford	16.13	16.72	1.60
Sheffield	13.10	12.42	1.09
Southampton	27.16	28.22	2.25
Surrey	20.66	21.61	1.90
Sussex	11.44	11.54	1.04
Warwick	11.94	12.29	1.04
York	14.58	15.13	0.89
	9.03	9.60	0.74
Total England	805.51	829.26	66.47

* Excluding Imperial College

Aberystwyth U.C.	8.71	8.94	0.66
Bangor U.C.	9.53	9.85	0.74
Cardiff U.C.	14.79	15.32	1.18
St David's Lampeter	1.58	1.65	0.05
Swansea U.C.	11.47	11.76	0.93
Welsh National School of Medicine	5.45	5.72	0.36
Univ. of Wales Inst. of Science and Technology	7.45	7.61	1.02
University of Wales, Regina	1.86	1.94	-
Total Wales	60.84	62.79	4.94
Aberdeen	19.49	19.78	1.52
Dundee	12.85	13.26	0.83
Edinburgh	37.04	38.84	2.67
Glasgow	36.69	38.36	2.70
Heriot-Watt	8.98	9.29	0.90
St. Andrews	9.84	10.10	0.59
Stirling	7.06	7.11	0.30
Strathclyde	19.45	20.10	2.08
Total Scotland	151.40	156.84	11.59
Total Great Britain	1,017.75	1,048.89	82.95

Note: Paragraph 16 of the UGC's general guidance letter contains a provisional indication of grant for 1984-85.

A

CHANGES IN UGC ALLOCATIONS FOR 1982-83 AND 1983-84

1. Changes in student numbers with a consequential addition to grant.

	Additional grant* £m		
	82-83	83-84	
Bradford	0.150	0.190	50 additional engineering students.
Hull	0.060	0.070	20 additional science places take account of 4th year of Nursing Studies.
Kent	0.030	0.030	Transfer of 2 lecturers and 20 students in Russian from Lancaster and additional provision for Continuing Education.
Surrey	0.170	0.220	Transfer from Arts to Science and 50 additional Nursing places.
Bangor	0.220	0.280	60 additional Science, mainly in Engineering.
Stirling	0.160	0.210	40 additional students mainly in Physical Sciences.
Strathclyde	0.310	0.400	100 additional Science, mainly Engineering.

2. Additions to grant with no change in student number targets.

Exeter	0.160	0.210	Historic underfunding.
Nottingham	0.024	0.024	Reclassification of postgraduate part-timers as undergraduate (technical adjustment).
Salford	0.780	0.960	Additional year for contraction.
York	0.080	0.100	Low unit cost and recognition of research effort.

* The figures are at 1981-82 prices as quoted in the UGC's allocation letter of 1 July 1981.

3. Changes in student numbers with no changes in grant.

*reclassification
only*

[Liverpool: reclassification of part-timers in Social Studies as full-timers
(70 additional full-timers).]

Southampton: 30 additional Science (Nursing Studies).

*reclassification
only*

[Sussex: Agreement to University's reclassification of certain courses from
Arts (-100) to Science (+100).]

C FIDENTIAL

Prime Minister (4)



To be aware. MS 2015
2 MARSHAM STREET
LONDON SW1P 3EB

[Handwritten scribble]

My ref:

Your ref:

20 May 1982

CC JV
✓ AW

Dear Secretary of State

THE FINANCING OF EDUCATION

Before we meet to discuss Keith Joseph's letter of 6 May it may be helpful if I set out my views on the main issues.

Because there are several options, each of which has different advantages and disadvantages, I have set the arguments out fully in the enclosed memorandum. In brief, I am not sympathetic to any of the 3 main options discussed in the report by Keith's officials.

Exchequer financing of the whole of the education service or of teachers' salaries would reduce rate bills, but only at the expense of an unacceptable degree of central intervention. Neither could help with the critical year 1983-4. I recognise that there is some support on our back benches for Exchequer financing of teachers' salaries; and if we were to decide to give absolute priority to reducing rate bills we might want to think seriously about 100% grant for teachers' salaries for the longer term. But I agree with Keith that it is not an attractive option.

An education grant, in any form which helped to keep rates down, would involve a serious risk of higher spending by local government. In any other form it would undermine local autonomy, risk damage to services other than education, and expose us to pressure to replace the new block grant system by a costly and interventionist system of specific grants. Nor could this option take effect before 1984-5.

We started by asking whether any of these options would help with the problem of domestic rates. My conclusion is that changing the arrangements for financing education is not an appropriate way to tackle this problem. I shall shortly be bringing alternative proposals before colleagues in the light of responses to the Green Paper on Alternatives to Domestic Rates.

I am sending copies of this letter to those who received copies of Keith's.

Yours sincerely
[Signature]

MICHAEL HESELTINE

P.P. (Approved by the Secretary of State and signed in his absence)

THE FINANCING OF EDUCATION

Origins of the DES Study

1. The Cabinet invited the Education Secretary to arrange for this study at the end of a discussion in which concern had been expressed about prospective rate increases during the rest of this Parliament. A change in the arrangements for financing local education services was seen as one possible remedy. In addition, there are specific educational arguments for change now advanced by the Education Secretary. It is important to distinguish these two kinds of argument for change. Some options score well on one criterion, while failing to meet the other. Some score well on both, but only at risk to other important policy objectives, such as continuing to restrain local government expenditure. None could be adopted in time to affect rate bills in 1983-84.

100% Exchequer Financing of the Education Service or of Teachers' Salaries

2. The report by DES officials discusses three main options: 100% Exchequer financing of the education service; 100% Exchequer grant for teachers' salaries; and an "education grant". (All were mentioned in Annex B to the Green Paper on Alternatives to Domestic Rates). Either of the first two would certainly lead to a substantial reduction in rate bills, though with a correspondingly heavy addition to national taxation. The second has had advocates in the Conservative Party for many years, and soundings of back-bench reactions to the Green Paper on Alternatives to Domestic Rates suggest that it still commands considerable support. But both of them would increase local government dependence on the Exchequer, and thus involve a shift towards a more centralist system. More specifically, they would be bound to draw the DES into detailed scrutiny of the budgets and plans of the individual education authorities. The Education Secretary rejects the first two options on both educational and general grounds. There is good reason to agree with him. If however Ministers were to decide that the reduction of rate bills should be a paramount objective, 100% grant for teachers' salaries would be one way of achieving it. It could not have any effect before 1984-85.

Education Grant

3. The education grant, which the Education Secretary favours, has two variants. Variant A would involve an increase in the present level of Exchequer support to local government, with the increase concentrated specifically on education, while Variant B would keep the present level unchanged.

Variant A: with an increase in the present level of Exchequer grant

4. Of the two, Variant A would be more likely to keep rates down, since it would increase the grant given to local government. But any option which increases grant would run directly counter to the Government's policy of the last three years, which has been to reduce grant in order to restrain spending. If the Government were now to move in the opposite direction, local authorities would be certain to use at least some of the extra headroom to increase spending rather than reduce rates. This could mean that rates fell by less than the Government had hoped, and expenditure rose by more than they had planned. The Education Secretary says that it is no part of his purpose to secure an increase in local authority spending on education, to the detriment of either the Government's planning totals or of other services. But Variant A would be almost certain to lead to the result which he deprecates.

5. If, despite the arguments of the previous paragraph, Ministers were to decide that Exchequer grant should be increased as part of a strategy to keep rates down, this could be done much more simply by increasing the grant percentage under the present system of block grant. An education grant is not needed for that purpose.

Variant B: with no increase in the present level of Exchequer grant

6. Variant B also comes in two forms. The first (B^1) would provide a higher rate of grant for education and a lower rate for other services, while the second (B^2) would support education and other services with the same rate of grant. Neither would do anything to keep rates down.

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7. Under B¹ an education grant might be provided at say 75%, as suggested by the Education Secretary. This would not automatically lead to an increase in education spending, since the behaviour of local authorities would depend not only on the overall rate of grant but also on the marginal rate for spending at different levels - in technical terms, on the shapes of the respective poundage schedules. But it would certainly shift grant towards the shire counties and the metropolitan districts, thus encouraging them to spend more on the services for which they are responsible, at the expense of other services (eg police and fire in the metropolitan areas) which fall to other classes of authority. And since there would be correspondingly less grant to support other services, there could be serious distortions in the pattern of grant distribution. The principle of equalization, which is at the root of the grant system, would be undermined, and significant numbers of authorities, particularly among the shire districts, would be deprived of grant even though they would, on any objective test, continue to need it. So while B¹ may have merits from the point of view of the education service, it would risk serious damage to other local government services.

8. The second form (B²) would support education and other services at the same average rate of grant. But there would be different marginal rates of grant for different spending levels (ie different poundage schedules), and this would enable the Education Secretary to provide stronger incentives for education authorities to spend nearer the level of their education grant-related expenditure (GRE).

9. There is at present a wider dispersion of spending around GRE - both on education and on other services - than there is likely to be in the longer term. Since block grant was introduced two years ago it has been Government policy to put higher pressure, through the grant system, on authorities spending high above GRE. But it is not clear that the education GRE is so different in kind from the GREs for other services that the Government should take specific powers in legislation to adopt it as a target for local government spending, which is what the proposal of the Education Secretary amounts to. The GREs for other services are also measures of a

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standard level of service, and if the Government continues its policy of putting particular pressure on high spending authorities, whatever the services they provide, there is likely to be a gradual convergence on GRE for both education and other services. Education is not in this respect sufficiently different from other local government services to justify setting up a new statutory system of grant support for it. And of all the variants discussed, B² would have least effect on rate bills.

Implications for other services

10. The Cabinet agreed that "account should be taken of the implications for other local government services, and in particular those financed by specific grants, of any changes proposed for financing education services" (CC(82)4th Conclusion, Minute 5). Paragraph 7 above has already referred to the damaging consequences for other services of any option which substantially reduced the level of grant support for them. More generally any move towards an education grant of the kind proposed by the Education Secretary would be likely to expose the Government to immediate and probably irresistible pressure to introduce specific grants for other services (eg personal social services, fire) which are now supported through the block grant. In effect the Government would be taking a big first step down the road of dismantling the block grant system - which was established after an arduous struggle inside and outside Parliament only two years ago - and replacing it with a system of specific grants for individual services. Ministers will want to consider whether that is what they want. On one view it would mean a radical reversal of the Government's attempt to make local government autonomous and accountable; a return to intervention and supervision by central government, with significant manpower requirements; and a further long period of political strife about the proper nature of local government responsibility. All of the options discussed in the officials' report were canvassed in Annex B to the Green Paper on Alternatives to Domestic Rates; none of the local authority associations favoured any of them.

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Adw for SofS
Mr Osborn.
(transfer to DES?)

18th May, 1982

The Rt. Hon. Michael Heseltine, Esq., M.P.,
House of Commons,
London, SW1A 0AA.

Dear Secretary of State,

Although local authorities have not been consulted on the issue, there is obviously a concerted campaign by the Department of Education and Science to effectively centralise the control of the Education service.

The introduction of a specific grant for education, with strings attached by the civil servants, will inevitably destroy local initiative and incentive.

In Bromley very close contact is maintained between elected members and governing bodies and the resultant dialogue has enabled scarce resources to be concentrated on the areas which we, and the parents/governors, regard as important. What is of overriding importance of course is that the local member is accessible to those parents and the local head teachers, unlike the 'professionals' in the DES.

Although we are one of the very few authorities to adhere to DOE targets and guidelines our expenditure on books and equipment has been fully protected in real terms and our pupil teacher ratio has been slightly enhanced.

As regards achievement our results are second to none. We measure those results in terms of external examination successes, which may be dismissed by the experts, but it is very important to the parents we represent. Of course the predominant socio-economic character of Bromley has a major bearing, but it cannot wholly account for our successes. Indeed to encourage the large number of high fliers in our area we have reintroduced a measure of selection, a popular measure locally even though I doubt its popularity with the DES.

In order to pay for the protection of the core of the Education service a number of policy choices have been made. For example our school meals service has been radically reorganised to produce very significant savings. The traditional meal has been replaced by cold nutritionally balanced snacks at realistic prices. The opportunities presented by falling school rolls have been grasped and a large number of schools have been closed despite the short term aggravation this causes.

It would be impossible to preserve the incentive to take such decisions, or retain the current financial discipline in our Education service, when all policies are centred on the DES.



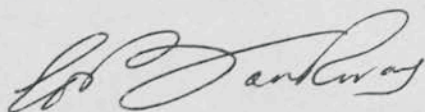
The Rt. Hon. Michael Haseltine, Esq., M.P.

18th May, 1982

In order to control education nationally, wide use will be made of national averages, ratios, etc. The unthinkable alternative would be to let the statisticians loose, witness the revised advanced further education pooling arrangements. We are already better than the average authority, and achieve significantly more. Should we stand still under the dead weight of a specific grant? It seems strange that it is a Conservative Government that would destroy our incentive and accountability. One simply has to look at the shambles at ILEA to realize what would happen if a Government of a different political complexion were returned to Westminster with the powers apparently envisaged by the DES. If the DES staff are so committed to empire building let them cut their teeth on ILEA, at least that would facilitate the demise of the GLC.

This issue is being presented as a palliative to the anti-rates lobby. If the rates problem is to be solved by simply substituting taxpayers' money for ratepayers' money there are easier methods of proceeding. To centralise the Education service as an expediency measure to reduce rates would be a tragedy for Conservative local authorities. The financial performance, and thus rate bills, of Conservative authorities was a major factor in our recent electoral success.

Yours faithfully,



E.D. Barkway
Leader of the Council
London Borough of Bromley.



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1 2 3 4 5 6 7 8 9 10
2 JUN 1982



CABINET OFFICE
Central Policy Review Staff

With the compliments of
John Sparrow

70 Whitehall, London SW1A 2AS
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Education
cc JV
✓ AW

CABINET OFFICE
Central Policy Review Staff

Prime Minister (2)

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

MS 14/5

Qa 05921

From: John Sparrow

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13 May 1982

Dear Secretary of State,

The Financing of Education

I am grateful to Keith Joseph for sending me a copy of his letter to you of 6 May, proposing an informal discussion of the proposal for a separate education grant to local authorities, examined in the report by officials enclosed with your letter.

As you will know, the CPRS was invited by the Prime Minister to consider what contribution it could make to the work on local government finance arising from the Cabinet discussion on 4 February. That discussion gave rise to a series of remits, including the remit to DES, to be reported back to Cabinet by the end of this month, and we have been associated with this work. Clearly the whole set of reports will raise broad questions on the shape of central/local government relations in the medium term - its structure, financing and revenue raising. The CPRS hopes to contribute a paper intended to help Ministers decide what arrangements for local government and its financing would best meet their objectives for the longer term (that is, at least, for the next Parliament).

However, I can see that Ministers may well find it useful to have a preliminary informal discussion of the paper on a separate education grant. This paper brings out a basic conflict of Ministerial objectives, between reducing the rate burden and increasing local accountability. There are also, of course, the education objectives summarised in paragraph 3 of the Secretary of State's letter. The


The Rt Hon William Whitelaw CH MC MP
HOME OFFICE
S W 1

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CPRS has vigorously supported a more positive role for DES, and the question is how far those proposals would help.

As a possible framework for the proposed Ministerial discussion, we have produced the enclosed 'collective brief'.

I am sending copies to those who had copies of Keith Joseph's letter.

Yours sincerely


M. John Sparrow

*(approved by Mr Sparrow and
signed in his absence)*

Enc

Financing of Local Authority Education

Note by the Central Policy Review Staff

Ministers are to consider the report by DES officials on the financing of local authority education, circulated under cover of Sir Keith Joseph's letter of 6 May. This recommends a separate Exchequer grant to support local authority spending on education, at a higher percentage, but with a sharper "taper" to penalise high-spending authorities.

2. The CPRS suggests that Ministers will wish to consider first what their objectives should be, and should therefore tackle the issues in the following order:-

- (i) Do Ministers agree with the view that the Government's main objective is to reduce the size of the rate burden?

Ministers have so far been mainly concerned to restrain overall local authority spending, and increase the pressure for efficiency. For those objectives, their main instrument has been and will remain the effect of local accountability. But for this to be effective, the "perceptibility" of local taxation (whether rates or some substitute) needs to be increased. Hence there is a conflict between these objectives and the aim of reducing the rate burden. The fact that the rate burden is unpopular arguably demonstrates its success as a restraining factor. The need is therefore to make local electorates more aware of local authorities' responsibility for the domestic rate burden.

- (ii) Could a separate education grant be effective in meeting the Government's objectives for local authority finance?

- (a) reducing the rate burden?

As the letter and paper imply, the Secretary of State's proposal could not be relied on to do this "unless effective safeguards can be found". Without such safeguards (which, if they are feasible, might be introduced under the present system) it would be open to local authorities, given an increased Exchequer contribution to their education spending, simply to spend more on their non-education services instead of reducing the rates. Past increases in the percentage Exchequer grant have generally led to increases in local government spending.

- (b) restraining local government spending?

Ministers may wish to consider an alternative course, which would be to offset the extra grant by reducing the Exchequer contribution to non-education services (to, say, 30%). This would substantially help to restrain spending, but would fail to reduce the rate burden.

- (iii) Are there other ways of achieving the Government's financial objectives?

This question anticipates the main Cabinet discussion due at end-May. Clearly there are alternative courses open - to adjust the overall RSG percentage; to vary the RSG "taper" and the effect of other restraints at the margin; to increase the impact of domestic rates by capping the non-domestic rate percentage. The paper suggests (paragraph 4.22) that a separate education grant would make such restraints easier. But this can only be established in a full discussion of the options.

- (iv) Is a separate education grant likely to achieve the Secretary of State's education objectives and at acceptable cost?

As the Secretary of State points out, it would not change "the authorities' essential freedom to determine their own policies and priorities". Ministers will wish to consider how much difference it would be likely to make to the "influences" which DES can bring to bear. It would increase the pressure for some convergence of local authority spending on to assessed need (education GREs). Otherwise, any increase in influence appears to depend on psychological factors - an increased readiness by DES to press its own views, and by local authorities to act accordingly.

The proposal to take power to pay specific grants to support innovations etc would have a more direct effect. It would put DES in the same position as other Departments (D/I, MSC) to promote specific educational developments. But it is independent of the main proposal for a full-scale education grant, and Ministers can consider it separately on its merits. Do they wish to pursue it?

- (v) Would a separate grant for education have repercussions?

Ministers will wish to consider whether other services (eg personal social services) might claim a similar increased grant percentage, and whether they would wish to concede this, or alternatively could resist it.

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Prime Minister (2)
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 ce JV
 AW
 Education

DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

The Rt Hon William Whitelaw CH MC MP
 Secretary of State
 Home Office
 50 Queen Anne's Gate
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6 May 1982

Jean Willie .

THE FINANCING OF EDUCATION

On 4 February Cabinet invited me, in consultation with you and others, to examine the case for changes in local government's present financial responsibility for education services, the options for changes and the implications of any such changes for other local government services, and to report in May. In my letter to you of 11 February I said that I would hope to discuss these issues with you and the other Ministers concerned before circulating a paper to Cabinet by the end of May.

... 2. I attach a report which has been prepared by officials of this Department, in consultation with representatives of others, which covers in some detail possible changes in local government's present financial responsibility for the education service.

3. Section II of the report examines the present arrangements for financing the education service in England and suggests that there is a strong educational case for changing them. It concludes that possible changes in the financing of education should be assessed against four main educational objectives which are:

- (i) to encourage a more even pattern of educational expenditure relative to need across the country, within the total the Government provides for in its plans;
- (ii) to encourage LEAs to have regard to the Government's priorities within the education service, and to manage their resources more effectively;
- (iii) to enable the Secretary of State to promote innovations and developments in specific areas of national importance;

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- (iv) to reflect more clearly the partnership between central and local government embodied in the 1944 Act, by strengthening the authority of the Secretary of State.

4. I fully agree with the conclusion in Section III of the report that 100% Exchequer financing, either for the whole of education or for teachers' salaries alone, is not an acceptable option. It would be contrary to our policies for me to become directly responsible for determining each LEA's education budget or for determining in detail the major element of that budget, namely teachers' salaries. Such radical changes would require a massive increase in the number of civil servants, reduce the freedom of local government to an unacceptable degree and, in the second case, create a barrier to the effective and economical management of resources. I regard local education authorities' autonomy over a wide range of their functions as important and healthy and I have no wish to change the education law to increase my controls over them; but I want to bring their role and mine more closely into line with the intention of Section 1 of the Education Act 1944 which places upon the Secretary of State the duty to "secure the effective execution by local authorities under his control and direction of the national policy for providing a varied and comprehensive educational service in every area."

5. The report considers in more detail in Section IV, and advocates in Section VII, the possibility of an education grant combined with limited powers of specific grant for specific purposes. I ask my colleagues to give this very serious consideration. My views on the main arguments for and against it - which are very fully assessed in the report itself - are these.

6. The origin of this study of the financing of the education service lies in our concern about the size of the rate burden. We recognise of course that any steps to reduce it run the risk of ending up with higher total expenditure, unless effective safeguards can be found. I believe that, if we wish to make a significant reduction, introducing an education grant at (say) 75%, with more powerful built-in deterrents to overspending than are now available, will be more effective than a simple increase in the RSG percentage itself within the present block grant arrangements. Paragraphs 4.8-4.11 of the report explain how this might be achieved.

7. In my view an education grant would also go a long way to assist in meeting the objectives listed in paragraph 3. The quality of education provided in the maintained schools leaves much to be desired, and the disparity amongst standards of provision of different authorities is increasing. Education is a national service crucial to the future well-being of the country, and yet the opportunity for the Secretary of State to improve standards and initiate necessary changes in collaboration with the responsible local education authorities is much hindered by our insistence that the block grant arrangements must leave the choice of priorities between and within services entirely to them. Paragraphs 5.3-5.6 of the report explain how an education grant would go a substantial distance towards repairing this weakness and strengthening the Secretary of State's authority in relation to the Government's policies in education as the 1944 Act requires.

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8. An education grant would not change the authorities' essential freedom to determine their own policies and priorities or put any new controls at the Government's disposal, but it would change the influences we can bring to bear upon them. To the extent that this were seen as a reduction in their discretion, it might be considered a criticism of the proposal. But their discretion cannot be an overriding absolute: we have to consider the balance of advantage.

9. There are however some few purposes which even an education grant would not sufficiently serve, since it would not in general be tied to any particular pattern of spending within education. I find it quite unreasonable that I have no means under my own hand of putting money directly into certain educational activities (for example, training more teachers for shortage subjects like mathematics and physics, or providing additional facilities for the young unemployed) which both central government and local government collectively regard as of the highest importance. I agree with the report that, alongside the education grant supporting education provision in general, there should be a competence to pay specific grants (on a limited scale) to support innovations and developments of specific importance to the Government's policies.

10. It is no part of my purpose, in these proposals, to secure an increase in local authority spending on education, to the detriment either of our planning totals or of other services. There is no consensus amongst officials about whether an education grant would provide a better means of restraining expenditure on education; but the balance of the argument in paragraphs 4.11 and 4.22-4.24 of the report seems to me to support the view that our influence both on local authorities' total spending on education and on their priorities would be improved.

11. For the longer term, as you know, I am studying the possibility of the introduction of education vouchers. But the immediate need is to be able quickly to point to measures which will at the same time raise educational standards, by improving the partnership between central and local government in education, and offer an effective means of reducing the rate burden. I believe that the introduction of an education grant, for possible implementation in 1984-85, is the best course to follow to those objectives.

Copies of this letter go to the Prime Minister, Geoffrey Howe, Peter Walker, Michael Heseltine, Patrick Jenkin, George Younger, Nick Edwards, Jim Prior, John Biffen, David Howell, Norman Fowler, Norman Tebbit, Cecil Parkinson and Paul Channon; and to Sir Robert Armstrong and John Sparrow. Those colleagues most directly affected would, I am sure, welcome an informal discussion before I finalise my report to Cabinet. I would be most grateful if you were willing to convene this.

Emerson,
Kerr

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THE FINANCING OF LOCAL AUTHORITY EDUCATION

A Report prepared by officials of the
Department of Education and Science in
consultation with representatives of
other Departments about possible changes
in local government's financial
responsibility for the Education Service

Department of Education and Science
6 May 1982

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THE FINANCING OF LOCAL AUTHORITY EDUCATION

CONTENTS	PAGE
I <i>Introduction</i>	1
II <i>Financing the Education Service in England: the Case for Change</i>	4
<i>Statutory background</i>	4
<i>Financial background</i>	5
<i>The Government's education policies</i>	6
<i>Conclusion</i>	13
III <i>Three Options for Change</i>	14
<i>Increasing the fees and charges for education</i>	14
<i>100% Exchequer financing</i>	15
<i>100% Exchequer grant for teachers' salaries</i>	17
<i>Conclusion</i>	20
IV <i>An Education Grant</i>	21
<i>Operation</i>	22
<i>Education grant, block grant, and local authority expenditure</i>	26
<i>Rates</i>	29
V <i>Consequences of an Education Grant</i>	31
<i>Implications for education</i>	31
<i>The Government's public expenditure plans</i>	33
<i>Other local authority services</i>	34
<i>The careers service</i>	36
VI <i>Scotland and Wales</i>	37
<i>Scotland</i>	37
<i>Wales</i>	38
VII <i>Conclusion</i>	41
<i>Annex</i>	43

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I: INTRODUCTION

1.1. The Green Paper, "Alternatives to Domestic Rates", published in December 1981, examined ways in which the domestic rating system might be reformed or replaced. It identified three main alternative forms of local revenue, viz, local income tax, local sales tax, and (possibly in combination with one of these) poll tax. The Green Paper considered briefly the scope for extending the contribution of fees and charges to local authority finance: it also noted that a more extensive use of hypothecated grants might be appropriate, particularly if any system adopted in place of domestic rates was not readily capable of raising the full revenue that they yield at present. Annex B of the Green Paper applied the latter approach to the education service and referred to three alternative ways in which the service might be financed, each involving a greater contribution by the Exchequer. These were:

- (a) financial responsibility for the education service could be removed altogether from local authorities;
- (b) central government could become responsible for meeting the cost of teachers' salaries, while leaving some financial responsibility for other parts of the service with local authorities;
- (c) central government could pay an education "block grant" in support of education expenditure by local authorities.

1.2. On 4 February 1982 the Cabinet considered the next steps, on the basis of a memorandum by the Secretary of State for the Environment. The memorandum included the following sentences.

"Colleagues, and in particular the Chancellor of the Exchequer and the Secretary of State for Education and Science, will wish to note that there may be some support for reducing rate bills by transferring some or all of the cost of education to the Exchequer, as discussed in paragraphs 5 and 6 of Annex B to the Green Paper. There are obvious difficulties: we would appear to go back on a Manifesto commitment; there would be an additional financial burden for the Exchequer requiring some tax or taxes to be increased; and our supporters in the local education authorities would not be happy with a diminution of their role".

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1.3. In discussion Cabinet agreed that the possibility of revising the arrangements for financing local education services should be considered further, while noting that such a change would give rise to some degree to the same problems that were applicable to a general replacement of rates by central government financing. Cabinet concluded by, inter alia, inviting the Secretary of State for Education and Science,

"in consultation with the Home Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, other Ministers concerned and the CPRS, to examine the case for changes in local government's present financial responsibility for education services, the options for changes, and the implications of any such changes for other local government services, and to report in May".

1.4. This report has been prepared by the Department of Education and Science in consultation with representatives of other Departments. The structure of the paper is as follows. Section II considers the case for changing the arrangements for financing the education service in England, and concludes that on the basis of educational considerations there is a need to change the present financial arrangements. Three options for change, namely increasing the contribution made by fees and charges, transferring the entire cost to the Exchequer, and transferring the cost of teachers' salaries to the Exchequer are examined in Section III with the conclusion being drawn that none of these options provides an acceptable way forward. The possibility of the introduction of an education grant is considered in Section IV. The consequences of such a grant for the education service, for financial planning by central and local government, for the rates and for other local government services are then considered in Section V. Reference is made to the position of Scotland and Wales in Section VI. The report concludes in Section VII that the introduction of an education grant with limited powers of specific grant would be a viable alternative to the present arrangements. This Section focuses attention on the implications of an education grant for rating levels, and the balance of advantage between the benefits for the education service which would result from the introduction of an education grant and the additional influences which such a change would bring to bear on local authorities.

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1.5. The future of ILEA is being considered as part of the review of the GLC and the metropolitan counties. Whether education in Inner London remains the responsibility of ILEA or of some other body with the same functions, or whether it is transferred to the Inner London Boroughs, singly or in groups, all the arguments in this report hold good.

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II. FINANCING THE EDUCATION SERVICE IN ENGLAND: THE CASE FOR CHANGE

Statutory Background

2.1. The legal framework for the administration of the education service in England remains largely the Education Act 1944. That Act was based on the principle that the service constituted a partnership between central and local government. Education is regarded as a national service, in the senses that:

- (a) full-time education is compulsory between the ages of 5 and 16;
- (b) the educational opportunities and standards for young people should be broadly comparable throughout the country, and should take account of national needs and circumstances;
- (c) teachers are trained and find their career employment on a country-wide and not a local basis; and,
- (d) further and higher education similarly prepare young people for work country-wide.

But equally the service must be responsive to the views of parents and other interested local parties, and must take account of the different circumstances - demographic, geographic, etc - of different areas of the country.

2.2. Section 1 of the 1944 Act places upon the Secretary of State for Education and Science the duty

"to secure the effective execution by local authorities, under his control and direction, of the national policy for providing a varied and comprehensive educational service in every area".

In certain specific areas the Secretary of State's 'control and direction' is clear cut: for example his approval is generally required for proposals by LEAs to open, close or change the character of schools; he determines the scale of teacher training in non-university institutions; and he has an important role in the settling of teachers' pay under the Remuneration of Teachers Act 1965. However direct responsibility for providing the education

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service rests with the 97 local education authorities, namely the 20 Outer London Boroughs, the Inner London Education Authority, the 36 Metropolitan District Councils, and the 40 non-metropolitan County Councils (including the Isles of Scilly). Secretaries of State have in the past had a marked influence over local education authorities but the Secretary of State can only intervene directly in the rare case where an authority is acting unreasonably or failing to fulfil its statutory duties. (The Secretary of State also has statutory responsibilities regarding local museums and libraries, but this report is confined to possible changes in the financial arrangements for the education service.)

Financial Background

2.3. The education service is by far the largest single local authority service, in terms of its costs and the number of people it employs. The Government's plans for 1982-83 assume that net current expenditure on education, meals and milk by English local education authorities (LEAs) will be £9.2bn, including £5.5bn and £1.4bn respectively on salary costs of teachers and other staff. The total of £9.2bn constitutes approximately 67% of the relevant expenditure of local authorities with education responsibilities and 45% of the relevant expenditure of all local authorities. The corresponding proportions of all local authority relevant expenditure for various other local authority services are as follows:

Police	10%
Personal Social Services	9%
Local Transport	7%
Fire	2%

2.4. Until 1959, education was subject to a separate Exchequer grant which took account of individual LEAs' numbers of pupils, rateable values, and actual expenditure. The Local Government Act 1958 replaced this and various other grants by a general grant, calculated by means of a formula based on weighted population factors which was intended to give local authorities greater discretion. School meals and milk continued to receive a specific grant until the Local Government Act 1966, which established the rate support grant based on three elements, needs, resources, and domestic relief.

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2.5. Not all services were merged in this way in 1959. The police service, for example, retained a specific grant. The rationale for this was that the standard of the service is not a matter of purely local concern as is, for example, the standard of local environmental services. The maintenance of law and order throughout the country is a matter of concern to all its citizens. Historically the purpose of the specific grant was to encourage adequate expenditure on the police service, but it also provides a potential measure of control by means of the Home Secretary's power to refuse grant on specific items of expenditure, or withhold grant on the grounds of inefficiency of the force. Though similar considerations apply in respect of the education service, the Secretary of State for Education lacks the direct financial influence the Home Secretary has in relation to the police, and this limits his ability to ensure that the Government's broad priorities and standards are followed by LEAs. Secretaries of State for Education have been much criticized in recent years, by their colleagues and others, for the consequences of this.

2.6. At present the effective rate of Exchequer grant paid in support of local authorities' expenditure on the education service is comparatively low. Expenditure on the police service, for example, attracts a specific grant of 50% of net approved expenditure (without equalisation), and the net remaining expenditure counts for block grant purposes, resulting in an overall rate of grant of the order of 72%. By contrast, only a small part of education expenditure attracts specific grants at higher rates than the (about) 50% for block grant: in 1980-81, £626m including £556m for mandatory student awards.

The Government's Education Policies

2.7. When the general grant was introduced in 1959, and the previous education grant was subsumed within it, there was little argument about educational priorities. With 40% of pupils in classes bigger than the permitted maximum, and with 5% of pupils of secondary age receiving no secondary education at all, they spoke for themselves. During most of the 1960s, everyone's priorities were to keep roofs over heads and teachers in front of classes as pupil numbers climbed.

CONFIDENTIAL

CONFIDENTIAL

2.8. Only in the early 1970s did room for choice appear: the Government set out its broad priorities for the decade in the "Framework for Expansion" White Paper in 1972, and these came to be generally accepted. Resources were now rapidly catching up on needs but, before this progress could be consolidated, Government financial policies and falling rolls obliged the system to plan for equally rapid contraction. In these circumstances Government can no longer count on its own priorities finding ready agreement, and must be prepared to take more trouble to achieve them.

2.9. The present system of local government finance inhibits the articulation of the Government's policies for education and they are often imperfectly executed, with the result that there is much dissatisfaction with the quality of the service provided. Nonetheless these policies range over all aspects of education. For example the policy objectives for schools are directed towards the provision in all LEAs of a curriculum suited to the ages, abilities and aptitudes of the pupil - taking into account the special needs of different groups of children, the views of parents and other interested groups and the country's likely manpower needs during the coming decades. These objectives require a teaching force of appropriate numbers and skills, adequate supplies of books and equipment and supporting staff and a pattern of provision in terms of the number and organisation of schools consistent with educational needs and local circumstances. The financial implications are very substantial. The Government's priority, within the total that can be afforded, is to try to work towards these qualitative objectives while securing the necessary contraction from the higher levels of provision briefly achieved in the mid-1970s. Public Expenditure White Papers set out in some detail, after consultation with representatives of the local authority associations, the Government's plans for expenditure in different sectors of education.

2.10. However, the present financial arrangements do not encourage LEAs to have regard to the government's priorities within the education service, and to manage their resources more effectively. The pattern of individual LEAs' expenditure within their education budgets has increasingly diverged from the Government's overall plans in important respects during the recent period when the numbers of pupils have been falling sharply. For example, an LEA's failure to adapt its school organisation by taking surplus places out of use quickly enough involves continued expenditure which would be more effectively deployed elsewhere. The inability to shed teaching posts as fast as the Government's plans have implied has meant reduced expenditure on books and equipment.

CONFIDENTIAL

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2.11. The Government's policies also call for broadly comparable standards of provision between LEAs, since wide variations in the standard of provision are likely to lead to variations in the quality of education in different LEAs, and to variations in educational opportunities. Expenditure per pupil diverges markedly between authorities whose characteristics are very similar. For example in 1980-81 Birmingham spent £523 per primary pupil and Manchester £633; in the secondary sector Birmingham spent £771 per pupil and Manchester £909. In Kent, expenditure per primary pupil was £482, per secondary pupil £738; by contrast in Cheshire the corresponding figures are £523 and £830. The present financial arrangements thus do not encourage an even pattern of educational expenditure relative to need across the country, within the total the Government provides for in its plans.

2.12. The pattern of provision across the country which is implied by the Government's expenditure plans is expressed in LEAs' grant-related expenditure (GRE) assessments for education. The methodology of GRE was devised in consultation with the local authority associations and with advice from HM Inspectorate, as part of the block grant system introduced by the Local Government, Planning and Land Act 1980. The existence of clearly defined client groups for the main sectors of the education service has facilitated the development of a more precise methodology for education GREs than for GREs for other services.

2.13. HM Inspectorate carried out an exercise in 1980 to see whether, in the light of HMI's judgement of the quality of education provided by LEAs, the methodology for assessing education GREs gave reasonable results. The pattern of HMI assessments and the pattern of the GRE exemplifications showed reasonable overall accord in that there were few 'under-spenders' among those authorities assessed by HMI as delivering high-resourced services and few 'over-spenders' among those assessed as delivering low-resourced services. There were a few misfits. Since then further improvements to the methodology have been made. The Inspectorate is planning a further exercise for autumn 1982 to assess the GRE methodology.

CONFIDENTIAL

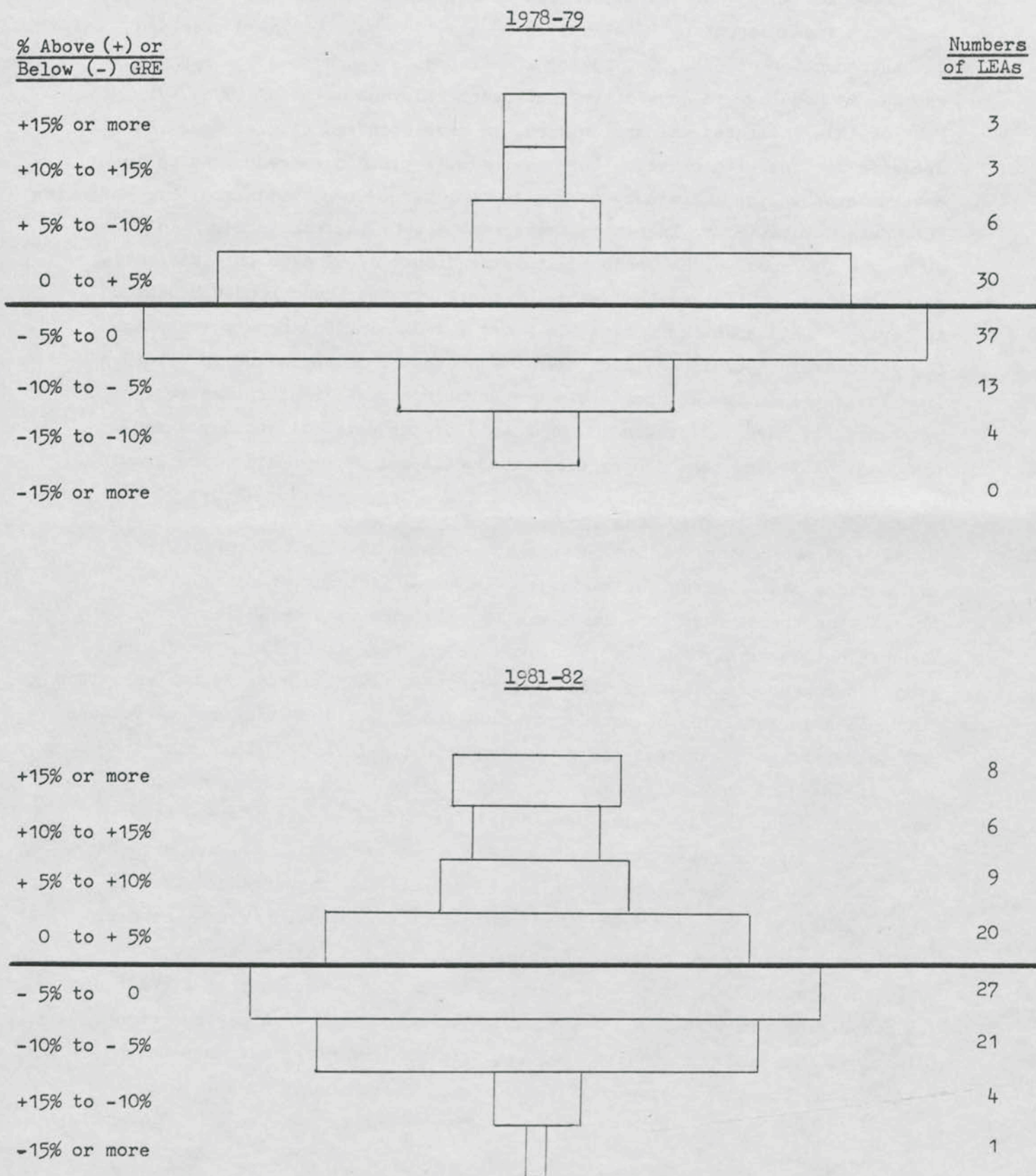
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2.14. In recent years the dispersion of LEAs' expenditure in relation to their GRE assessments for education has widened as is shown in the figure below. This shows the difference between what each LEA actually spent on education and what would have been its share, using the GRE methodology, of the total amount spent by LEAs in 1978-79 and 1981-82. (1978-79 preceded the introduction of GREs, but notional assessments can be made by applying the GRE methodology to expenditure and other relevant data for 1978-79). Part of this increased dispersion seems to have occurred because some LEAs spending in line with or below the Government's plans have responded to the Government's volume targets by making further reductions, while some high-spending LEAs have maintained or increased their expenditure in real terms. Kent LEA, already a low spender, has reduced its expenditure by 9% over the past three years relative to its assessed need; by contrast, the Inner London Education Authority (ILEA) spent more than 40% above its GRE in 1981-82 and its plans for spending in 1982-83 are more than 60% above. The conclusion to be drawn from these trends is that some LEAs are devoting to their education service substantially more than their intended share of the national total planned by the Government, and that disparities in educational opportunities are growing.

2.15. GRE methodology cannot be an exact science and limited variations in expenditure can be offset by variations in the efficiency of management. However the trends described above are broadly confirmed by HM Inspectorate's independent observations. In its report on the effects of LEA expenditure policies on the education service last year HMI draw attention to the variation among LEAs in levels of observed provision and to evidence that the variations not only persisted but that the gaps seemed to be widening. This year's HMI exercise suggest that, in the schools sector, the trend has continued. 11 LEAs that were judged to have either reasonable or better levels of provision in autumn 1980 have improved it, 12 other LEAs that were judged to have either reasonable or poor levels of provision in autumn 1980 have reduced it. Of the 11 LEAs that improved provision from a previously reasonable or better level one was a London borough, four were metropolitan districts and six were shire counties. Of the 12 where provision has worsened from a previously reasonable or poor level one was a London borough, four were metropolitan districts and seven were shire counties. This illustrates the increasing dispersion, the trend being most marked among shire county authorities.

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Figure 1: the difference between what each LEA actually spent on education and what would have been its share, using the current GRE methodology, of the total amount spent by LEAs, in 1978-79 and 1981-82.



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2.16. Thus, although local authorities' expenditure on education has in aggregate tended to be close to the Government's plans, it has diverged from those plans between different parts of the service and in its distribution between individual LEAs. The result is that the standard of education varies significantly throughout the country and in some areas is judged by HM Inspectorate to be at risk. In extreme cases, this may involve a breach of the law.

2.17. A Secretary of State for Education charged with the duty of securing the "effective execution by local authorities ... of the national policy for providing a varied and comprehensive education service" is assumed by Parliament and the concerned public to have some authority to fulfil this duty. Yet the present arrangements for funding education conflict with it. Government statements on the block grant have emphasised the freedom of local authorities, subject to their statutory obligations, to determine their own priorities between and within services, which gives them maximum scope to identify savings across the whole range; and have declared that the GRE assessments (although used to identify individual authorities as "overspending" or "underspending") are not normative and should not affect local authorities' discretion over spending on individual services. This approach seriously diminishes the Secretary of State for Education's authority to seek to implement the Government's policies in education: in contrast, as noted earlier, to the funding arrangements for other services with a national dimension, notably the police service. Local authorities have frequently relied on such statements as their justification for not recognising the Secretary of State's authority and not responding to his lead in matters of education policy.

2.18. Moreover, the present funding arrangements include no power for the Secretary of State for Education to promote innovations and developments in specific areas of national priority. Instead, he has to rely on exhorting local authorities to divert some of their resources to these initiatives. In a time of general financial restraint local authorities may not wish to respond to such a lead, yet the national importance of the policies in question may then be stronger than ever.

CONFIDENTIAL

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2.19. For example, the Government have important policies in the fields of education and training for 16-19 year olds, post experience vocational education, and education in specific areas of major economic importance, such as information technology. Departmental responsibilities for these policies are shared between the DES and other departments, notably DE/MSD and DOI. Respective departmental responsibilities and interests are not matched by corresponding financial powers. The Secretary of State for Education's lack of direct funding powers distorts the Government's policies and their implementation: purposeful initiatives in one area cannot be matched in another in which the Secretary of State for Education should be taking the lead. In one particular area where central and local government agree that specific financial incentives to local authorities are essential, namely, to encourage the training of teachers in the priority subjects of mathematics, physical sciences and craft, design and technology, the Department has had to rely upon the goodwill of the Manpower Services Commission and Local Government Training Board to administer a scheme on the Department's behalf: thus three agencies are involved in an operation which could be performed more simply by one.

2.20. These are not arguments for taking responsibility away from local authorities, nor for devoting more public money to education. But influence cannot be effectively exercised without the visible signs of authority. The lack of effective financial mechanisms for pursuing the Government's education policies, and the contrast with the financial responsibilities of other Ministers, affect the authority of the Secretary of State in his dealings with the education service over the whole range of education policies. This weakness has been increased by the Government's emphasis in recent years on considering local authorities' current expenditure as a whole. That approach has arisen in response to the divergence of local authorities' total expenditure from the Government's plans. The Government's policies would seem better served by an alternative which, while maintaining or increasing the pressure on local authorities to budget in line with the Government's plans, enabled the Secretary of State for Education to act more positively to implement the Government's education policies and reflect more clearly the partnership between central and local government embodied in the 1944 Act.

CONFIDENTIAL

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Conclusion

2.21. Thus, although reservations were expressed by representatives of the Treasury and the Department of the Environment, there is a strong case for changing the present arrangements for financing the education service in England so as to enable the Secretary of State for Education to pursue the Government's policies more effectively. Alternative arrangements need to be considered against the following objectives:

- (i) to encourage a more even pattern of educational expenditure relative to need across the country, within the total the Government provides for in its plans;
- (ii) to encourage LEAs to have regard to the Government's priorities within the education service, and to manage their resources more effectively;
- (iii) to enable the Secretary of State to promote innovations and developments in specific areas of national importance; and
- (iv) to reflect more clearly the partnership between central and local government embodied in the 1944 Act, by strengthening the authority of the Secretary of State.

CONFIDENTIAL

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III: THREE OPTIONS FOR CHANGE

3.1. This section considers three options for change, namely increasing the contribution made by fees and charges, transferring the entire cost of the education service to the Exchequer and transferring the cost of teachers' salaries to the Exchequer.

Increasing the Fees and Charges for Education

3.2. Section 61 of the Education Act 1944 says: "No fees shall be charged in respect of admission to any school maintained by a local education authority". At the discretion of the local authority, charges may be made for school meals and milk, for transport from home to school in a few limited cases and for further and adult education. Tuition fees for full-time advanced FE courses which are charged to students in receipt of mandatory awards are paid by local authorities with 90% central government grant. In 1980-81 gross expenditure by local authorities on education excluding school meals and milk was £9.4 billion: charges, mainly from further and adult education, yielded £395m including £220m reimbursed through the awards system. Gross expenditure on school meals and milk was £645m, with charges yielding £220m.

3.3. To achieve a significant increase in the contribution of fees and charges to the financing of education would necessitate charges for education at school. In theory the law could be changed to permit this. However, any measure of this kind would over-turn the long-standing principle that school education should be free, and that charges should not be incurred by those complying with an unconditional statutory duty. So far as children of statutory school age are concerned, such charging would amount to a tax on children - one which would be expensive to collect. It would be more cost effective to levy such a tax through the normal taxation system. Charging with remission for those on lower incomes would also extend the ambit of the poverty trap. Charging for the school education of children above the statutory age would represent a severe disincentive to sixteen year olds to stay on in full-time education.

CONFIDENTIAL

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3.4. Partial charges might be involved in an education system based on vouchers (though the two concepts are not necessarily linked). Little detailed work has yet been done on education vouchers and such a system could only be a long-term option. It would in any case require a fundamental restructuring of the education system with implications for the powers and duties of central and local government that are beyond the scope of this report.

3.5. Chapter 11 of the Green Paper said: "The public financing of education is very largely redistributive in its intentions. Full economic charges for education, combined with a statutory responsibility on parents to send their children to school up to the age of 16, could clearly impose an intolerable strain on the finances of less well-off families. Education, law and order, highways and the social services .. offer little scope for additional charging". Further examination confirms this conclusion: without the most radical upheaval and controversy, additional charges could make no significant impact on the financing of the education service.

100% Exchequer Financing

3.6. A change of this magnitude in financing would necessitate a total re-examination of the existing administrative structure. One possibility would be for local education authorities to retain their present responsibilities, while losing the power to fund expenditure on education from the rates (and from central government grants not earmarked for education). Central government could pay each LEA a sum for its expenditure on education which could take account of its GRE assessment and where necessary its previous pattern of expenditure. LEAs would be responsible for providing the local education service within this ceiling of Exchequer funding. Alternatively, new administrative arrangements might remove education from local authority responsibility. The new arrangements could be based on an existing model such as the National Health Service (NHS), the Manpower Services Commission (MSC) or the Northern Ireland Education Department (DENI). Of these three, the most appropriate would probably be the NHS model, whereby local policy decisions would rest with new district boards.

3.7. Under either of these alternatives, the Government would have an improved prospect of ensuring that the standard of educational provision was broadly comparable in financial terms throughout the country. It would be better able

CONFIDENTIAL

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to ensure that specific policies were implemented and to pursue initiatives. However, the change would have consequences going far beyond the financial relationship between central and local government.

3.8. If LEAs retained their administrative responsibilities for education, the Secretary of State would be directly responsible for determining each LEA's total education budget. Where an LEA's budget implied a substantial reduction in expenditure, the Secretary of State would be obliged to defend the budget and would tend to become involved in negotiations about its detailed implementation. He would also become more involved in matters in which he is now the final court of appeal, eg the organisation of schools. At the local level, those responsible for spending education funds would not be directly responsible to those (the taxpayers) who would provide them. The responsibility of local councillors to the local electorate would be diminished and local accountability would thereby be reduced. In the longer term it is doubtful whether local authorities could accommodate two roles differing significantly in terms of independence, discretion and accountability, for education and other services. The arrangements would be unstable, and might be expected eventually to lead to a further reorganisation of local authorities' functions.

3.9. Reorganisation of local authorities would seem inevitable if responsibility for education were transferred from LEAs to new district boards, under the NHS or a similar model. The education service is much the most important for County Councils, accounting for about 65% of their expenditure, and the loss of this function would have far-reaching effects. Yet it is difficult to see how other County functions such as police could be satisfactorily administered by a lower tier of local government. So far as education itself is concerned, under this alternative the Secretary of State for Education would become directly accountable in Parliament for all aspects of the service, as the Secretary of State for Social Services is for the NHS, and the local boards would be his agents. A very substantial increase in central government manpower would be needed. Accountability at local level would exist only in the sense that elected local authority members were included on the district board.

3.10. The change to 100% Exchequer financing of education would overcome some of the deficiencies in the present arrangements regarding central government's

CONFIDENTIAL

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influence over education policy. However such a change has to be balanced against the importance of a local input to the formulation and implementation of education policies. Such a change would be liable to overturn completely the present balance of partnership between central and local government with the role of local authorities in the education service being greatly diminished. With such a drastic reduction in local discretion the effectiveness of the local education service would be likely to be diminished rather than increased.

100% Exchequer Grant for Teachers' Salaries

3.11. As a more limited alternative to transferring the responsibility for financing all parts of the education service to the Exchequer it would be possible to transfer the cost of teachers' salaries, leaving local authorities to continue to contribute towards the cost of the other parts of the service. A limited analogy is provided by the uniformed police for whom the Home Office sets each police authority's complement and pays 50% of the salary cost (as with other police expenditure). Teachers' salaries are much the largest single item of education expenditure: the Government's expenditure plans for 1982-83 imply that LEAs will spend about £4.5bn on the salary costs of school teachers and about £1bn on those of FE teachers; this compares with total planned net current expenditure on education, meals and milk of £9.2bn.

3.12. If the whole pay bill was met by central Government, there would be no residual discretion to LEAs to spend more than the determined amounts, either by raising additional money on the rates or by virement with other locally provided services. The viability of this arrangement would depend on the Government's ability to set appropriate precise pay bills for each area. That function is at present carried out by individual LEAs, who arrive at their final pay bill figures from an analysis of the provision which they judge necessary in their areas. The Government's broadly constructed grant decisions provide a framework for the local planning of education, and the block grant mechanisms penalise authorities which seriously over-spend, but individual LEAs remain responsible for determining teaching complements and salary bills, in the light of local needs. The main issue is whether the Government could set pay bills at appropriate precise levels for each authority on the basis of a standard formula, or whether some more extensive involvement in local education management would be required of Government for the arrangement to work satisfactorily.

CONFIDENTIAL

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3. 13. Staff complementing links directly with most of the other elements on educational provision - with the pattern and distribution of schools, with the organisation of schools (middle schools, sixth-form colleges etc) and with local curricular policies. Teaching staff are not readily interchangeable: they have specific skills related to particular subjects and/or age-groups. Their deployment and redeployment depends upon a understanding of local circumstances and curricular needs. This is particularly important at a time such as the present, when falling pupil numbers demand a flexible response from local management. It is difficult, therefore, to see how central responsibility for staffing and salaries could be exercised without central Government being enmeshed in detailed analysis of local situations and policies. Substantial duplication with local authority work would seem inevitable, as would tensions between the parties arising from the division of responsibilities. There would be the danger of irreconcilable positions being adopted on staffing levels and organisational patterns. The potential for conflict between central and local government would be increased. No natural boundary exists for the exercise of separate responsibilities in what are essentially complementary aspects of a single service. Half-measures would promise duplication, perpetual argument about ultimate authority, dilution of local accountability to parents and the community, without necessarily bringing advantages in terms of standard of provision, administrative cost and control over educational expenditure. A substantial increase in the Department's manpower would be inevitable.

3. 14. The Layfield Committee considered this matter and was convinced by the arguments then offered by the Department, to the effect that the Government, if it were to take over the entire responsibility for teachers' salaries, could not avoid a degree of control over the number and grading of teachers, even within individual schools, and probably also over their conditions of service, and that the Government would thus gradually have to acquire the role of management, resulting in a major shift in the balance of control of education from local authorities to the Government. The Green Paper similarly concluded that the division of responsibility between central and local government under this option would probably prove unsatisfactory.

3. 15. An alternative would be to rest on a "rough justice" approach, under which salary bills would be set centrally by a calculation similar to the GRE methodology, leaving LEAs to run their education service in whatever fashion

CONFIDENTIAL

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they judged best within the constraints of their fixed salary bills and salary scales. GREs assess LEAs' relative needs (including an implied assessment of teacher need), but leave the LEAs free to consider how best to meet those needs, in terms of, for example, numbers of teaching and non-teaching staff. A fixed total teachers' salary bill would end this measure of local discretion; and to the extent that the formula could not take account of local circumstances, it would inhibit a pattern of provision based on local needs as perceived by members representing a local electorate.

3. 16. It would also be a potential source of conflict between central and local government. High-spending LEAs presented with a staffing ceiling which implied redundancies would be quick to shift the opprobrium for these to the Secretary of State. In practice he would be drawn into discussing the implications of the ceiling, and into the detailed management noted earlier in paragraph 3. 14. The "rough justice" approach seems, therefore, to carry with it the worst of both worlds. It would not be capable of offering a durable and sufficiently precise arrangement for setting, controlling and meeting teachers' salary costs in each LEA; nor would it guarantee to Ministers protection from detailed involvement in local decisions and controversies.

3. 17. Another variation would be to make teachers' pay the subject of specific grant at a high rate - 95% say - leaving local authorities some freedom to top that grant up from their general funds and to determine their total expenditure on teachers' pay. This would still require the Department to make an assessment of what each authority needed to spend on teachers' pay, and isolate this assessment from the management of the teacher force and other directly linked elements of educational provision, but would reduce the severity of this separation and consequent conflict between central and local government as a result of the discretionary element. In brief, the arguments against 100% Exchequer financing of teachers' pay would still apply, but less strongly.

3.18. There are no strong arguments in support of the option of paying a high level of specific grant in relation to teachers salaries alone. None of the variations referred to above would limit overall expenditure on education. There would be marked educational disadvantages as the balance between expenditure on teachers and non-teaching costs would be distorted with inadequate consideration being able to be given to local circumstances.

CONFIDENTIAL

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Conclusion

3.19. The three options examined in this section were all briefly considered in the Green Paper 'Alternatives to Domestic Rates', but after further examination none of these options is thought to provide an acceptable way forward.

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IV: AN EDUCATION GRANT

4.1. The term "education grant" is taken here to mean a grant paid to local education authorities by central government in support of expenditure on education (and the careers service) at a rate lower than 100%. Such an arrangement would not be novel: LEA expenditure on education was until 1959 the subject of a separate Exchequer grant. This section considers how the introduction of an education grant would relate to the Government's present policies regarding Exchequer grant and local authorities' discretion; and it considers how such a grant might operate.

4.2. Since the present government came into office Ministers have sought in various ways to relax central government's controls over local government. The number of circulars issued by government departments has been reduced. The Local Government, Planning and Land Act 1980 relaxed various statutory controls over many aspects of local government. The Education Act 1980 extended this process for the education service.

4.3. At the same time, Ministers have sought to bring total local authority expenditure into line with the Government's plans and in particular to discourage high-spending local authorities. The block grant introduced by the Local Government Planning and Land Act 1980 enabled the Government to penalise such authorities by reducing their rate of grant. In addition, the Government operated a system of expenditure targets and hold-back, in 1981-82, whereby local authorities which failed to meet volume targets set by reference to their expenditure in 1978-79 and were spending above their GRE assessments lost some of the block grant to which they would otherwise have been entitled. A similar system will operate in 1982-83.

4.4. While introducing this more severe financial regime Ministers have had to strike a balance between emphasising local authorities' continued freedom to determine their priorities within and between services and maintaining the Government's concern for services for which, for statutory and political reasons, they could not disclaim responsibility. After a great deal of debate this balance was reflected in the following statement in paragraph 48 of the Government's recent White Paper "The Government's Expenditure Plans 1982-83 to 1984-85".

CONFIDENTIAL

CONFIDENTIAL

"The rate support grant settlements for 1982-83 and this White Paper set out the Government's views on the levels of expenditure on local authority services which can and should be achieved. In taking the necessary steps to realise these plans it is for local authorities to make their own choices between services within the limits of their statutory obligations; and also choices between provision for higher pay and prices on the one hand and the level of services on the other."

4.5. Section II examined the effects of the present arrangements for financing local authority expenditure on education and concluded that they often had the effect of working to the detriment of educational objectives. The introduction of an education grant would be intended to influence local authorities' discretion, by giving more prominence to the Secretary of State's role, indicating what level of expenditure on education the Government thought appropriate and supporting the Government's education policies through financial incentives. But the authorities' discretion to decide the balance of their spending between and within services would, at the end of the day, be unchanged.

4.6. No change in the statutory responsibilities of local authorities would be involved - on the contrary, the aim would be to introduce financial arrangements which reflected the present statutory division of responsibility between local education authorities and the Secretary of State. Nor would the distribution of functions between the tiers of local government be affected; equally, the practicability of reallocating the functions of the GLC and Metropolitan Councils, which is currently the subject of separate study, would not be affected.

The Operation of an Education Grant

4.7. The operation of an education grant could take a variety of forms. The choice depends upon which option would go farthest to meet the educational objectives listed in paragraph 2.21 and would not have unacceptable consequences for other services. The grant could be paid as a fixed sum unrelated to how much the LEA actually spent, but this would provide little constructive incentive in any direction. At the other extreme there could be some legal power to set a limit to an LEA's spending on education or to its rate fund

CONFIDENTIAL

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contribution to spending on education, but as paragraph 1.14 of the Green Paper "Alternatives to Domestic Rates" noted in relation to a parallel proposal on local authorities' expenditure as a whole, this would involve very considerable constitutional and practical difficulties. Rather, if the financial arrangements are to offer some support to the Government's policies in education, the grant paid to an LEA should depend upon the level of its expenditure on education.

4.8. An arrangement of this sort already operates in the block grant. However, the relationship between education expenditure and education grant need not be identical to that for total expenditure and the block grant. Indeed, there is good reason for a different relationship, once it is accepted that the Government have a particular concern to see their national policies reflected in local practice in education. There are also grounds for believing a different relationship to be practicable, in that the education GRE represents a more precise means of assessing a common standard of service than total GREs do in respect of all services. This case for an education grant to operate with more influence than the present block grant applies more strongly in relation to authorities whose expenditure diverges further than in relation to those whose spending falls in the middle of the road that GRE indicates. The precise form of the grant would have to strike a balance between the risks of encouraging excessive spending in total and, at the other extreme, of depressing standards of provision below the levels that Government policies envisaged.

4.9. Such an arrangement would place greater weight on education GRE assessments than the present block grant does. DoE officials question whether the present methodology for assessing them could sustain this. DES officials (and HM Inspectorate) believe that it could: while acknowledging the inexact nature of any method which seeks by formulae to measure relative educational needs, they are confident that a system which more strongly encouraged LEAs to spend within (say) 5% of their education GREs would lead to a substantially more even pattern of educational provision and educational opportunities across the country, and thus to a greater achievement of the Government's policies in education without additional expenditure.

CONFIDENTIAL

CONFIDENTIAL

4.10. Whether the aggregate exchequer grant to local authorities (AEG) should be increased, or not, depends less upon educational considerations than upon the Government's intentions for the residual burden to be borne by the rates. Clearly the readiest means of reducing that residual burden is for the Government to make more money available through grant. Equally clearly some authorities might then choose to spend more to improve their services, in preference to reducing their rates; in which case the Government would have the worst of both worlds: an increased tax burden with no rates reduction. To seek to rule out this risk entirely would involve more far-reaching measures which would go beyond the scope of this study. But the possibility of minimising the risk is discussed below and summed up in paragraph 4.22.

4.11. An education grant could accommodate either the same or an increased level of AEG. If the AEG were to remain at its present level, it would seem right to make the total size of the education grant equal to education's present notional share of block grant, in order to minimise the disruption for block grant and the services it would continue to support. If, on the other hand, the Government wished to increase AEG in order to reduce the burden of the rates, there are good reasons for making this increase through a higher rate of education grant. This grant could still have the more severe disincentives to overspending envisaged in paragraph 4.8. above, since the severity depends upon individual LEAs' marginal rates of grant and not upon the overall level. It could be arranged, for example, that every LEA spending significantly (say, more than 10%) above its education GRE would be subject to a negative marginal rate (ie, its entitlement to grant would fall as its expenditure rose). A higher rate of education grant would also serve to acknowledge (as the police grant does) the national dimension of the service in question by increasing the national stake in financing it. In this way a higher rate of grant could enhance the authority of the Secretary of State for Education and Science without additional expenditure on education. This possibility is considered further in connection with rating reform in paragraphs 4.22.-4.24. below.

4.12. An education grant thus defined would still provide only an indirect means of encouraging initiatives in the areas of national priority. For direct encouragement, limited powers to pay grant for specific purposes would be needed. The criteria for using these limited powers would need to be carefully

CONFIDENTIAL

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defined; and the total amount of grant paid in this way need, and in the DES view should, be only a small proportion of the education grant, deducted from the total before the remainder was distributed in the manner envisaged above. It would not, for example, be appropriate to use specific grant to protect a substantial part of the service from any general pressure for economies: that is more properly approached in the context of LEAs' statutory duties regarding different parts of the service. Nevertheless, there are likely to continue to be aspects of the education service where a power to pay specific grant is necessary if developments which are generally agreed to be important are to happen. The Government's national perspective may identify priorities which will not be adequately reflected in the aggregate of 97 individual LEAs' policies: this may call for a programme largely planned from the centre but administered by LEAs, sometimes with financial incentives for which some specific grant powers would be needed. In the context of a tighter overall financial regime for the education service limited powers would facilitate central initiatives without threatening overall levels of expenditure. These powers could be introduced within the present broader arrangements, although that would (like an education grant itself) require legislation and would not by itself meet the wider objectives listed in paragraph 2.21.

4.13. These considerations suggest a grant for education separate from but similar to the present block grant, with the following main features:

- (i) the total amount of grant would be cash limited as a fixed proportion of the Government's plans for LEAs' total expenditure on education (ie, total education GRE);
- (ii) education GREs, with further refinements as necessary, would form the basis for the distribution of grant with grant mechanisms which would put greater pressure on authorities with the more divergent expenditures than the block grant presently does to converge towards the middle area of expenditure in GRE terms;
- (iii) the distribution of grant would take account of variations in individual LEAs' own resources: ie equalisation would be incorporated within the education grant with the objective that broadly comparable education opportunities and facilities should cost ratepayers broadly similar rate poundages throughout the country;

CONFIDENTIAL

CONFIDENTIAL

- (iv) the grant would be close-ended in the light of LEAs' actual expenditure;
- (v) the education grant would be accompanied by powers to pay specific grants for particular categories of educational expenditure and these grants would be deducted from the total education grant before the balance was distributed.

4.14. Various detailed aspects of this system would need careful consideration: for example, the precise relationship between grant and expenditure, the method used to close-end the grant, the implications for cross-service specific grants such as that supporting the Urban Programme, and the implications for capital expenditure on education. The transition to the new system would need special attention: it might be necessary to use "safety nets" so as to protect the rate-payer from severe year-on-year changes in the distribution of Exchequer grant as a whole. These aspects could be studied further in the light of a decision in principle by Ministers about the introduction of an education grant.

Education Grant, Block Grant and Local Authority Expenditure

4.15. The remainder of this chapter concerns the administration of an education grant and its implications for block grant and local authority expenditure. The education grant, and any associated specific grants, would be the responsibility of the DES (under the guidance of the Department of Employment so far as the careers service was concerned). This would mean that the Secretary of State for Education and Science would present the Government's proposals for the education grant to Parliament, and that the Permanent Secretary of the DES would be accountable to Parliament for the grant. The DES would also take the lead in discussions with local authorities and their associations. This would create an additional administrative burden for the DES, with no apparent savings in other government departments. The size of the burden would depend in part upon the Secretary of State's use of his powers to pay specific grant: payment of the education grant itself would be a largely mechanical procedure and by analogy with the Home Office's procedures for its grants, DES estimates that the additional burden of actually administering the grant would probably not amount to more than a very limited number of full-time staff - although DoE puts the figure as high as 10 to 20. (Most of the work on the education GRE assessment is already done by DES, and the DES also has

CONFIDENTIAL

CONFIDENTIAL

some experience in calculating grant entitlement.) In addition, the increased authority and responsibility which an education grant would bring to the Secretary of State would expose him to greater pressures and criticisms about the detailed distribution of education expenditure and its impact on education standards at the local level. Responding to these would impose additional burdens on DES manpower and HM Inspectorate.

4.16. There would also be implications for LEAs' manpower and budgetary procedures. The education budget would continue to be considered alongside the budgets for other services for the purpose of determining the LEA's total expenditure and fixing its rate (or precept); but there would be an important difference from present arrangements, in that the marginal cost to the ratepayer of expenditure on education would at certain levels of expenditure be different from that for the generality of services. Local authorities with responsibility for education would be faced with two major grant systems instead of one, and their grant calculation would be more complex. To the extent that the education grant operated on broadly the same principles as block grant, this complexity would be minimised.

4.17. The different marginal rates of grant for education and block grant would increase the incentives for LEAs to attribute particular items of expenditure on the border between education and other services to one grant or the other (depending upon the LEA's level of expenditure). The attribution of expenditure on central administration is a case in point. This is a problem for the specific grants which already exist, and is already coped with. The safeguard lies primarily with the District Auditor.

4.18. The introduction of an education grant would have important consequences for block grant and the pattern of overall grant-aid to local authorities. It would seem sensible to operate the two grants on the same principles except where a difference was essential to the purpose of the new grant. Thus the treatment of London's rateable values (which are acknowledged in the block grant to be disproportionately high) and the basis on which the cost of increments of expenditure was equalised (per capita or percentage) should be the same for education grant and block grant. The essential difference between the two grants would concern the marginal rates of grant at different levels of expenditure - in technical terms, the grant-related poundage schedule. Although the precise form of the schedule for the education grant would need further

CONFIDENTIAL

CONFIDENTIAL

consideration (and, like that for block grant, might be changed from year to year) there are strong arguments for a similar schedule to block grant for expenditure round GRE; but for expenditure further from GRE the marginal rates of education grant would diverge from those for block grant, being less favourable to high-spending LEAs and more favourable to low-spending ones (see paragraph 4.8. above).

4.19. This would mean that the manner of equalisation of the cost of LEAs' expenditure would be altered. It is a principle of the present block grant that any two authorities with the same range of functions should be able to provide a common standard of service (spending at GRE) for the same rate poundage and should face the same increments of rate poundage for each increment per capita expenditure above or below that level. No distinction is made between services (except those - notably police - supported by specific grants). With an education grant, the net cost in rate poundage terms of an additional increment of expenditure on education would be equal for all LEAs but would be different from the net cost of expenditure on other services when expenditure was not close to GRE. This separate equalisation of LEAs' educational and other expenditure could as readily be defended as the present arrangements.

4.20. The introduction of an education grant would produce a different pattern of Exchequer grant among local authorities from that created by the present block grant. This is due partly to the (deliberate) differences between the two poundage schedules and partly to the (unavoidable) effects of splitting grant-aid for a particular service from block grant. Preliminary calculations have been made in order to assess what would have been the effect of these changes in 1981-82. (These exemplifications, with an explanatory note, form an appendix to this report). The calculations are illustrative: they require assumptions to be made about the form of the education grant-related poundage schedule; also, they cannot anticipate how local authorities would respond to the introduction of an education grant by changing their levels of expenditure. However, if the new system had operated in 1981-82 with an education grant at the same rate, 49.3%, as block grant, ie option A of the appendix, the main changes would appear to have been the following:

- (i) some LEAs spending more than 5% above their education GRE assessments, and all of those spending more than 10% above, would have been entitled to less grant than under the present

CONFIDENTIAL

CONFIDENTIAL

system; in 1981-82 there were 38 LEAs in this situation, including 16 metropolitan districts and 19 outer London Boroughs;

- (ii) this loss would have occurred, irrespective of whether the LEA in question was spending high or low relative to its GREs for other services;
- (iii) there would have been some shift of grant into the GLC and the Inner London Boroughs;
- (iv) there would have been some shift of grant between tiers of local authorities (specifically, from shire districts and metropolitan counties to shire counties and metropolitan districts): this would have affected the individual local authorities concerned but would not have affected the ratepayers.

4.21. The actual distribution of grant would depend upon local authorities' response to the new system. LEAs spending well above their education GREs would face both a reduction in their grant entitlement and more severe marginal rates of grant: thus the new system would significantly increase the pressure on these LEAs to budget closer to the Government's expenditure plans for education. The response of LEAs spending below their education GREs is more difficult to predict. They would be offered more favourable marginal rates, which would encourage them to spend nearer to their GREs, but the total grant to which they were entitled at their existing expenditure level might in some circumstances fall: this transitional problem would need careful consideration, if low-spending LEAs were not to depress their services further during the first year or so of the new system.

Rates

4.22. The introduction of an education grant would provide a means of reducing the rate burden by increasing the aggregate exchequer grant. As suggested in paragraph 4.10 any such increase would by itself carry the risk that local authorities would respond by increasing their expenditure rather than reducing their rates. That risk would be reduced to the extent that the

CONFIDENTIAL

CONFIDENTIAL

pressures and incentives within the grant system to reduce high expenditure were intensified. So far as educational expenditure was concerned, the education grant would do this; for non-educational expenditure it would be necessary to consider a more severe system of expenditure targets and grant penalties. Experience in 1981-82 and 1982-83 suggests that such a system would be easier to sustain once education had been removed from the system.

4.23. If the education grant was fixed at 75% of the Government's plans for local authority expenditure while the effective rate of grant for expenditure on other services was unchanged, rate bills could be reduced by an average of approximately 25%. (The increase in Exchequer grant would be equivalent to the product of a 2.6p increase in the standard rate of Income Tax.) As noted in paragraph 4.11. above, a high education grant would also serve to confirm the national dimension of the education service and enhance the authority of the Secretary of State; and at 75% it would remove the transitional problems noted at paragraphs 4.14. and 4.21, since at 1981-82 spending levels all individual LEAs, except ILEA, would gain grant. (See appendix, option B.)

4.24. An education grant might thus form part of a package of measures designed to reform the rating system and reduce the burden of domestic (and non-domestic) rates. Other measures are currently the subject of further consideration by an official group headed by DoE in the light of responses to the Green Paper; that group's work is not yet sufficiently advanced to permit further examination of the possible connections with an education grant.

CONFIDENTIAL

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V: CONSEQUENCES OF AN EDUCATION GRANT

5.1. This section examines the consequences of the arrangements described in the previous section, whereby local authorities' expenditure on education would be financed in part by an education grant and limited specific grants; it considers in turn the consequences for the education service itself, for financial planning by central government, and for other local government services.

Implications for Education

5.2. The case for the introduction of an education grant needs to be considered against the objectives listed in paragraph 2.21 namely,

- (i) to encourage a more even pattern of educational expenditure relative to need across the country, within the total the Government provides for in its plans;
- (ii) to encourage LEAs to have regard to the Government's priorities within the education service, and to manage their resources more effectively,
- (iii) to enable the Secretary of State to promote innovations and developments in specific areas of national importance,
- (iv) to reflect more clearly the partnership between central and local government embodied in the 1944 Act, by strengthening the authority of the Secretary of State.

5.3. An education grant of the sort described in the previous section would encourage, within the Government's overall cash plans for education, a more even distribution of LEAs' expenditure relative to need. The present block grant already encourages convergence of levels of expenditure, but in relation to each authority's services as a whole. The education grant would apply increased pressure, in relation specifically to education expenditure. In particular, it would become more difficult for high-spending LEAs to justify the cost of an additional increment of expenditure (since that cost would,

CONFIDENTIAL

CONFIDENTIAL

taking into account the effect of the grant, be higher) and to defend their present levels of expenditure in terms of the "fiduciary balance" between client and ratepayers. Section II described the increasing dispersion of individual LEAs' expenditure on education relative to need, such that in 1981-82 fewer than half of English LEAs were spending within 5% of the levels implied for them by LEAs' aggregate expenditure on education, and 19 were spending outside the range $\pm 10\%$ (see figure 1, page 10). This increasing dispersion may be due in part to the general pressure on local authority expenditure at present; but that pressure seems likely to persist for some time, and even when it is eased the present financial arrangements promise only a slow and limited reversal of the present trend. An education grant would encourage a swifter and more extensive convergence of levels of educational expenditure relative to need.

5.4. An education grant would significantly increase the indirect pressure on LEAs to have regard to the Government's policies within the education service. Section II showed how the Government's plans for expenditure on education underpin specific education policies. Implementation of these policies is the responsibility of the Secretary of State for Education and Science, and it involves, crucially, discussions with LEAs and their associations. Under an education grant, education GREs would be much more important, and their components could be given greater prominence than at present. LEAs would thus be able to appreciate the local significance of the Government's expenditure plans for the different sectors of education, and also to appreciate the financial consequences of poor management of resources in one area of the service within a constrained total. The link between expenditure policies and education policies could be made more explicit, since the dialogue between central and local government about both matters would be conducted in the same forum. This would help to increase local authorities' understanding of the Government's policies and hence to improve the prospects for their implementation. It would also provide a better basis for long-term planning in education.

5.5. The power to pay specific grants to LEAs would enable the Secretary of State to meet the third objective above, of providing direct financial incentives to LEAs to pursue initiatives which the Government identified as national priorities. These initiatives could be expected to change from time to time in response to changing circumstances, and would not account for more than a small proportion of the education grant at any particular time.

CONFIDENTIAL

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5.6. Finally, an education grant, combined with limited powers of specific grant, would create a financial relationship between central and local government which would correspond more closely than the present arrangements to the balance of statutory duties between the Secretary of State and LEAs. The Secretary of State has a duty under the Education Act 1944 to secure the effective execution by local authorities under his control and direction of the national policy for providing a varied and comprehensive educational service in every area. Yet under the present arrangements the Secretary of State has no direct financial responsibilities whatsoever regarding local authorities' educational expenditure. Interested parties, including teachers' unions, the Select Committee, Education Officers, and even individual LEAs, are not slow to point out this anomaly. An education grant would draw together finance and policy in the Secretary of State's hand, and his authority in the education service would be enhanced accordingly, as is the Home Secretary's, for instance, regarding the police force.

The Government's Public Expenditure Plans

5.7. The introduction of an education grant would have implications for the handling of local authority expenditure within the annual public expenditure survey (PES). Until recently PES treated education and other local authority services little differently from other components of public expenditure. Ministers made decisions on the intended level of service provision prior to considering how the various spending authorities would be affected. Because local authorities' actual expenditure diverged markedly from the Government's plans, the Survey procedures were adjusted in 1981 to enable Ministers to consider local authority current expenditure relevant for rate support grant (RSG) as a whole. The debate within Whitehall which has accompanied this change reflects the genuine difficulty of reconciling the interests of individual services with aggregate local authority expenditure plans. Thus the Treasury and DoE attach particular importance to local authorities' freedom to adjust priorities among and within their services to local conditions, and to identify savings across the whole range of their services; and they seek to maximise the discipline and accountability provided by the rates. The primary concern of DES on the other hand, must be the statutory responsibilities of the Secretary of State, across the whole range of education: hence the importance of considering the PES provision for education

CONFIDENTIAL

CONFIDENTIAL

as a whole, since the nature of the service does not permit the separate planning of its local authority and centrally-funded parts. If Exchequer grant towards education expenditure was channelled through an education grant instead of through the block grant, and local authorities' expenditure on education were thus identified separately from the rest, this would shift the balance somewhat from Ministers' consideration of total local authority expenditure towards their consideration of total public expenditure on education; but both totals would still be there for consideration and planned local authority expenditure on education would be a common element.

5.8. On the other hand this would clearly make it more complicated for Ministers to take decisions on the overall implications of the various Exchequer grants for the distribution of grant among authorities and for rating levels. Close coordination between departments would be essential over issues affecting both the education grant and the block grant, for example in the mitigation of severe year-on-year changes in individual local authorities' entitlement to grant. Consideration would also need to be given to the Parliamentary handling of the two grants, assuming it would be necessary to have two separate RSG Reports and separate Parliamentary debates: it would be an advantage for Parliament to be able to see local authority expenditure on education in the wider context of education policy as a whole.

Other Local Authority Services

5.9. If education was taken out of block grant, the size of the grant would be approximately halved. However, the effective rate of Exchequer support for local authorities' expenditure on other individual services would not be significantly changed, unless the rate of the education grant were increased at the expense of other services: this would have damaging consequences for other services and for the operation of block grant, and is not considered further in this paper. Local authorities with education responsibilities would be eligible for education grant in support of their educational expenditure and for block grant in support of their other services; the latter would broadly correspond to those of Inner London Boroughs (ILBs) with the exception of housing (an ILB responsibility) and police and fire services (for which the county councils only are responsible).

CONFIDENTIAL

CONFIDENTIAL

5.10. A major purpose of an education grant would be to encourage convergence of levels of education expenditure in line with the Government's overall plans. Ideally, this should not mean that expenditure on other services is squeezed more than the Government intends. In fact, the overall effect of an education grant seems more likely to increase than to reduce the proportion of overall expenditure going to non-education services. In 1981-82 those authorities with both education and non-education responsibilities (excluding ILEA as it has only minimal non-education responsibilities) are likely to have **overspent** by just short of 4% on their current expenditure on education and by between 2½ and 3% on their current expenditure on other services. The effect of more severe marginal rates related to education expenditure for those authorities overspending by (say) more than 5% on education should reduce this overspend whereas the less severe marginal rates applying to other services might be expected to **leave** the expenditure on them unaffected.

5.11. For other services, there appear to be three other main considerations. First, although local education authorities would continue to be entirely responsible for determining their expenditure on education and other services, as the marginal rates of grant associated with expenditure on these services, outside a band of (say) 5% round GRE, would differ, the system of Exchequer grant would discourage LEAs from offsetting high levels of expenditure on education against low levels on other services, and vice versa. In 1981-82 approximately 25 LEAs appear to have spent more than 5% above GRE on education and to have spent below GRE on other services, or vice versa. Secondly, paragraph 4.20. listed four main changes in the pattern of Exchequer grant between local authorities in different tiers and areas: these changes might influence local authorities' expenditure on individual services but the influence is unlikely to take the same form in all cases. Finally, DoE consider that pressure might develop for the Government to reconsider the grant arrangements for other services: in particular major services without any specific grant such as social services might come under pressure to establish such a grant. No such pressures exist at present; but if they arose and the Government decided to go along with them, this might lead to the dismemberment of the block grant, making it more difficult for the Government to pursue overall objectives in relation to local authority expenditure, Exchequer grant, and rate levels as a whole.

CONFIDENTIAL

CONFIDENTIAL

5.12. Although there would be new constraints acting as influences on local authorities in their decisions on expenditure plans for education and other services the discretion of local authorities would not have been fettered. In fact to the extent to which tighter marginal rates of grant for education are able to reduce overspending there would be less need for a system of targets and holdback which have more severe consequences for local authority discretion than any of the proposed features of an education grant.

The Careers Service

5.13. The Careers Service is a small but important part of the responsibilities of local education authorities. It is provided as a statutory duty under the 1973 Employment and Training Act subject to such "guidance of a general character" as may be given by the Secretary of State for Employment. The Careers Service is so closely integrated administratively and operationally with the education service that any fundamental change in the method of financing education would imply a similar change in the financing of the Careers Service.

5.14. The Department of Employment would see no objection to such a change. Indeed in a number of respects the introduction of an education grant would be helpful. The Careers Service, which has not been under the same pressure to contract as a result of falling school rolls, has been subject to under-spending relative to RSG settlements in every year since 1976-77. In the year 1980-81 (the latest for which all figures are available) actual expenditure by authorities in England and Wales, at £41.6 million, was 12½ per cent below the RSG settlement of £47.5m.

5.15. The introduction of an education grant could therefore encourage a greater uniformity in the level of provision by authorities and correct some current disparities which cannot all be justified by differences in local circumstances. An education grant could also provide an opportunity to integrate the 100 per cent direct grant made by central government since 1975 to strengthen the Careers Service in dealing with the problems of youth unemployment into the main stream of careers service finance. This strengthening scheme has been expanded over each successive year and now accounts for about one-fifth of the total spent on the Careers Service. The resulting more uniform and integrated approach to financing could be helpful in promoting more consistent and closer working relationships with the Manpower Services Commission in the pursuit of Government policies and programmes.

CONFIDENTIAL

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VI: SCOTLAND AND WALES

6.1. Sections I to V of the report have been directed to the situation in England and the figures quoted are on an England only basis. If a change is made in the arrangements for England the presumption would be that similar changes would be necessary in Scotland and Wales. This section considers the implications of changes in the financing arrangements for education in these two countries.

Scotland

6.2. The Secretary of State for Scotland is responsible both for education and for the consultations with local authorities on RSG and for its payment. In both areas, there are significant differences between Scotland on the one hand and England and Wales on the other which might point to the introduction of different arrangements should an educational grant be introduced.

6.3. There are no GREs in Scotland. However, it is possible to construct expenditure guidelines for education, based on client group assessments, for each authority; and these might serve instead of GREs. A comparison of budgeted expenditure with these guidelines shows that most authorities are within about 4% of the guidelines; but those which are not within this range are all above the guideline figure, in a few cases very much above it. There would probably have to be some further refinement of the guideline figures if they were to be used as the basis for an education grant and if severe difficulties for some authorities were to be avoided. However, in general there are not the same problems of a wide range of expenditure relative to need in Scotland as there are in England, and there is little evidence that the standard of provision between authorities varies markedly. Furthermore, the Secretary of State for Scotland is able to exercise considerable influence over authorities in educational matters under the existing arrangements. There are a number of reasons for this, related generally to the facts that there is a well-established tradition (and expectation) in Scotland of a central lead in education and that the whole system is smaller and so allows more direct contact and discussion between the Scottish Education Department and local authorities. In general, therefore, the educational arguments for securing greater uniformity of provision and more influence on the priorities of education authorities are less compelling in Scotland than in England.

CONFIDENTIAL

CONFIDENTIAL

6.4. Similarly, financial considerations do not necessarily favour the introduction in Scotland of an educational grant closely similar to that proposed for England. It is not clear that such a grant scheme would serve to reduce or stabilise either local authority expenditure generally or the level of rates. Moreover, even apart from the likely effect or lack of it on the rates, the introduction of a very large hypothecated grant of this nature would be bound to be seen in Scotland as a serious erosion of local authorities' autonomy and would exacerbate the already difficult relations between central and local government in financial matters.

6.5. Nevertheless, if some such scheme as is discussed in this paper were introduced in England and Wales, there would be a strong case for considering the introduction of something broadly comparable in Scotland. Because of the different Scottish circumstances described in the preceding paragraphs, a Scottish scheme could not be identical to an English one, and there may be good reasons for making it different in a number of more or less technical but possibly significant aspects: it is for consideration, for example, whether expenditure relevant for the purposes of an education grant at a percentage higher than that for other services should be so defined as to exclude expenditure on some areas at present treated as part of education, such as school meals, milk and transport.

Wales

6.6. Responsibility for the education service and the RSG arrangements in Wales is discharged by the Secretary of State for Wales under the same legislation as governs these responsibilities in England, subject to marginal differences, and so the same considerations apply broadly in the case of both countries to the proposals set out in the paper. There are differences in circumstances in the light of which it is possible that the Secretary of State may decide that arrangements in Wales should not follow what may be decided for England, and these are noted in 6.9 below.

6.7. Although education authorities in Wales have shown the same unwillingness to bring their expenditure patterns into line with the Government's policies as English authorities the divergence of these patterns from the Government's plans is not as great in Wales as in England. As might be expected in the

CONFIDENTIAL

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case of 8 authorities all shire counties, the range of divergence of expenditure from assessed need is narrower in Wales than in England - the range of 90% to 110% shown in figure 1 (following paragraph 2.15.) for England is paralleled in Wales by a range of 96% to 111%. Certainly the divergence is not so great that it begins to threaten the Secretary of State's ability to perform his duties under Section 1 of the 1944 Act. Nor is there any marked difference in Wales between expenditure performance on education services and other local authority services. Therefore were it not for the emergence of the education RSG proposals in the context of England, the question of changes to the system would not have arisen in Wales. However, because the proposals under consideration entail a subvention from Central Government funds to local government expenditure there would be no question of the grant system in Wales remaining unaffected by any change such as that now under consideration for England.

6.8 What is said in section III about the unsuitability of the charges option in England is if anything more appropriate to circumstances in Wales, where the incidence of disadvantage is greater than that of England as a whole. Nor would central funding of teachers' salaries be particularly attractive from the point of view of Wales - at present responsibility for teacher matters rests with the Secretary of State for Education and Science, and although this arrangement is acceptable to education interests in Wales as it stands - witness that the issue was not raised in the context of the Wayne Williams case - it is possible that the interventions by the Secretary of State for Education and Science and his officials in matters of teacher complementing that might be occasioned by 100% salary funding might cause the balance of the existing arrangements to be disturbed.

6.9. Weight of numbers of education authorities would not in Wales be a sufficient factor to rule out the adoption of NHS type or other arrangements for 100% funding of the service, and in fact as a rate cutting measure with high accountability this arrangement might have much to commend it. The problem of local autonomy would, of course, also apply in Wales although this could perhaps be overcome in both countries by allowing authorities some scope for topping up education funding by means of, say, a limited poll tax. It is recognised that there would be political and technical objections to 100% funding in Wales unless it were to be instituted on a UK basis.

CONFIDENTIAL

CONFIDENTIAL

6.10. The considerations in favour of a move to an education grant are less pressing in Wales than they are for England. First, the same Secretary of State carries Ministerial responsibility for not only education but the majority of the other services provided by local authorities in Wales, and it is arguable that he should because of his continuing contacts with the authorities over a variety of functions be in a good position to ensure that their expenditure conforms with the Government's expenditure policies over the whole range of his responsibilities and that this is best done through the existing all-service block grant arrangements. Secondly, there is less divergence because of the smallness of numbers, the similarity of the authorities, and probably because of the normative effects of the Welsh Joint Education Committee, a body comprised of representatives of each of the local education authorities in Wales. Finally, on a more practical level, the Welsh Office could not administer a separate education block grant from existing resources, and extra staff would be needed. None of these considerations would stand in the way of the introduction of a separate education RSG in England, but it might well be considered necessary if such proposals were implemented to make separate arrangements for Wales so that the Rate Support Grant could continue to be undifferentiated as between expenditure sectors with any increase in central government support being affected by simply increasing the existing block grant percentage to provide the same percentage rate reduction as in England.

6.11. Against this, there are strong arguments for keeping in step in Wales with arrangements in England. There would be a great deal of opposition from the world of local government to the introduction of separate education grant, and a decision to retain an undifferentiated grant in Wales while introducing a specific one in England would provide ammunition for such opponents. Furthermore, there would be pressure for uniformity from education interests who would claim that if separate arrangements for England were not replicated in Wales, education in the latter country was being sold short. This is essentially a matter to be settled on political grounds by Ministers, and the outcome including any consideration of radical alternatives will depend on what balance the Government is prepared to strike between its commitment to local authority discretion on the one hand, and its commitment to lessen the burden of rates and its assessment of how far it wishes to intervene in the field of education expenditure, on the other.

CONFIDENTIAL

CONFIDENTIAL

VII: CONCLUSION

7.1. Section II examined the present arrangements for financing the education service in England and suggested that there was a strong case for changing them. The developing stance by successive Governments on the role of rate support grant arrangements has, as with other services, limited the degree of influence the Secretary of State for Education has had in persuading local education authorities to have regard to the Government's priorities within educational expenditure: this makes it more difficult for him to fulfil his duties under the Education Act 1944 and in particular, to pursue the Government's policy of protecting and improving educational standards. It also restricts the opportunity for him to take the initiative in key areas, and generally limits his standing and authority in the education service.

7.2. Section II concluded that possible changes in the financing of education should be assessed against four main educational objectives. Section III examined and dismissed three possible options for change. Section IV considered a fourth possibility, namely, an education grant combined with limited powers of specific grant: and Section V considered the consequences of such a change, for the education service, other services, and the Government's public expenditure plans generally. Section VI suggested that, although the educational case for change was not as strong in Scotland and Wales as it is in England, if the change was to be made it should be made in all three countries.

7.3. The principal question arising from this study concerns the introduction of an education grant (with limited powers of specific grant). Officials are agreed that no other change would be appropriate. An education grant would constitute an improvement on the present block grant arrangements so far as the educational objectives identified in Section II are concerned. It would still leave local authorities free to determine their own priorities between and within services, and as fully responsible as they are now for their educational service. But it would seek to influence authorities, both through direct financial incentives and through an enhanced standing for the Secretary of State for Education, towards the Government's policies in education, and to that extent would constitute a reduction in authorities' discretion and a step back from the policy of complete local authority independence on which block grant is based. It must be a matter of political judgement to decide where the balance of advantage lies.

CONFIDENTIAL

CONFIDENTIAL

7.4. That decision may be influenced by a third consideration, however, namely, the possible implications of an education grant for rating levels. Section IV concluded that an education grant supported by a severe system of marginal rate penalties, together with a block grant for other services, would provide a more effective safeguard than the present arrangements against the danger that an increase in the aggregate Exchequer grant (should Ministers decide on that for reasons of the rate burden) would lead to increased expenditure rather than reduced rate bills. It could of course provide no guarantee against that danger: but neither could any measure short of that considered and eventually rejected by the Government in the Local Government Finance (No 1) Bill.

7.5. If Ministers decided that on balance the idea of an education grant should be pursued, because of its advantages for the education service and possibly also as part of a package of measures concerned with the rates, further detailed work would be necessary to determine the precise form of the grant. The change would require legislation and the earliest date for implementation would be 1984-85.

CONFIDENTIAL

CONFIDENTIAL

APPENDIX

EXEMPLIFICATIONS OF THE EFFECTS OF THE INTRODUCTION OF AN EDUCATION GRANT

1. The attached tables exemplify 2 options for an education grant,

Option A - Separate education and non-education grants with equal grant percentages of 49.3%.

Option B - An education grant of 75% and a grant level of 49.3% for the non-education block grant.

2. The attached tables include for all education authorities,

- (i) the overspend/underspend on education in 1981-82,
- (ii) the overspend/underspend on services other than education,
- (iii) the block grant received by the authority under the 1981-82 Supplementary Report,
- (iv) the total grant received under option A,
- (v) the rating implications of option A measured as a percentage change in the local rate,
- (vi) the total grant received under option B.
- (vii) the rating implications of option B measured as a percentage change in the local rate.

3. Some detailed notes follow the tables.

CONFIDENTIAL

LOCAL EDUCATION AUTHORITIES

OPTIONS FOR EDUCATION BLOCK GRANT: EXEMPLIFICATIONS
(1981-82 DATA)

		EDUCATION OVER- OR UNDER- SPEND (£M)	OTHER OVER- OR UNDER- SPEND (£M)	BLOCK GRANT ENTITLEMENT AT SUPPL. REPORT (£M)	OPTION A		OPTION B	
					TOTAL GRANT ENTITLEMENT (£M)	PER CENT CHANGE IN LOCAL RATE	TOTAL GRANT ENTITLEMENT (£M)	PER CENT CHANGE IN LOCAL RATE
					COL 4	COL 5	COL 6	COL 7
301	Barking	9.1	3.0	20.3	14.7	17.6	22.0	-5.3
302	Barnet	9.3	-9.3	33.8	26.3	14.0	44.7	-20.2
303	Bexley	6.4	2.6	40.1	37.1	8.9	46.5	-18.9
304	Brent	11.1	7.6	52.2	44.5	10.0	59.5	-9.5
305	Bromley	2.8	-0.3	43.1	41.0	4.9	57.1	-34.2
306	Croydon	5.2	-3.0	35.6	31.8	8.3	54.2	-39.7
307	Ealing	7.4	-2.2	47.2	41.9	9.4	65.4	-22.0
308	Enfield	5.8	0	37.9	34.0	8.3	49.5	-24.4
309	Haringey	13.5	17.9	53.7	46.6	11.7	56.1	-3.8
310	Harrow	5.8	1.5	28.0	24.4	8.6	35.1	-16.9
311	Havering	6.2	2.1	39.2	35.8	8.3	47.7	-20.6
312	Hillingdon	9.1	1.4	15.6	7.8	13.5	24.4	-15.3
313	Hounslow	10.8	1.6	21.0	14.4	10.1	25.5	-6.9
314	Kingston-upon-Thames	4.6	-1.2	13.8	10.0	14.8	18.7	-19.0
315	Merton	2.3	2.0	22.5	20.9	6.0	31.0	-31.9
316	Newham	10.5	7.2	61.2	55.5	9.6	65.9	-8.0
317	Redbridge	2.6	-2.4	35.5	33.9	4.8	45.9	-30.2
318	Richmond-upon-Thames	5.7	-1.9	16.5	12.1	19.2	21.5	-21.9
319	Sutton	1.2	-1.4	24.8	23.7	4.8	33.1	-34.2
320	Waltham Forest	10.3	10.9	51.7	46.7	10.3	55.8	-8.3
427	Inner London	230.3	-2.6	-	-	-	-	-
330	Birmingham	1.4	12.8	158.5	160.6	-1.2	221.7	-35.5
331	Coventry	3.9	-4.6	57.8	58.0	-0.4	74.4	-32.2
332	Dudley	-1.6	-2.4	31.9	32.3	-0.8	48.2	-39.1
333	Sandwell	6.2	1.9	42.6	41.5	1.8	59.8	-29.2
334	Solihull	-1.0	-3.1	27.5	27.7	-0.7	38.7	-35.7
335	Walsall	5.4	-0.2	41.7	40.8	1.8	55.0	-27.2
336	Wolverhampton	6.1	0.2	43.2	41.5	3.6	56.4	-27.2

		COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
340	Knowsley	2.4	-2.4	40.4	40.4	-	48.5	-33.9
341	Liverpool	21.8	-3.7	113.3	104.2	9.8	127.5	-15.2
342	St Helens	2.6	2.6	35.8	35.8	0.1	44.2	-27.4
343	Sefton	-3.9	-4.3	48.4	48.3	0.1	62.0	-41.0
344	Wirral	-0.7	0.6	56.7	57.1	-1.1	73.0	-34.7
350	Bolton	0.3	-1.1	49.5	49.9	-0.7	60.3	-21.2
351	Bury	2.1	1.8	30.6	30.7	-0.3	37.8	-28.5
352	Manchester	21.5	39.5	96.2	87.7	6.9	111.7	-12.5
353	Oldham	-3.4	0.6	50.5	50.4	0.5	58.9	-34.3
354	Rochdale	5.9	4.6	47.7	46.7	3.4	54.0	-21.2
355	Salford	5.0	1.2	47.8	47.2	1.9	58.7	-33.2
356	Stockport	-0.5	-0.4	41.9	42.3	-1.2	56.7	-38.3
357	Tameside	1.6	2.8	46.4	46.6	-0.8	54.7	-30.7
358	Trafford	-2.7	-0.5	26.3	26.3	-	40.7	-39.2
359	Wigan	1.7	3.0	62.2	62.5	-0.9	74.1	-29.2
370	Barnsley	4.4	3.4	48.9	48.6	1.5	55.5	-27.0
371	Doncaster	6.8	6.6	57.9	57.0	2.5	67.5	-24.9
372	Rotherham	5.1	1.8	54.5	54.0	2.0	62.3	-30.4
373	Sheffield	17.3	21.9	96.0	91.8	4.3	114.7	-18.6
380	Bradford	5.0	-1.4	98.7	99.0	-0.6	115.1	-32.7
381	Calderdale	1.9	3.3	40.2	40.2	-0.1	46.4	-34.4
382	Kirklees	3.5	-0.2	79.2	79.6	-0.9	91.7	-34.7
383	Leeds	5.5	-8.1	114.6	115.6	-1.1	148.0	-38.2
384	Wakefield	2.9	4.7	56.2	56.4	-0.4	68.4	-34.1
390	Gateshead	1.4	3.9	43.0	43.0	-0.2	51.1	-31.3
391	Newcastle upon Tyne	13.8	13.6	45.3	40.1	7.2	53.6	-11.5
392	North Tyneside	3.7	5.7	38.3	38.0	1.2	45.5	-26.7
393	South Tyneside	3.2	4.6	37.0	36.8	1.7	42.5	-32.7
394	Sunderland	5.3	7.4	62.4	62.1	0.9	72.0	-29.5

		COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
420	Isles of Scilly	0	- 0.1	0.7	0.7	-	0.8	-
901	Avon	5.1	6.0	130.6	132.9	-1.8	177.8	- 36.0
902	Bedfordshire	8.8	5.8	62.3	62.1	0.2	91.7	- 30.3
903	Berkshire	4.2	- 3.5	61.2	63.4	-1.7	108.3	- 35.8
904	Buckinghamshire	2.7	- 4.1	59.7	61.5	-1.7	96.0	- 34.4
905	Cambridgeshire	0.8	- 2.3	75.2	76.9	-1.8	107.3	- 35.0
906	Cheshire	6.4	10.8	143.5	146.0	-1.6	195.1	- 33.4
907	Cleveland	12.2	7.4	110.7	109.3	1.4	136.7	- 28.0
908	Cornwall	- 2.7	- 3.9	69.3	70.0	-1.3	86.9	- 37.0
909	Cumbria	3.7	1.4	93.5	94.4	-1.6	112.1	- 34.6
910	Derbyshire	1.8	- 4.2	147.5	149.6	-1.9	162.2	- 36.3
911	Devon	- 2.6	- 11.6	141.1	143.1	-1.8	184.7	- 37.2
912	Dorset	- 1.3	14.1	67.9	68.4	- 0.4	99.3	- 32.5
913	Durham	11.9	3.7	119.5	118.8	0.9	140.1	- 30.8
914	East Sussex	4.0	0.7	65.2	67.1	-1.7	103.7	- 35.5
915	Essex	- 8.4	- 8.4	155.6	159.0	- 1.4	245.1	- 36.1
916	Gloucestershire	0.1	- 1.7	72.2	73.6	- 1.8	97.4	- 33.7
917	Hampshire	- 3.0	1.2	192.1	195.9	- 1.7	272.5	- 34.9
918	Hereford and Worcester	- 3.4	- 1.7	83.5	84.8	- 1.4	115.9	- 35.2
919	Hertfordshire	3.5	- 6.1	97.2	100.5	- 1.7	162.9	- 34.8
920	Humberside	10.1	- 1.0	164.6	165.7	- 1.3	201.4	- 41.2
921	Isle of Wight	1.4	- 1.5	19.0	19.1	- 1.1	24.0	- 34.4
922	Kent	- 17.7	0.3	215.3	216.8	- 0.7	285.0	- 35.0
923	Lancashire	- 8.9	6.9	260.5	262.5	- 1.4	315.0	- 38.3
924	Leicestershire	- 3.0	- 7.2	126.8	128.7	- 1.8	170.2	- 39.4
925	Lincolnshire	- 4.0	1.6	93.4	94.1	- 1.1	116.5	- 34.3
926	Norfolk	0.5	- 6.0	91.3	93.1	- 2.0	126.5	- 37.6
927	North Yorkshire	0.4	- 1.6	112.7	114.3	- 1.8	142.1	- 35.4
928	Northamptonshire	0.4	- 6.5	78.1	79.6	- 1.9	106.3	- 37.0
929	Northumberland	1.0	3.6	55.2	55.8	- 1.7	67.7	- 32.2
930	Nottinghamshire	2.0	6.1	169.9	172.4	- 2.2	218.5	- 44.2
931	Oxfordshire	0.5	2.7	59.4	61.0	- 1.8	90.7	- 34.5
932	Salop	- 1.4	- 3.9	63.9	64.6	- 1.6	80.8	- 35.6
933	Somerset	- 5.7	4.2	66.6	66.9	- 0.6	85.5	- 33.5
934	Staffordshire	13.4	- 9.8	163.1	164.0	- 0.7	209.4	- 34.3

		COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
935	Suffolk	4.9	-6.7	78.5	79.9	-1.5	108.6	-33.6
936	Surrey	-4.2	1.3	70.1	72.8	-1.6	135.8	-38.8
937	Warwickshire	-2.7	-4.2	63.0	64.0	-1.5	88.8	-36.7
938	West Sussex	-5.1	4.5	64.0	65.2	-1.2	101.1	-36.7
939	Wiltshire	-3.6	-2.6	85.2	86.0	-1.3	108.0	-36.7

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DETAILED NOTES

ASSUMPTIONS USED IN EDUCATION GRANT EXEMPLIFICATIONS

i. Base for Comparison of Grant Changes

Estimated block grant entitlements at 1981-82 Supplementary Report, without safety net multipliers (but with London equalisation multipliers). The main grant parameters are as follows:-

- 1) GRE's: 1981-82 Supplementary Report GRE's with control total of £17,203m.
- 2) Expenditure: 1981-82 estimates of total expenditure for revised budgets.
- 3) Block Grant total: £8482m (giving a block grant percentage expressed in relation to GRE of 49.3%).
- 4) Slopes of Poundage Schedule: 5.6p per £10/head below threshold
7.0p per £10/head above threshold.
- 5) Threshold: equivalent to 10% of national average GRE per head, split between classes in each type of area (ie metropolitan, non metropolitan and London) according to class shares of GRE.
- 6) Method of splitting national poundage schedule between classes.
- according to class shares of GRE.

ii. Options Exemplified

Option A

Separate education and non-education block grants with equal grant percentages; the percentage used in each case is that implied by the 1981-82 Supplementary Report block grant total (£8482m) expressed as a percentage of total GRE (£17,203) - 49.3% - the same as in the base.

Option B

Education block grant of 75% with an unchanged grant percentage of 49.3% for non-education block grant; this gives a combined grant total of £10,644m.

iii. Definition of Education Expenditure and GRE

1. The Education GRE's used are 1981-82 Supplementary Report GRE's defined to exclude education debt charges and mandatory Student awards.
2. The 1981-82 Supplementary Report GRE's do not include those changes in GRE methodology (notably the change in the assumption on the percentage of children with additional educational needs and the weighting given for children born outside UK or belonging to non white ethnic groups) which were incorporated in 1982-83 Settlement GRE.

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3. Estimates of total expenditure for education have been derived from 1981-82 revised budgets (RER82A) using a definition consistent with education GRE.

iv. Schedule Parameters

For non-education block grant the slopes of the poundage schedule are the same as for the 1981-82 Supplementary Report. The thresholds are also derived in the same way. For education block grant, the parameters to the poundage schedule are those proposed, for purposes of this exercise, by DES. They are as follows:-

Education Block Grant: Parameters of the Poundage Schedule

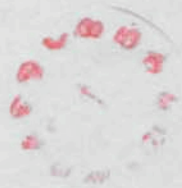
Education Block Grant Option	Marginal Poundage Cost per £10/head expenditure			
	(1) below GRE	(2) GRE up to 5% threshold	(3) From 5% threshold up to 10% threshold above GRE	(4) Above 10% of GRE threshold
49.3% block grant	4.5p	6.0p	8.0p	11.0p
75% block grant	4.5p	6.0p	9.0p	12.5p

Thus for education block grant, 3 "thresholds" are envisaged for the poundage schedule at which the slope would change: these are at GRE plus 5% and GRE plus 10%.

In each case, the education thresholds are expressed in £/head-consistent with per capita equalisation- and are the same for all education authorities.

They are as follows:-

- a. GRE
- b. £9.1/head above GRE (5% of national education GRE/head)
- c. £18.1/head above GRE (10% of national education GRE/head)



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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

Mike Pattison

22 April 1982

REPORT BY HMI ON THE EFFECTS OF LOCAL AUTHORITY
EXPENDITURE ON EDUCATION IN WALES

I am writing to let you know that my Secretary of State will be publishing tomorrow a paper by Her Majesty's Inspectorate of Schools in Wales entitled "The Effects on the Education Service in Wales of Recent Local Authority Expenditure Policies: An Assessment by HM Inspectorate". The paper complements that published by the Secretary of State for Education and Science on 5 April about the position in England and I enclose two copies of the Report and accompanying Press Notice for your information.

Publication will be announced in a Written Reply on 23 April, following which the paper will be made available generally, and copies will be sent to the news media, all Welsh MPs, local authorities, teacher organisations and other bodies in Wales.

Copies of this letter go to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Education and Science, Employment, Industry, Northern Ireland and Scotland, and the Secretary to the Cabinet.

Yours sincerely
Heather Peat
A E PEAT
Private Secretary

Mike Pattison Esq
Private Secretary
10 Downing Street
LONDON SW1

THE EFFECTS ON THE EDUCATION SERVICE IN WALES OF RECENT LOCAL AUTHORITY
EXPENDITURE POLICIES : AN ASSESSMENT BY HM INSPECTORATE

Introduction

The fifth in a series of annual reports by HMI to the Expenditure Steering Group (Education) recording the effects of LEA expenditure policies on the education service in England is currently being made available. No strictly comparable procedure has been followed in Wales but in the course of their inspections of schools, colleges and other provision HMI have continually monitored the effects of expenditure policies. As a result HMI in Wales are able to offer a considered view on this topic.

This paper relies on four main sources of information:

- (i) returns made in January 1982 by the district inspectors for all the Welsh LEAs, based on information currently available to them and their teams;
- (ii) HMI's observations made in the course of inspection visits during, approximately, the calendar year 1981;
- (iii) more detailed returns on schools and colleges visited during the autumn term 1981;
- (iv) statistical returns provided by LEAs in late summer 1981.

The provisos outlined in the introduction to the report by HMI in England are also pertinent to Wales:

- (i) the coverage of schools and colleges is neither statistically representative nor fully comprehensive;
- (ii) it is often difficult to disentangle the effects of expenditure policies from those of other factors, such as falling rolls in schools and increased demand for places in colleges of further education;
- (iii) the effects of reductions vary in their impact from LEA to LEA, from school to school and from college to college because of pre-existing differences in the range and quality of provision;
- (iv) the assessments made by HMI relate not only to the observable effects of cuts but also in some cases to the adequacy of the educational provision made and to the ways in which schools and LEAs have used, and are using, their resources.

SCHOOLS

Teaching Staff

The most recent official figures for the pupil-teacher ratio within schools in Wales are those given by Mr Michael Roberts MP in reply to a parliamentary question from Mr R Powell MP on 16 November 1981. These relate to the position in January of each year and show that between January 1980 and January 1981 seven Welsh authorities at the primary level and six at the secondary had either maintained or improved their teacher-pupil ratios. The official figures for January 1982 are not yet available. However, provisional figures (based on incomplete returns) indicate that in September 1981 teacher pupil ratios were better than they were in January 1981 at primary level in 6 authorities and better at secondary level in 4 authorities. Primary staffing in one authority and secondary staffing in another worsened significantly during this period but otherwise none of the changes in ratio was large. Over Wales as a whole ratios were maintained at primary level and worsened slightly at secondary level between January 1981 and September 1981.

Educationally more significant for schools than simple ratios is the continuing strictness with which authorities are applying staffing formulas. Although staffing of secondary schools is usually allowed to stand in accordance with estimates of rolls made before the beginning of the school year, most primary school staffing is revised in accordance with the actual numbers materialising at the beginning of the autumn term and is sometimes adjusted midway through the school year. These procedures, if inflexibly operated, work to the detriment of both secondary and primary schools, but especially the latter. At secondary level some schools have underestimated the number of pupils returning to school after 16 while some primary schools have been obliged to reallocate pupils among classes during the course of the year. Where an authority's policy for non-teaching headships is unchanged its application is generally stricter than was the case until recently, but some authorities have raised (at a time of falling rolls) the number of pupils necessary to release the head from full-time responsibility for a class.

Authorities continue to reduce the number of teachers in individual schools through early retirement, redeployment and natural wastage. No teachers have been made redundant. The volume of such movements has been less during 1981 and their effects on the schools less manifest. Nonetheless, the trends noted last year continue: the proportion of teachers with temporary appointments remains high; there is a tendency to delay mid-year permanent appointments until the redeployment

pool is determined; fewer probationers are being employed and many of them are given short-term contracts; the existence of a redeployment pool and the restriction of appointments to candidates from within the county curtail schools' choice. In general, however, the year has been one in which schools have accommodated themselves to changed circumstances. Although a few schools have on the loss of a key teacher been obliged to make changes to the curriculum provided, the great majority have managed to maintain provision, sometimes at the cost of larger teaching groups, and a few schools have even been able to offer new and additional subjects. Where subjects have been discontinued the decisions have usually been made on the basis of curriculum policy rather than as a direct result of reductions in staff - though these two factors are closely related.

Authorities' economies in supply cover are having a significant effect on schools. Although the smaller primary schools (with teaching heads) are favourably treated, larger schools are now in most authorities expected to manage for a week from their own resources. Although this requirement theoretically applies only to the first teacher absent, authorities are generally reluctant to provide fully for absent teachers.

In general, 1981 has been a period of adjustment. Some benefits have accrued, as when large secondary schools have reviewed the responsibilities of senior staff with a view to securing more effective use of staff and when schools have begun to consider a curriculum-led staffing policy. The losses include restrictions of professional development for many teachers, a narrowing of horizons in appointments and the continuing uncertainty for long-term planning.

In-service Training

In general, authorities have either maintained the status quo or have reduced provision slightly. The overall picture must, therefore, be seen in the light of the comments made in last year's report where the unsatisfactory nature of the baseline was described. Provision of INSET is in many areas increasingly ad hoc, dependent upon fluctuating resources and difficult to plan sensibly. The availability of specific grant has enabled some authorities to maintain provision in the field of Welsh (subject and medium) which would have been impossible otherwise. The number of secondments (full and part-time) to further courses of professional study has been curtailed in most authorities. In one of the two authorities which are exceptions to this, many, perhaps a half, of the secondments are designed to obviate difficulties arising from redeployment. Uncertainties over cover and payment of expenses deter many teachers from attending courses and many

heads from giving approval. Many of the courses provided by authorities have been reduced in length, and some, as a consequence, in effectiveness. The effect of these inadequacies is not dramatic or immediate but in the longer term contributes to the failure of the system to respond to needs, for example, the establishment of clear curriculum policies within authorities and schools or the promotion of good practice.

Induction of Probationers

In all but one authority there have been substantial reductions in the numbers of probationers employed and corresponding reductions in provision of courses for them. The fact that a majority of probationers are employed on short-term contracts has made it more difficult to provide fully for their professional needs.

Advisory Services

The previous report indicated a reduction in 1980 of about 9% compared with provision in 1979; a further reduction of about 5% has occurred in 1981. Reductions are achieved mostly through natural wastage, though redesignation of posts does occasionally occur. In general, posts vacated are not being filled though one or two new advisory teacher posts have been created, for example, in microcomputers. Curriculum coverage is for historical reasons uneven in many authorities and the continuing haphazard loss of posts is further exacerbating what is an already unsatisfactory provision in some authorities. Additional curricular and administrative burdens are being placed upon the remaining professional staff of authorities.

Non-teaching Staff

The reductions indicated in last year's report have continued but at a slower rate except for one authority where substantial cuts have been made in previously generous provision. The essentially fortuitous way in which posts are lost continues to be a major problem for schools. In some authorities there has been a halt in appointments so that only some schools have benefited from what was originally intended to be county-wide provision and there is disparity of provision within as well as between authorities. In some secondary schools the loss of ancillary staff is beginning to have directly adverse effects on the nature and quality of work done. For example, where schools have adopted courses or methods which are dependent upon the provision of worksheets and similar resources, cuts in ancillary staff have obliged teachers to take on many additional clerical tasks.

Foreign language assistants continue to be employed by all but two authorities in Wales. Compared with the early seventies the numbers are reduced but have remained constant since the last report.

Premises

There has been little change in the general position since last year's report. Urgent maintenance work is usually carried out without serious delay. Routine maintenance, however, is tackled more sporadically and the slow fall in standards of decoration previously noted continues. In some authorities the deterioration is more manifest because of the previously high standard of service. The upkeep of sites, grounds, gardens and similar features is given a low priority in most areas.

Provision of new furniture continues to be a problem for many schools. Such expenditure is still generally administered centrally; one authority has this year for the first time since 1976/7 reinstated a small central fund for this purpose, another has withheld the allocation. In general, primary schools are less seriously affected than secondary schools by these difficulties.

Capitation, books, materials, equipment

According to returns supplied in the summer of 1981 by local education authorities, the actual sum for capitation in 1981/2 as compared with 1980/1 has been reduced in one authority, maintained at the same level in another authority, and increased in the remaining six authorities. Of these six, four have made increases roughly in line with the rate of inflation.

The actual amount of money received by individual schools is sometimes difficult to determine since some authorities retain a proportion of capitation allocations centrally to cover equipment maintenance costs, as earmarked allocations for the use of advisers, or to meet contingencies. Some authorities have during 1981 reinstated some centrally controlled allocations for items which were formerly set against schools' capitation. On the other hand, one authority requires schools to pay for the maintenance and overhaul of a wide range of equipment (including computers) and another has set against schools' capitation the purchase of key items of equipment, such as typewriters, which were formerly acquired centrally. The unpredictable timing of cuts and other adjustments in capitation continues to hamper schools in making a planned response and to penalise thrifty schools. Nonetheless, the schools endeavour to plan carefully and to husband resources and expensive activities are critically examined.

The sharing of sets of books between classes is fairly common at secondary level, sometimes as a part of school policy, but there is also evidence of increased sharing of books within classes, especially in the case of less able pupils. More pupils are following courses for longer periods without the use of textbooks, more books are being used beyond their normal lifespan, and an increasing number of schools are unable to purchase new books to replace the outmoded or outworn. Schools are also increasingly unable to respond adequately to new and unexpected demands for books, as when the numbers opting for certain courses exceed those predicted. Some sixth form pupils are expected to buy essential course books.

More general book provision, in particular of library books, remains severely affected by expenditure policies and many schools are unable to maintain a properly varied provision. Increases in earmarked proportions of capitation allowances have failed to keep pace with increased costs and in this area many schools are obliged to live on whatever fat has accumulated in more prosperous times.

Worksheets and other materials produced within the school continue to be used not only to supplement but also to replace textbooks. The increasing costs of reproduction and of the maintenance and overhaul of photocopiers and similar apparatus are a growing burden on many schools.

In general schools have adequate supplies of consumable materials. Shortages of resources in science and crafts result increasingly in an inappropriate use of demonstration by teachers and less participation by pupils in their own learning. Local firms are more reluctant (and less able) than they were to supplement schools' supply of materials. The replacement of major items of equipment is causing problems in some schools. Replacement of items such as lathes and kilns can be delayed for a year or two but cannot be postponed indefinitely.

Transport and off-site facilities

In general the trends noted in last year's report have continued. Although one authority has maintained and even slightly extended its provision of facilities, the majority of schools now arrange fewer extra-curricular activities which will entail substantial travel costs. The effects are also felt within the curriculum; visits which are an integral part of the work of subjects such as geography have been curtailed everywhere. Where they are organised, pupils are expected to pay or to make a substantial contribution.

Specific grant for Welsh has enabled some authorities to maintain some of their off-site provision. In one case an outdoor centre remains open largely because of this particular support.

Parental Contributions and other Sources of Funding

There has been an increase in the funds which schools acquire from sources other than the local education authority. Last year's report estimated that schools were able to raise a sum roughly equivalent to 10% of their capitation through social activities organised by the school or by parents. This year the proportion is probably higher. Some significant differences between catchment areas are now appearing and in recognition of this one authority is currently retaining centrally a proportion of capitation to be used to subvent schools where parents are less able or less prepared to contribute. In another authority one school is able in a single social function to raise ten times more money than a less favoured school a few miles away. The secondary school which is able to raise £5000 in a year is exceptional but a sum of £1000 per annum is common for secondary schools. Primary schools too are increasingly dependent on these sources of income. In one case the sums raised by parents exceeded by 25% the school's own capitation and proportions of up to about half are not uncommon.

The range of purposes to which these funds are put is widening and includes: library books, hymn books, textbooks, dictionaries, science apparatus, sports equipment, video-cassette recorders, duplicators, typewriters, music centre, television, electrical installations, sewing machines, camera, display boards, garden tools, computer, cloakroom conversion, furniture and structural repairs.

In general, schools still attempt not to devote substantial sums from these sources to the purchase of textbooks or other items of basic provision but more schools are being compelled to do so and this is tending to widen differences in the quality of provision. One school has spent £1500 of its school fund on textbooks and £1700 on basic equipment for physical education. The overall impression is that schools are devoting more time and effort to fund-raising activities.

Conclusions

It is worth reiterating the points made in the first paragraph of the conclusions to last year's report.

The effects of changes in authorities' expenditure policies are dependent upon a number of factors:

- (i) the level of provision made by an authority in previous years; cuts in formerly generous provision will have fewer immediate effects than those in scant provision;
- (ii) the geographical, linguistic, economic and social background of the area; some authorities have a substantial incidence of social and educational disadvantage, or many small, linguistically mixed, rural schools, or a legacy of outmoded and inadequate buildings;
- (iii) the extent to which authorities have systematic plans for the organisation of provision and the improvement of standards; the existence of such a framework can ensure that economies are made in a coherent and reasonably logical manner;
- (iv) the skill with which individual schools have managed their resources in previous years;
- (v) the rate at which rolls are declining.

In general 1981 has not seen any marked changes in the level of authorities' provision or in the schools' responses except to the extent that schools appear to be receiving significantly greater parental contributions and to be devoting more time and energy to acquiring them. The fabric of education in schools is intact and pupils are able to benefit from an appropriate education. There have been no significantly adverse effects on overall standards though there are some signs that some of the arrangements imposed on secondary schools by cuts in expenditure are beginning to work to the disadvantage of courses for the below average pupil and that cuts in staffing are causing the formation of some larger teaching groups. The staffing of schools generally permits an adequate coverage of the curriculum though at primary level the particular needs of individual schools tend to be inadequately considered in the process of redeployment. On the other hand, schools now have few opportunities to expand pupils' curricular opportunities; in this connexion it is the schools which have attempted most which have been most severely affected by cuts in expenditure. Continuing reductions in non-teaching staff are adversely affecting the work of many schools.

On the whole 1981 has been a year in which the schools have attempted to adjust to the prevailing economic circumstances. They have shown considerable ingenuity in

doing so and have devised many new ways of ensuring a properly economical use of scarce resources.

HIGHER AND FURTHER EDUCATION

The changes reported here are from last session to this; but it should be noted that in many cases provision had already been affected by prior financial constraints.

Changes in the provision of courses

It is not always possible to attribute changes in colleges' course provision wholly to expenditure constraints. For many part-time courses in particular, the economic situation has sharply reduced demand; indeed recruitment of school leavers to jobs and apprenticeships has reached seriously low levels in many parts of Wales. This has caused the closure of a number of part-time day release courses, especially where authorities have been applying minimum enrolment requirements more stringently. There has been a general rise in demand for full-time courses as school leavers unable to find jobs have competed for places on colleges' vocational and general education courses.

Although many colleges have made considerable efforts to maintain their provision of courses from reduced resources, a number of authorities have been unable to sustain the range of vocational and general full-time or part-time non-advanced further education courses. Others have maintained full-time while reducing part-time courses or have kept vocational at the cost of reducing non-vocational courses. One authority is planning to run its full-time courses on 4 rather than 5 days a week. Two authorities have increased the number of 16+ link courses of vocational character; in almost all other cases, provision of link courses, especially for 14-16 year olds, has been very severely reduced, and in one case virtually eliminated.

Over Wales as a whole there has been a decrease in the provision of full and part-time courses of non-advanced further education. This has particularly been the case in most of the rural authorities. Furthermore, some colleges have not been able, because of controls on staffing and support services, to respond fully to the Manpower Services Commissions's planned expansion of commissioned short training courses. Some colleges have failed altogether to make such provision. The provision of full time courses in advanced further education colleges has continued to increase, as courses approved by the Secretary of State in previous years have come forward for validation and the enrolment of their first intakes. The number of advanced part-time courses has increased similarly; but the low levels of support resulting from reduced industrial training budgets and

recruitment in industry have led to rearrangements and amalgamations of part-time courses in order to achieve larger (though more mixed) teaching groups. The loss of one of its sites has been the occasion for one major higher education institution to reassess the viability of a number of its courses, and to withdraw some which were to have been submitted for validation.

Changes in staffing and staff development

(a) Teaching Staff

Over Wales as a whole there has been a small net reduction of full-time teaching staff in further and higher education. Substantial reductions in the teacher training faculties have been offset to some extent by increases in staffing in technical, computing and some business studies faculties in institutions of higher education. Some authorities have reduced staff numbers in their non-advanced further education colleges. In a few cases this has been achieved by more limited employment of part-time teachers, for example in general education and some Youth Opportunities/Unified Vocational Preparation courses; in other cases, part-time staffing has been used to give flexibility of provision in meeting the short-term demands of short training courses organised by the MSC. Extensive switching from full-time to part-time staffing has led in many colleges to undesirably ad-hoc approaches to teaching and course staffing, and to an undesirable increase in the load of administrative work carried by full-time teachers. In many non-advanced further education colleges there is already increased pressure on staffing arising from the additional administrative and teaching demands of certain courses (TEC and BEC, and some ITB courses, particularly). Following earlier staff reductions, the cumulative impact of continued cuts has resulted in inadequate staffing in some colleges, and in less effective responses to new needs, for example, in computing/information processing, catering, and courses designed to meet the needs of the young unemployed.

Budgets for staff development and in-service training of teaching staff continue to be curtailed. In 3 authorities courses and programmes have been adequately maintained; in the others they are either seriously limited, or subject to over-riding controls which make it almost impossible for staff to attend appropriate courses. There have been numerous examples of teachers attending courses in their own time and at their own expense. It is significant that the restrictions on in-service course attendance tend to be more severe in non advanced further education than in advanced further education colleges. The provision of in-service training for teachers of the technologies in computing is inadequate, allowing skills to fall considerably behind those regularly required in industry by craft and technician personnel.

(b) Non-teaching staff and support services

Five of the Welsh authorities have reduced non-teaching staff in non-advanced further education colleges and there is a general failure in a majority of colleges to maintain the staffing of support services in line with the general growth of courses and student enrolments.

In two authorities there has been a significant deterioration in library staffing, services and availability (opening times in a number of non-advanced further education colleges have been seriously curtailed). In several authorities colleges' evening classes have been concentrated into 2 or 3 evenings instead of the usual 4 or 5 to save fuel and staff time.

Lack of technician support as a result of cuts in non-teaching budgets and non-replacement of technician staff losses have in some cases led to inadequate maintenance of equipment and specialist teaching areas.

The advanced further education colleges have not felt the wide range of effects on central or support services experienced in the non-advanced further education colleges to the same extent. In the former the main problems have appeared in clerical servicing, and in availability of computer time and computer staff support.

Support services to students are in general being maintained, though some reductions in availability of counselling and personal services have been reported. Most authorities have increased their careers service budgets, especially for students on their 16+ full-time courses; in the majority of cases, however, the budgets remain inadequate.

Changes in expenditure

(a) Current expenditure - materials and equipment

The cumulative effects of constraints and cuts have been offset to some extent by decreases in part-time course enrolments in the craft, applied sciences and technician sectors, but there have been significant reductions in the availability of consumable materials, especially the more expensive types. Gifts of spare materials from industry are now widely sought by heads of departments and there are now more stringent controls on their use by tutors responsible for workshops and laboratories. The overall effect is one of curtailment of the practical elements in courses, a matter on which employers have expressed their concern to some colleges. Library and textbook purchase allocations have been

widely reduced for the third year in succession in many cases. Replacement and maintenance of small equipment, particularly in non-advanced further education colleges, have also been reduced. Relatively few colleges have been able to keep their office practice accommodation properly provided with up to date equipment.

Only a minority of colleges have been able to provide any introductory training on word processors, or their equivalents in microcomputers with appropriate packages; most are therefore not able to keep up with the growing number of business organisations who have installed word processor systems. Similar effects are noticeable in relation to other electronic equipment used in industry and business. Generally, advanced further education colleges, more generously provided with equipment, remain less seriously affected by curtailed budgets. However, insufficient provision of computing facilities for teachers of the technologies is placing at risk their effectiveness and their credibility in industry.

(b) Capital expenditure on equipment and accommodation

Most LEAs make no provision in their college estimates for amortization of capital equipment; consequently, reduced capital budgets are not enough to provide for desirable replacement of worn out or obsolescent heavy equipment, for the purchase of electronic and automatic control techniques, or for updating of expensive technologies such as printing. Although in general most authorities have reduced their capital equipment budgets, some have introduced selective increases (for example on electronics and computer/micro equipment) against a general background of continuing reductions. Some heads of departments have made commendable achievements in planning reduced levels of maintenance of equipment sufficient, basically, to safeguard standards but leaving a sufficient margin for the purchase of new types of equipment.

Expenditure on the maintenance and extension of college buildings and their adaptation for new types of provision has varied considerably. Over almost the whole of Wales, constrained budgets for the maintenance of college buildings and accommodation have created problems, the effects of which are bound to be cumulative. There are numerous instances of deterioration not only of decoration, but of fabric - particularly windows, doors and roofs.

Given the continuously increasing demands for full-time vocational courses and for some of the MSC-sponsored training courses, many authorities have continued their efforts to seek approval for college extensions and new buildings. The

limited further education building programmes of the past have resulted in some shortages of non-advanced further education capacity, though, the Polytechnic apart, there is still space, sometimes considerable space, for development of new courses in advanced further education colleges in certain disciplines. Major extensions to 10 of Wales' 30 non-advanced further education colleges are at present in train or have been recently completed, and next year's programme will include more; but there remain serious deficiencies in further education capacity in certain parts of the country. A small number of colleges and their authorities have begun to use a variety of annexe arrangements.

Changes in grants to students

There are continued limitations in most authorities on the scope and scale of discretionary grants. In many cases, they are limited to students under 19 years of age, and other restrictions are often imposed. They continue to be low in value and the real value of authorities' grant budgets has been everywhere reduced.

Changes in the match of courses provided to needs and demand

Most of the evidence for unmet demand lies in the numbers of qualified applicants wishing to enrol for courses who are turned away by colleges when the courses are full. Most unmet demand appears to be located in the areas of high school-leaver unemployment, and in the areas where further education capacity is in any case small in relation to the size or population of the catchment. Generally, the remote rural catchments do not experience such large excesses of demand over places available as other areas; but there are significant exceptions even to this.

There is a widespread lack of availability of places - in business studies courses, including secretarial, clerical and commercial courses, food catering and beauty culture courses, caring and nursing studies, and general education (usually O and A-level) courses. The bulk of these courses in further education generally enrol a majority of girls. Applications for courses in computing and applied sciences and technologies, which attract more boys, are also increasing. Continued pressure on resources, staffing and expenditure have been significant factors in discouraging colleges from such new development work. These factors have also been significant in the unequal response of colleges and authorities to the needs of young unemployed on Youth Opportunities and other MSC-commissioned programmes.

The present (1981/82) session has seen the first significant examples of unmet demand in advanced further education provision. Many degree and diploma courses have shown sharp increases in the numbers of applicants, particularly in business studies, computing and industrial mathematics and the technologies, and in spite of accepting considerably increased enrolments, course tutors have had to turn away substantial numbers of applicants with qualifications which would have been accepted in previous years. The intakes though larger are nevertheless better qualified on entry. The availability and the quality of individual and business "sandwich" training places, and the problems of supervision of students in them, have become noticeably worse during this academic year. In general, colleges now have little staff capacity available to send out to search for and to generate more placements, or to improve the effectiveness and collaborative capacity of existing ones.

SUMMARY

Broadly, the existing pattern of provision of non-advanced further education courses in Wales is being maintained despite the accumulating effect of cuts which over the last three years have caused increasing difficulties in supply of expensive materials for workshop and laboratory-based courses, for example, in replacement and updating of both heavy and light equipment, and in support services to teaching.

Cost and capacity constraints have, however, appreciably reduced the non-advanced further education system's capacity to respond to new needs, particularly those arising from the sharply increased incidence of unemployment among school leavers. Numbers of adequately qualified young people have been unable to gain entrance to full-time courses in business studies, catering and a wide range of other vocational study areas in many parts of Wales. The response to the MSC's need for Youth Opportunities and Short Training Courses has been incomplete both geographically and in terms of the range of vocational fields. The significant reductions in demand for part-time day release courses caused by the severe reductions in industry's ability to take on apprentices and other junior staff for training, have not been such as to release adequate capacity to meet the increases in full-time demand.

In advanced further education, increases in full-time course demand have generally been met but many vocational degree courses have been over-subscribed and some have turned away acceptable applicants.

Physical development of college capacity has been extended in many parts of Wales and more is planned. However, there are areas where it is already evident that no planning exists for replacement or extension of college plant, and in those and elsewhere, colleges will have to resort to a variety of devices such as the use of vacant buildings as annexes.

While staffing in both advanced and non-advanced further education is generally being maintained, the use in some authorities of an increasing proportion of part-time teachers, especially for new needs such as MSC courses, causes concern. Cuts in non-teaching staff are having cumulative effects on support services to teaching and to students.

Staff development and in-service training budgets have widely been cut, in some authorities severely, at a time of major developments within the system.

There have been significant cuts and constraints in the availability and levels of discretionary grants to students, especially to those over 18 years old.

ADULT EDUCATION

Compared with previous years, the cuts imposed on the Adult Education Service in Wales in 1981/82 have been much less severe. Nevertheless, five authorities have reduced their full-time advisory and tutoring staff, claiming that their duties and responsibilities (more limited in view of the slimmer service which has evolved) are adequately covered, mainly by the re-deployment of other staff. Four authorities have reduced their expenditure on adult education. On the other hand one authority has increased its spending although the increase also includes the apportionment of leisure centre costs.

Tuition fees have again been increased by most local education authorities. In 2 authorities, where severe reductions in expenditure were imposed in recent years, the service remains limited and attempts this year to resuscitate classes on a self-financing basis have not been successful. In another 2 authorities, which have administered the most significant cuts this year, there are fewer classes (a 25% reduction, approximately, in one authority) and fewer enrolments; in one of these authorities, in particular, there has been a more limited take-up of provision in rural communities and in some urban settlements with high unemployment.

But the picture varies in the rest of Wales. In one authority where the evening sessional programmes have been reduced in length and where enrolments are fewer, some centres have been able to attract more clients than in the past. In another authority there is a slight increase in the number of affiliated and voluntary groups making use of the Adult Centre. In the authority which has increased its spending on Adult Education (and leisure services), there is an increase in the number of adult education classes, in the teaching hours provided, and in actual enrolments.

Most authorities provide special concessionary rates for groups such as the registered unemployed, Old Age Pensioners, and handicapped in some cases. Basic education clients are also afforded special treatment by most authorities.

The effects of continuing policies of constraint on the general adult educational curriculum also vary from one area to another. There is some evidence that there is now more limited take-up of women's crafts and aspects of home economics. Interest and provision in modern languages, in physical education and keep-fit classes persist, but response to language/literature and arts classes has weakened in some areas. With some exceptions, authorities are maintaining their in-service training programmes for tutors, limited as they are in many areas in Wales.

Welsh Office grants to the Extra Mural Departments of the 4 University Colleges and to the Workers' Education Association have been maintained. One authority no longer grant-aids these bodies, and another has reduced its annual contributions to the local Extra Mural Department this year. Tuition fees have been increased by the Extra Mural Departments and the WEA this year but there is no evidence of any significant change in their overall programmes or in enrolments.

THE YOUTH SERVICE

Comparison of total actual expenditure by local education authorities on youth provision in Wales in 1980/81 with estimated expenditure in 1981/82, reveals that in 2 authorities has there been growth in real terms, with forecast increases of 14% and 16%. In the other authorities, actual expenditure will be increased by levels of between 1% and 7%. Overall, reductions in expenditure affect the voluntary services less than the statutory.

Only in one authority has there been a significant reduction in the level of service to young people as a result of cuts in expenditure. In that authority, contact hours have been considerably reduced with centres open for 39 weeks compared with 42 in 1980/81 and with nights of opening reduced from 5 to 4 in full-time centres and from 3 to 2 in part-time centres. In the same authority, instructor hours have been reduced by about 40% and part-time warden services by over 20%, while in another authority the length of evening services has been reduced from 3 to 2½ hours. Only one youth club has been closed as a direct result of cuts.

Over the year, 5 youth officer posts (representing 18% of the Welsh youth advisory force) have been lost by authorities not reappointing to "vacancies" resulting from early retirement or promotion elsewhere. This has implications for those remaining in post whose territorial duties have been extended.

Additionally, in one authority, 2 officers who worked only in the youth service now have equal responsibility for Adult Education.

In spite of reductions in expenditure and advisory staff there are no significant signs of declining standards in the experiences provided for young people or in their range. Neither has there been any marked deterioration in the fabric of premises and equipment, except in one authority where, following the successive pruning of previous years, the effect of constant wear and tear is now apparent.

On the whole the service is being maintained in spite of reductions in financial support.

April 23, 1982

EFFECTS OF REDUCED EDUCATION EXPENDITURE IN WALES

A paper* submitted by Her Majesty's Inspectorate to the Secretary of State for Wales on the effects local authority expenditure policies are having on education in Wales was published today. A similar report** to Sir Keith Joseph was published in England on April 5.

The Welsh paper, relating to schools and maintained colleges of further and higher education in Wales was compiled mainly from information obtained during 1981 and indicates that in general LEAs and schools continued during the year to provide an appropriate education for pupils with no significant fall in standards.

The Secretary of State for Wales, the Rt Hon Nicholas Edwards MP, commenting today on the paper said: "I have carefully read this paper which covers much the same ground, in relation to Wales, as the HMI report published earlier this month in England. As last year I have decided to make it generally available so that it may be read by all those with an interest in education.

* The Effects on the Education Service in Wales of Recent Local Authority Expenditure Policies: An Assessment by HM Inspectorate, available free from the Education Department, Welsh Office, Cathays Park, Cardiff CF1 3NQ. Telephone: 0222 823347

** Report by HMI on the Effects of Local Authority Expenditure Policies on the Education Service in England 1981.

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"The Government's economic strategy continues to require strict control of public expenditure. Education cannot be excepted from this policy, especially when the number of children in schools is falling. Nevertheless expenditure per school pupil is at record levels in real terms and I am sure that local education authorities and others will continue to examine their patterns of expenditure closely to ensure that money is wisely spent.

"I hope that local authorities in Wales will take full account of the points made by HMI in their paper when determining their expenditure priorities; in particular, I hope they will take note of what is said about the need for careful planning for reduced expenditure and falling school rolls."

"As to higher and further education, the report finds that broadly the existing pattern of provision of non-advanced further education courses in Wales is being maintained. In advanced further education, increases in full-time course demand have generally been met, although there have been some cases of courses being over-subscribed, and acceptable applicants' being turned away from some courses."

Prime Minister 2



LM
6/4

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222
FROM THE SECRETARY OF STATE

APPOINTMENTS IN CONFIDENCE

6 April 1982

The Rt Hon Patrick Jenkin MP

mt

Dear Patrick

I found on arrival here that the Department funds directly - and not through the UGC - the Open University. This is a large operation which has its successes but which should have some oversight - both because of its scale and because of certain possible weaknesses - which is more than the Department is able to give.

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I have in mind, therefore, the appointment of a visiting committee and the man I would like to be the chairman is Austin Bide.

William Waldegrave and I have had a discussion with Austin Bide about possibilities. He is willing to be chairman of the visiting committee and is sure that he can manage the time necessary for this in addition to the responsibilities that he may have in the near future.

He has dropped his executive role at Glaxo, and responsibilities at BL - even those that he and I know that you have in mind - would still, in his view, leave him free to take on the Open University work.

I am planning a strong visiting committee. I have promised Austin Bide to consult you before he and I come to any final conclusion. Would you perhaps let me know whether you are content for me to go ahead?

I am copying this to the Prime Minister, the Chancellor of the Exchequer and to Sir Robert Armstrong.

Yours ever,

Ken



Chancellor of the Duchy of Lancaster

Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 4400
GTN 273

Educative

*WM
19/3*

17 March 1982

The Rt Hon James Prior, MP
Secretary of State for Northern Ireland
Great George Street
LONDON SW1P 3AJ

Dear Jim,

HIGHER EDUCATION IN NORTHERN IRELAND

Thank you for copying to me your letter of 15 March about your proposed response to the Report of the Higher Education Review Group chaired by Sir Henry Chilver.

Your approach seems entirely sensible to me. In particular I welcome your decision not to set up a new advisory and co-ordinating 'quango', which would clearly be unnecessary in the circumstances.

I am copying this letter to the recipients of yours.

Yours ever

Baroness

BARONESS YOUNG

18 MAR 1982

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Mr Whalley

CONFIDENTIAL



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

mt

CABINET OFFICE
A 1614
15 MAR 1982
FILING INSTRUCTIONS
FILE No.

*cc Mr Ibbs
Mr H. Tang
Mr Harris*

Rt Hon William Whitelaw CH MC MP
Home Office
50 Queen Anne's Gate
LONDON
SW1

1 MAP

15 March 1982

Ken Hodge

2 Prime Minister

cc Mr Ingham 2

HIGHER EDUCATION IN NORTHERN IRELAND

Introduction

This reached us today. The members of H Committee have agreed Mr Prior's proposals to amalgamate the Ulster Polytechnic and the New University of Ulster and not to set up an independent body, as suggested by Sir Henry Chilver, to coordinate higher education planning in Northern Ireland. This will be announced on 23 March.

I am writing to let you and H Committee colleagues know about the approach I propose to take in response to the Final Report of the Higher Education Review Group (chaired by Sir Henry Chilver), which I plan to publish on 23 March. (You will recall that the Group's interim report on teacher training has proved to be controversial in Northern Ireland: deliberations continue on that subject.) The proposed approach to the Final Report has been discussed at official level with DES and other education departments and with the Chairman of the University Grants Committee (UGC) who has indicated that he will be prepared to help in its implementation.

*WN
19/3*

Background

The higher education system in Northern Ireland consists of two universities and one polytechnic. Queen's University, Belfast, is a long-established and academically strong university. The New University of Ulster (NUU) based in Coleraine, which accepted its first students in 1968, is a much weaker institution. It has never proved attractive to students and currently has an enrolment of less than 2,000: the need to consider its future was one of the main reasons why the Chilver Group was set up. The Ulster Polytechnic, situated on the Northern shore of Belfast Lough, is also a young institution, but it is large and thriving, with a proven capacity for innovation and practical application; it is funded by the Department of Education for Northern Ireland (DENI) rather than through local education authorities as in Great Britain.

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The problem of NUU

The Review Group's Report confirms that NUU faces major problems, but concludes that on balance NUU could and should be kept open, provided that it develops a new role. This would involve a further reduction in its conventional undergraduate and postgraduate work, and an increase in provision for mature students and for continuing education.

I share the Review Group's view that closure of NUU, which is the only major higher education base outside the greater Belfast area would be undesirable on both educational and social grounds. I also agree that the university cannot continue on its present model of operations. But the specific recommendations which the Review Group makes for the future work of NUU are weak and unconvincing. Consultations with the Chairman of the UGC, and with officials of DES and of the other GB education departments, have revealed general support for my view that these specific recommendations would not give NUU a worthwhile and durable role, but would be more likely to lead to a further run-down of the university.

A possible alternative would be to allow NUU to expand its enrolments, on an "open door" basis, by taking students from Great Britain and Northern Ireland who could not find places elsewhere because of the current constraints on the admission of students to other UK universities. But this would be inconsistent with our policy for higher education generally; and would in any case be only a short-term expedient.

A more realistic approach, which I propose to adopt, is to achieve the necessary consolidation of Northern Ireland's higher education system by pooling the complementary resources of NUU and of the Ulster Polytechnic. The Polytechnic is a successful and growing institution; it is currently short of accommodation. NUU has the physical plant, and has also some genuine academic strengths, but lacks students. The two could usefully be combined in a new institution, a split-site university which would replace both NUU and the Polytechnic. (The new institution would also include Magee College in Londonderry, which is at present part of NUU.) This would allow the maintenance of a higher education base outside Belfast, and would permit the continued use of the physical plant at Coleraine; and since the Coleraine campus would no longer need to be completely self-contained academically and administratively, its viability would be improved.

Legislation (by Order in Council made under the Northern Ireland Act 1974) would be necessary to give full effect to this merger: in order to rescind the NUU's charter, to extinguish the Polytechnic, which is itself a statutory body, and to pave the way for a charter for the new institution.

Co-ordination and Planning

Under my approach, Northern Ireland's higher education system would comprise two universities: the new split-site university and the existing Queen's University of Belfast. Between them, these institutions would offer the geographical spread of provision and the mixture of academic and practical/vocational provision which Northern Ireland requires, and could do so without the diseconomies which the present structure entails.

The Northern Ireland higher education system would therefore no longer reflect the binary distinctions which prevail in Great Britain. In the

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particular circumstances of Northern Ireland where the Polytechnic and the two universities are funded by DENI, there is no necessary reason why this distinction should be preserved.

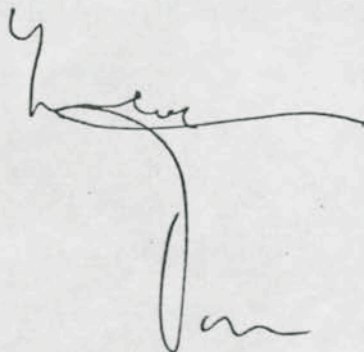
The Chilver Report recommends a new independent body to handle the co-ordination and planning of higher education in Northern Ireland. This new quango would advise DENI, allocate funds and have links and cross-membership with UGC and the Ball Committee (which deals with public sector higher education in Great Britain). This complexity would not be necessary in a system comprised of only two universities which could be jointly planned by DENI (giving any specific Northern Ireland input that may be necessary) and by UGC (whose involvement would ensure that the Northern Ireland system would continue to reflect UK standards and financial constraints).

Publication

I intend to announce my approach simultaneously with the publication of the Report. The forward planning of the Northern Ireland institutions has already been hindered by the uncertainty engendered by the fact that the Review Group has had the whole system under examination. In the absence of a firm statement of Government's intentions, the Report's publication would only give rise to even greater uncertainty (of the sort we have already encountered with the interim report), especially given the unconvincing nature of its recommendations for NUU, which are not likely to command public confidence. By contrast the Government's influence over events will be strongest at time of publication. It is also necessary to make clear the Government's views on the overall structure in order to prepare the ground for decisions on the controversial teacher training recommendations which were made in the Review Group's Interim Report, and which are endorsed in the Final Report.

I propose to bring these developments to the attention of the House by means of an inspired Parliamentary Question on the same day as the Report is to be published. A copy of what it is proposed to say in the reply to the PQ is attached. A more detailed statement of the Government's intentions would be published at the same time in Belfast, and copies placed in the Library of the House. Subject to the constraints of printing etc, and subject to any comments which colleagues may wish to offer, I intend to publish the Report and the associated statement on 23 March, and I will assume that colleagues are content for me to do so unless I receive comments by 18 March.

Copies of this letter go to the Prime Minister, the Leader of the House, other members of "H" Committee and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'H. H. H.', written over a horizontal line.

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R.

Answered

Q. To ask the Secretary of State whether he has a statement to make about the Final Report of the Chilver Committee on Higher Education in Northern Ireland?

A. 1. The Final Report of the Review Group chaired by Sir Henry Chilver on Higher Education in Northern Ireland is being published today, together with a government statement. The two most important and urgent issues dealt with in the Report are:-

(i) the future of the New University of Ulster (NUU); and

(ii) the future arrangements for co-ordination and planning of Higher Education in Northern Ireland.

It is clear from the Report that in at least these two areas changes are necessary.

2. In the view of the Review Group, the NUU faces such major problems that closure might be necessary, and the university certainly cannot continue in existence in its present form. However, the Report recommends that NUU should be kept open provided that it adopts a very different role, involving a reduction in conventional undergraduate and postgraduate work, and an increase in provision for mature students and for continuing education.

3. On the co-ordination and planning of higher education, the Report recommends the setting up of a new Co-ordinating Body, which would advise the Department of Education for Northern Ireland (DENI); would allocate funds; and would have links and cross-membership with the University Grants Committee (UGC) and the Ball Committee (which relates to public sector higher education in Great Britain).

4. The Government has given very careful consideration to the Chilver Group's views on the future of NUU. It shares the Review Group's desire to retain a major higher education base outside

E.

Belfast, but does not believe that the Report's specific recommendations for NUU's future would give a worthwhile and durable role. Instead the government believes that a better approach would be to pool the resources of NUU and the Polytechnic. These two institutions have complementary characteristics. Together they would form the basis for a new split-site University which could provide the geographical and academic spread of provision which Northern Ireland requires. The new institution, which would replace both NUU and the Polytechnic, would be expected to maintain the practical and vocational emphasis of the Polytechnic, and to incorporate into this the strongest academic aspects of NUU. This combination would produce a strong and efficient institution, with a distinctive role which would complement the traditional academic emphasis of Queen's University of Belfast.

5. The resulting system would thus comprise two universities, with contrasting roles. Since each of these universities would have the same relationships with DENI and UGC for funding and planning purposes, the problems of co-ordination could be solved without the creation of the complex new machinery which the Review Group recommends.

6. The Government's conclusions on these issues, and the reasons which have led to them, are set out more fully in a paper which will be published by DENI today, of which a copy will be placed in the Library. Discussions on the practical implications of a merger between NUU and the Polytechnic will now take place with the institutions concerned and with the UGC. If these discussions confirm that, as HMG believe, a merger will provide a viable alternative to establish the new institution, wider consultations on the remainder of the Report's recommendations will also take place.

25 February 1982

UGC

The Prime Minister has seen your Secretary of State's minute of 24 February. She is content with his proposals for allowing Dr. Parkes more discretion to explain the UGC's policies and decisions in public.

WILLIAM RICKETT

Mrs. Imogen Wilde,
Department of Education and Science.

S

✓AD.
W.R.



Prime Minister

(1)

Content with
these arrangements?

MS 24/2

PRIME MINISTER

1. You raised recently with the Chairman of the University Grants Committee the convention of silence which restricts public accountability and explanation for the allocation of funds between universities. Subject to your views, I now propose to tell Dr Parkes that he should feel free, at his own discretion, to give such explanations of the Committee's policy and the decisions that flow from it as he considers appropriate. Such explanations might be given in correspondence with MPs and others, by engaging in public debate, by talking to the press and by broadcasting, in addition to his now fairly frequent appearances before the PAC and the Education Select Committee.

2. I do not propose to make any public announcement of this development, as Dr Parkes will want to feel his way gently into the public arena. As to what and how much he does he will have to be guided largely by his own good sense, though I am sure that in cases of doubt there would be consultation with my Department - bearing in mind that my Permanent Secretary is the Accounting Officer. In the ordinary way no problem should arise over the UGC's making public its broad approach to its allocation decisions. This will not, of course, entirely satisfy public interest in their impact on individual institutions. Here, as Dr Parkes has pointed out to me, the UGC will have to be careful not to be so frank that it destroys the mutual confidence and trust on which its relationships with individual universities depend and only succeeds in damaging the standing of entire institutions or of individual departments within them. I shall ask Dr Parkes to keep his activities in this area under review so that the success of this experiment can be considered in the light of experience.

3. I should say that I see this step as a part of a move towards a much fuller debate about the formulation of higher education policy, in which the UGC would play a part. This is desirable partly because

of the establishment of the new National Advisory Body for Local Authority Higher Education, which because of its different role and composition is likely to be a much more "public" body than the UGC, but mainly because we must now be seen to be looking beyond the effect of the present economies to the kind of higher education system we want over the next ten or twenty years. I do not think, for instance, that Ministers should necessarily distance themselves from the priorities which the UGC apply in allocating taxpayers' funds - whether increased funds as generally in the past or decreased in real terms, as this time, or stable. Ministers should, collectively, perhaps issue guidance - after discussions between the holder of my office and the Chairman of the UGC - about such priorities. I shall write to you again when I have considered these matters further, but in the meantime I should be glad to know that I have your endorsement for the arrangements outlined in my opening paragraph.

4. Finally, I am uneasy about the trend which has made the universities nearly totally dependent upon the taxpayer. Their independence is flawed, however much we respect the buffer of the UGC. It is ironic for those who have welcomed the tax-borne growth of recent decades that today Buckingham should be the only university institution which is expanding. I realise that the dependence cannot be quickly or substantially changed but I hope to encourage the pursuit of private endowments not just for research - though valued and valuable - but for a modicum of financial independence for at least some of our universities.

Department of Education and Science

KJ

24 February 1982

4 FEB 1982



Education

2 pps

NBPM

MUS

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WELSH OFFICE
GWYDYR HOUSE

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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

23rd February 1982

Den Reik

Thank you for sending me a copy of your letter of 11 February to William Whitelaw informing him of the arrangements you are setting in hand in your Department for the production of a paper on possible changes in local government's present financial responsibility for Education Services. I am arranging for my officials to let your officials have the name of a contact in my Department.

I am copying this letter to the recipients of yours.

✓
Nick

The Rt Hon Sir Keith Joseph BT MP
Secretary of State for Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH



NBPM
 MWS
 2 MARSHAM STREET
 LONDON SW1P 3EB

My ref: M/PSO/11213/82

Your ref:

22 February 1982

Dear Keith

Thank you for sending me a copy of your letter of 11 February to Willie Whitelaw about your proposals for responding to the Cabinet remit to review the Government's financial responsibility for education services.

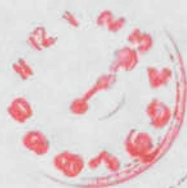
I am content with the procedures you suggest. My Department will be represented by Mr B D Ponsford, Under Secretary.

I am sending copies of this letter to those who received copies of yours.

Yours
 MHS

MICHAEL HESELTINE

23 FEB 1964





MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

Education

*Wh
22/2*

From the Minister

The Rt Hon Sir Keith Joseph Bt MP
Department of Education and Science
Elizabeth House
York Road
London SE1 7PH

22 February 1982

Mr. K. J.

*will request if
reproved*

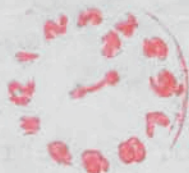
Thank you for sending me a copy of your letter of 11 February to Willie Whitelaw about financial responsibilities for education services. I am content with the procedure which you propose and am arranging for Mr Simpson to be notified of the official whom he should regard as his point of contact here.

I am particularly concerned that sufficient provision is made to ensure an adequate supply of manpower qualified to meet the developing needs of agriculture and related industries. I shall therefore follow with interest the progress of your proposals and shall want to look particularly carefully at any effects on the allocation of funds between subjects or institutions that may arise from suggestions for centralising responsibilities at present resting with local authorities.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Geoffrey Howe, Michael Heseltine, George Younger, Nick Edwards, John Biffen, David Howell, Norman Fowler, Norman Tebbit, Cecil Parkinson and Paul Channon, and to Sir Robert Armstrong and Mr Robin Ibbes.

PETER WALKER

22 FEB 1961



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EC. AD.
Education

NBS/M

JW

17-



QUEEN ANNE'S GATE
LONDON SW1H 9AT

16th February 1982

Dear Keith

with request of regard

Thank you for your letter of 14th February explaining the arrangements for your study of local authority education expenditure.

I am content with what you propose. In view of the number and variety of Home Office services whose financing may be affected I shall want my officials to keep closely in touch with the work in order to assist yours with a properly coordinated response from our side. The Principal Finance Officer, Mr. C. J. Train, will be our point of contact.

Copies of this letter go to recipients of yours.

[Handwritten signature]
C. J. Train

The Rt. Hon. Sir Keith Joseph, Bt., M.P.

1 FEB 1982





Further copy as
requested.

With the Private Secretary's Compliments

Chris Eagles

27/2/82.

DEPARTMENT OF EDUCATION AND SCIENCE

Elizabeth House
York Road
London SE1 7PH

Telephone 01-928 9222

CONFIDENTIAL



DES	
Mr Simpson	
ADVICE	INFO
	✓
C O P I E S	Miss Giles
	Mr Crowne
	Mr Holley
	Mrs Bowden

DEPARTMENT OF EDUCATION AND SCIENCE
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
 TELEPHONE 01-928 9222
 FROM THE SECRETARY OF STATE

The Rt Hon William Whitelaw CH MC MP
 Home Secretary
 Home Office
 50 Queen Anne's Gate
 LONDON SW1H 9AT

Mr Jameson
 Mr Brandes
 Mr Shaw

Mr Street
 Mr Ulrich
 Mr Bird
 SCI

11 February 1982

*original filed on Local Govt.
 May 79, Future of the
 Rating System*

Iron Willie.

On 4 February the Cabinet invited me, in consultation with you and others, to examine the case for changes in local government's present financial responsibility for education services, the options for changes and the implications of any such changes for other local government services, and to report in May. The purpose of this letter is to let you and other colleagues know how I propose to proceed.

I am asking Mr E H Simpson, a deputy secretary, to be in charge of the work here. With the help of a small group of officials in this Department he will aim to circulate by the beginning of March a paper setting out our views on the remit. This will take account of what was said in Annex B to the Green Paper and in Chapter 11. He will then invite comments from the other Departments concerned on the implications for local government finance generally and for other services (including libraries and museums, for which Paul Channon is the Minister directly responsible) of any changes in the financing of education.

On the basis of this work at official level I would then hope to discuss with you and the other Ministers concerned, immediately after Easter, a draft of my report to Cabinet. My objective would be to circulate the final version of this report in time for a Cabinet discussion before the end of May.

If you and other colleagues responsible for local authority services in Great Britain are content with this procedure, I shall be grateful if you will arrange for Mr Simpson to be given the name of an official whom he can regard as his point of contact.

CONFIDENTIAL

CONFIDENTIAL

The Prime Minister has agreed with your proposal of 4 February concerning the role of the Metropolitan authorities. We will have to bear that in mind in the present study.

I am copying this letter to the Prime Minister; to Geoffrey Howe, Peter Walker, Michael Heseltine, George Younger, Nick Edwards, John Biffen, David Howell, Norman Fowler, Norman Tebbit, Cecil Parkinson and Paul Channon; and to Sir Robert Armstrong and Mr Robin Ibbs.

Yours

Kear

CONFIDENTIAL

*Original filed on Local Govt,
May '79, Future of the
Rating System.*

CC(82)4H 4. 2. 82 Item 5 Local Govt

ALTERNATIVES
TO DOMESTIC
RATES: NEXT
STEPS

5. The Cabinet considered a memorandum by the Secretary of State for the Environment (C(82) 2) on alternatives to domestic rates.

The Cabinet -

1. Invited the Secretary of State for the Environment, in consultation with the Chancellor of the Exchequer and with the Secretaries of State for Scotland and for Wales, to report further in May:-

i. on the outcome of the public consultations on the Green Paper 'Alternatives to Domestic Rates' (Cmnd 8449) and of the further interdepartmental study by officials of the fiscal and distributional effects of the alternatives under consideration;

ii. on what early changes could be made to remove anomalies and make improvements in the present system of domestic rates.

2. Invited the Secretary of State for Education and Science, in consultation with the Home Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, other Ministers concerned and the Central Policy Review Staff, to examine the case for changes in local government's present financial responsibility for education services, the options for changes, and the implications of any such changes for other local government services, and to report in May.

3. Agreed to resume discussion in May of the alternatives to domestic rates in the light of the reports by the Secretaries of State for the Environment and for Education and Science.

Cabinet Office

4 February 1982

ACTION

CONFIDENTIAL

Education
file No

10 DOWNING STREET

From the Private Secretary

22 January 1982

The Prime Minister was grateful to your Secretary of State for bringing in the Chairman of the University Grants Committee for a discussion on 21 January.

As you know, the Prime Minister wanted to take the opportunity to report to your Secretary of State and Dr. Parkes what she had seen when she visited the University of Salford on 15 January. She did so without in any way intending to challenge the judgement of the UGC. Dr. Parkes took the opportunity to explain to her the broad criteria which the UGC had applied in allocating available funds between universities, and he was also able to provide some specific information relating to the universities facing the largest cuts in funding. There was also some discussion of the relationship between university funding and polytechnic funding. Overall, the Prime Minister accepted and respected the basis of the UGC's decisions, while taking note of Dr. Parkes' concern that some of the universities which had suffered slightly less than the worst cutbacks were showing the least adequate response to the new situation. Dr. Parkes also told the Prime Minister that the universities had warmly welcomed the Government's decision to stick to the announced allocations for 1982/83.

One particular point for further work emerged from the discussion. The Prime Minister was concerned that the UGC's powerful case for their decisions was going by default. She pointed out that Ministers did not feel able to comment in detail on the basis for the allocation, because Ministers stood firmly by the view that they should not compromise the Committee's independent judgement. Dr. Parkes, on the other hand, explained that the UGC were inhibited by their Civil Service status, and had traditionally avoided any public comment for fear of embarrassing Ministers. In the course of discussion, the Prime Minister said that she very much favoured a new approach in these matters. It should now be appropriate for the UGC to make public its broad approach to the allocation decisions. She recognised that there were risks in this, and that the media might well seize upon any statement made on behalf of the UGC to see whether such a statement could be shown to be in any way inconsistent with Ministerial statements. She was in principle prepared to run this risk, and Ministers would rely on the Committee to exercise careful judgement in choosing platforms for public presentation.

/Your Secretary of

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Your Secretary of State confirmed that he agreed in principle with this approach. He said that he would like to give a little further thought to the issues within the Department. He undertook to come back to the Prime Minister shortly, setting out terms in which he might advise the UGC that they were free to go public. This would then enable the Prime Minister to reply to him putting her authority behind such a new approach.

Once your Secretary of State is back from his visit to the United States, perhaps you could let us know the timescale within which you expect him to come back to the Prime Minister on these matters.

M. A. PATTISON

Mrs. Imogen Wilde,
Department of Education and Science.

CONFIDENTIAL

1/10



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon Michael Heseltine MP
Secretary of State for the
Environment
2 Marsham Street
LONDON
SW1P 3EB

~~cc AD~~
AW
Prime Minister

(2)

Ms 14/1

14 January 1982

Dear Michael

EDUCATION GRES

Thank you for your letter of 8 January. ^{-TPM}

As my former private secretary foreshadowed in his letter of 23 December, my Department sent the provisional education GRE figures for 1982-83 to the Local Authority Associations at the beginning of last week and told them that I would be giving them to Christopher Price, in answer to his Written Question tabled before Christmas, on 18 January. There has been no reaction from the Associations, and there is no legitimate reason for me to withhold the figures from Parliament, especially since I am to appear before Price's Select Committee on 10 February. I enclose a copy of the introductory text of the Answer to Price which I have approved: you will notice that I have included a reference to the explanatory note which accompanied the 1981-82 figures when they went to the Select Committee last year after clearance with your Department.

I take your point about the conflict between GRES and the expenditure targets of individual authorities. But, as I know from my own contacts with one or two individual authorities at both ends of the spending spectrum (e.g ILEA and Kent), this conflict is an inevitable consequence of the publication before Christmas of total GRES and of targets. I do not believe that the breakdown of the GRES into their service components will add to the difficulties. On the contrary, I think it right to make it plain that, partly as a result of the changes which we are making in the formula for education GRES, the percentage increases in cash terms between this year and next will vary significantly from one authority to another.

I am sending copies of this letter to the Prime Minister, members
of MISC 21 and Sir Robert Armstrong.

Ken

Ken

CHRISTOPHER PRICE (Lab, Lewisham West): To ask the Secretary of State for Education and Science, if he will publish for each local education authority in England and Wales, that element of the grant-related expenditure appertaining to education for 1982-83.

SIR KEITH JOSEPH

Provisional grant-related expenditure (GRE) assessments underlying the 1982-83 Rate Support Grant Settlement for English local authorities were announced by my rt hon Friend the Secretary of State for the Environment on 21 December, and they will be published in the Rate Support Grant Report 1982-83 which will be laid before the House shortly. The education components of these provisional assessments are set out below, together with the corresponding figures for 1981-82. (The latter figures, with an explanatory note, were published with the Minutes of Evidence taken on 17 December 1980 by the Education, Science and Arts Committee). All figures are in cash. Changes from 1981-82 to 1982-83 assessments reflect changes in local authorities' circumstances (eg, numbers of pupils), and also certain changes in the methodology for assessing education GREs, including the assessment for nursery education and the allowance made for educating children with additional needs.

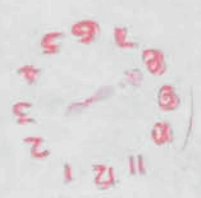
GRE

Education GRE



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14 JAN 1982



Prime Minister

4

Mrs H/J
2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

8 January 1982

See K/L

M/S

EDUCATION GRES

I have seen your Private Secretary's letter of 23 December setting out your proposals for releasing figures of education GREs for 1982-83 to the local authority associations and to Parliament.

I think that it would be preferable to hold back any publication of service GRE figures for 1982-83 until the end of February, when local authorities will have completed their budgetting, and the RSG debate will be over. That is the timetable I envisage for production of the "Green Book" giving all the service figures; and I would hope that colleagues will feel able to wait for that volume to be produced rather than release the figures for individual service piecemeal. The latter course could encourage economical authorities to spend up to GRE levels rather than continue to exercise restraint.

I am copying this to the Prime Minister, colleagues in MISC and to Sir Robert Armstrong.

yes all
M/S

MICHAEL HESELTINE

Rt Hon Sir Keith Joseph MP

11 JAN 1982
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11 JAN 1982
10 9 8 7 6 5 4 3 2 1



cc AD Education
AW
Prime Minister 2

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-928 9222

Wh
29/12

FROM THE SECRETARY OF STATE

David Edmonds Esq
Private Secretary
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

23 December 1981

Dear David

EDUCATION GREs

Thank you for your letter of 18 December.

2. My Secretary of State very much agrees that nothing must be done to encourage local authorities to overspend next year - indeed, he said as much in his minute of 18 December to the Prime Minister. But he made it clear in the same minute that he shared the Home Secretary's opinion that it was right for the Government to indicate their views on the levels of relevant expenditure by service and to give local authorities a lead. This was part of the purpose of his Written Answer on 21 December to Sir William Van Straubenzee.

3. The provisional total GREs which your Secretary of State published simultaneously with the RSG settlement included, of course, the figure for the Inner London Education Authority, virtually the whole of whose expenditure is related to education. In Sir Keith Joseph's view it is essential that other local authorities should also be given as early as possible an indication of the allocation through GREs of the total of relevant expenditure on individual services which your Secretary of State announced as long ago as 11 December. This information is an important part of the background to the budget-making process both of overspenders like ILEA and of those seeking to comply with the Government's objectives, many of whose total GREs, already published, are as you say above the targets. The information ought also to be made available to ratepayers and electors.

4. Sir Keith accordingly proposes to make the provisional education GREs available to local education authorities, through their various associations, early in the new year. This is very much what happened last time when, with your Secretary of State's agreement, the education GREs were given to the Select Committee on Education, Science and Arts in January and published soon afterwards, well before the Green Book. The Secretary of State will not, however, publish the figures until 18 January, in answer to a Written Question now on the order paper from Mr Christopher Price, the Chairman of the Select Committee. That is about a fortnight before Sir Keith appears in front of the Committee to answer questions on educational expenditure, particularly by local authorities.

5. I am copying this letter to Private Secretaries to the Prime Minister, colleagues in MISC 21 and Sir Robert Armstrong.

1/
ans. etc

Pete Shaw

P A SHAW
Private Secretary

29 DEC 1981

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4 5 6 7 8 9



AD Education (2)
AN Prime Minister

2 MARSHAM STREET Mus 18/12
LONDON SW1P 3EB

My ref:

Your ref:

18 December 1981

ms

Dear Peter

My Secretary of State understands from his officials that your Department is planning to publish the provisional Education GREs on Monday on the same day as he publishes the Rate Support Grant Settlement.

Following the discussion at Cabinet yesterday about not encouraging authorities to overspend their targets the Secretary of State would be grateful if Sir Keith would reconsider this. As you know, the targets for a substantial number of authorities including many of the counties are below their GREs. We are nevertheless asking them to do their best to meet those targets in the national interest. It will not be at all helpful in that context to publish detailed service breakdowns of GREs which will convey a clear message that is the appropriate level of expenditure on education. It is

We believe this must therefore try to keep back figures on the service breakdown of GREs until after local authorities have completed their budgetary process for 1982-83. We managed to do that successfully this year (the Green Book showing service figures for GREs was held back until late February), and we think we ought to do the same this year. There is an additional reason for delay at this point in that the GREs are still provisional, and will be subject to some adjustment, eg in respect of capital allocations between now and January when the Report is published. We think therefore that it would be better not to put detailed figures about the composition of the GREs into circulation which are still subject to revision. For the immediate operational and budgeting purposes the single provisional figure for the total GRE is quite sufficient.

I am copying this letter to the Private Secretaries to the Prime Minister, colleagues in MISC 21 and Sir Robert Armstrong.

Yours faithfully
D A Edmonds

D A EDMONDS
Private Secretary

Peter Shaw Esq
PS/Sir Keith Joseph MP



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Education ✓

Y SWYDDFA GYMREIG
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Oddi wrth Ysgrifennydd Gwiadol Cymru



The Rt Hon Nicholas Edwards MP

WELSH OFFICE
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From The Secretary of State for Wales

18 November 1981

D. Keir

ADDITIONAL RESOURCES FOR EDUCATION: GRANT MECHANISMS

I refer to your letter of 6 October to Michael Heseltine about the distribution of the planned additional expenditure on education for 16-19 year olds and his reply of 30 October.

I thought that you and other colleagues would wish to know that I have been considering these issues as they apply to Wales and have decided to take the block grant route on a basis broadly comparable to that being used in England.

I am sending copies of this letter to the recipients of yours.

John
Nick

The Secretary of State
for Education and Science
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

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pm.
Education

UNIVERSITY REDUNDANCY SCHEME: TIMES ARTICLE 5 NOVEMBER

LINE TO TAKE

1. The Government's expenditure plans for higher education mean that there are bound to be some redundancies of academic and non-academic staff in the universities. Although there have been various attempts to estimate the number of redundancies and their likely cost in the Government's view these are premature and it is still too early for any reliable estimate to be made.
2. The proposals referred to in The Times have been prepared by the Committee of Vice-Chancellors and Principals (CVCP) on their own initiative. They have been submitted to the University Grants Committee (UGC). I understand that they were considered by the UGC last week and that my rt hon Friend expects to be invited to discuss the proposals and their implications with the UGC shortly. I cannot anticipate the outcome of those discussions.
3. The question of redundancy compensation arises most acutely in the universities because the majority of academic staff are employed on contracts which are assumed to give 'tenure'. Although decisions about the future funding of the polytechnics and other institutions of advanced further education are the responsibility of the relevant authorities there is no reason to think that there will not be just as severe consequences for manpower in the non-university sector of higher education.

FHE 1
5.11.81

BACKGROUND

1. The Committee of Vice-Chancellors and Principals (CVCP) have put to the University Grants Committee (UGC) their proposals for how redundant academic staff should be compensated for dismissal. They emphasise that these proposals represent their view of fair compensation regardless of "tenure". The scheme would therefore extend to all academic staff who were dismissed, not just those with tenure who might wish to pursue a claim for breach of contract in the courts.
2. The CVCP claim that their proposals are based on "best public service practice". This relates to the scheme for mobile civil servants, which is almost never used. The proposals have not yet been considered in detail but may well prove more generous. What is certain is that ^{for those under 50} the proposals are vastly more generous than anything that would be available to, for example, a redundant teacher under present arrangements or on "NHS terms" if they were to be extended to teachers. Under the proposals, for example, a 49 year old redundant don with 24 years service and a current salary of £15,500 would get £55,000. The compensation payable to an equivalent maintained school teacher would be under £9,000. Even "NHS terms" which DES currently seek for teachers would raise that to only £19,500. The proposals therefore obviously have implications for redundancy payments elsewhere in the public sector.
3. The UGC have, in effect, been asked if they are prepared to finance a scheme along the lines proposed. The scheme was discussed at their meeting last week and they are expected shortly to put the same question to the Government. The proposals are in practice already being looked at by the DES and the CSD.
4. A preliminary discussion of the whole question of public sector redundancy is taking place in H Committee on 9 November.
5. The CVCP are interested in getting a national redundancy scheme partly because they want some clear Government commitment to finance the cost of redundancies at a particular level, but also because on the one hand they fear that without some sort of national guidelines individual universities will decide on the terms they are prepared to offer for themselves, so that the whole situation could get out of control, and on the other hand in the unspoken hope that a scheme that was seen to be fair and relatively generous might help to reduce the extent to which

academics were prepared to pursue cases through the courts. It is hard to say how far (and at what level of generosity) this last hope would justify backing a scheme which would extend to all academics, whether tenured or not, especially in the light of the implications for university non-academic staff and possibly others.

6. The last paragraph of The Times article says that the UGC has estimated that universities will have to lose 5,000 academic jobs over the next three years. This estimate relates to the total number of jobs that will have to go, including those that will be lost through natural wastage and the existing premature retirement scheme, as well as redundancy.
7. The implications of the last Public Expenditure White Paper (Cmnd 8175) were at least as severe for polytechnics and advanced further education generally as for the universities and the assumed proportion of redundancies was if anything higher in the non-university sector. Decisions on the rate support grant for 1982-83 and the detailed implications for different sectors of education have yet to be announced but when they are the polytechnic lobby may well become as active as the university lobby now is.

FHE 1
5.11.81



pm. Prime Minister 2

Wn
22/10

Education

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

W F S Rickett Esq
10 Downing Street
London SW1

20 October 1981

mb

Dear Willie

My Secretary of State has agreed to a request from Mr Neil Kinnock that Opposition spokesmen on Education should be allowed to meet representatives of the University Grants Committee. I am writing to report this in accordance with paragraph 2.8 of the Permanent Heads of Departments Handbook.

The UGC's recent grant allocations have, as you know, given rise to considerable controversy. Much of the criticism has been based on misunderstanding and misinformation, and the Secretary of State has concluded that the balance of advantage lies with giving the Opposition an opportunity for a discussion outside the Parliamentary arena which may help to dispel some of this. The UGC will, of course, be expected not to breach the confidential nature of the advice that they give to Ministers, but this should leave plenty of scope for discussion of their own methods and the grant allocations themselves. The Chairman of the UGC already appears before the Select Committee on Education, and much of this ground was gone over at his last appearance on 23 July.

I am copying this letter to Jeremy Colman (CSD) and David Wright (Cabinet Office).

Yours sincerely

Nick Cornwell

N J CORNWELL
Private Secretary

22 OCT 1981

11 12 13 14
15 16 17 18

CONFIDENTIAL



Education

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

NBPM

MUS

The Rt Hon Michael Hesletine MP
Secretary of State
Dept of Environment
2 Marsham Street
London SW1P 3EB

6 October 1981

Dear Michael,

ADDITIONAL RESOURCES FOR EDUCATION: GRANT MECHANISMS

In your letter to Mark Carlisle of 17 August, you suggested that the local authority associations should be consulted about the means of distributing grant in support of the additional planned expenditure on education for 16-19 year olds. The associations have now expressed their views, and in the light of these I am setting out my proposals.

2. Mark's original suggestion in his letter of 31 July was that the grant should be distributed as part of block grant, initially by a GRE indicator based on the incidence of youth unemployment; and that this initial distribution should subsequently be adjusted in the light of the actual numbers of 16-19 year olds in full-time education in 1982/83. The alternative would be to distribute grant under the Local Government (Social Needs) Act 1969. Both associations acknowledged that, whichever mechanism was used, the distribution must take account of the incidence of youth unemployment if it was to reflect the purpose for which the additional provision had been made. However, they took different views about the appropriate mechanism: the AMA favoured the 1969 Act whereas the ACC preferred block grant.

3. Use of the 1969 Act would make entitlement to grant clearly dependent upon an expansion of local authorities' provision for 16-19 year olds, but in practice it would be difficult to measure this expansion with any precision. Robin Ibbs suggested in his letter of 6 August that the grant could be used in part to encourage new forms of educational provision; I hope that the grant will indeed have this effect, but I should be reluctant to incorporate a limitation of this sort into the distribution at the outset. Some authorities may for good reasons decide that an expansion of existing provision constitutes the most appropriate response to the needs of 16-19 year olds in their areas: these authorities should not be penalised for their decision. Use of the 1969 Act would also have manpower implications for central and local government. Lastly, the reference in the Act to "special needs in urban areas" would distort the distribution of grant designed to alleviate what is a countrywide problem - a point which was strongly expressed by the ACC.

4. For these reasons I share the ACC's preference for the use of block grant. The AMA too recognises that this option may be adopted and would be content with that, provided that the GRE was not adjusted at a later stage as Mark Carlisle originally suggested. I know that you also have reservations about this adjustment.

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5. The purpose of the adjustment would be to ensure that the distribution of GRE reflected local authorities' response to the Government's initiative. In fact, the evidence which is now beginning to become available about participation rates in the current academic year reveals that local authorities are already responding as best they can within the resources available to them. The participation rate of 16-19 year olds in full-time education is increasing significantly, and seems likely on present trends to lead to additional numbers in 1982/83 of the order implied by the additional provision of (for England) £49.5m. Furthermore, evidence from HM Inspectors suggests that this increase is most marked in areas of high youth unemployment.
6. In these circumstances I have considered whether the initial distribution of GRE should be made subject to later adjustment in the light of the numbers of 16-19 year olds actually registered in full-time education in 1982-83. It seems likely that the adjustment will for most authorities be relatively small; but until it is made, they will be subject to a further element of uncertainty in the distribution of block grant. In view of the response which local authorities are already making, and the evidence that it is related to the incidence of youth unemployment, I propose that the initial distribution of GRE should not be subject to later adjustment. I should be glad to know that you are content with this proposal. I shall then announce our decision.
7. I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Janet Young, Francis Pym, Norman Fowler, George Younger, Nicholas Edwards, Jim Prior, Norman Tebbit, David Howell and Leon Brittan, and to Sir Robert Armstrong and Robin Ibbs.

Concise,

Ken

CONFIDENTIAL



-7 OCT 1968

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Education

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref: ✓ *MP*

17th August 1981

See list

ADDITIONAL RESOURCES FOR EDUCATION: / GRANT MECHANISMS

Thank you for your letter of 31 July. Tom King spoke to Janet Young about this before the meeting of the Consultative Council on Local Government Finance on August 4 and agreed with her that there were a number of important issues about the way in which grant support should be given to support this initiative which could not be resolved in haste there and then. At the Consultative Council we therefore simply told the local authority associations that there would be grant support for this new initiative, and that we would discuss with them how this might best be channelled.

As you know, I do consider that there are strong objections of principle and possibly practice to your proposed method of adopting block grant to convey the additional resources for education to the authorities concerned. It would undermine the principle that block grant is an unhypothecated grant. It is also not certain that the block grant mechanisms would achieve the objective you desire.

However, as the next step I suggest that we should ask our officials to prepare a joint consultation paper on the options here, which might be remitted in the first instance to the Grants Working Group for consideration at their next meeting on September 3. In the light of that discussion we can then take a final decision on the arrangements during September in good time to be built into the RSG settlement for 1982/83 if it is decided to use the block grant machinery.

I am copying this to the recipients of your letter.

Yes Sir

[Handwritten signature]

MICHAEL HESELTINE

18 JUL 1981

9 10 11 12 1
8 7 6 5 4 3 2



CABINET OFFICE
Central Policy Review Staff

From : J. R. Ibbs

70 Whitehall, London SW1A 2AS

Telephone 01-233 7765



CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: J. R. Ibbs

CONFIDENTIAL

Qa 05652

6 August 1981

Dear Secretary of State,

Additional Resources for Education: Grant Mechanisms

Thank you for sending me a copy of your letter of 31 July to the Secretary of State for the Environment. I understand that in the event it was decided to make no announcement at the Consultative Council on 4 August about the method of distributing these additional resources. I should like to offer some comments on what is proposed.

The essential need, in my view, is for the extra resources to be used (and be seen to be used) for the purpose for which they are intended, i.e. extra education places which will attract young people who are at risk of being unemployed to remain in the education system.

On this analysis, the option of distributing the extra resources via the normal block grant mechanism appears to be a non-starter, since you would have no way of ensuring that the funds went on extra education spending. A general topping up of block grant would also be difficult to reconcile with the Government's firm stance on local authority spending.

This leaves two main options:

- a. an adaptation of the block grant mechanism as proposed in your first paragraph, so that in effect councils are paid by results; and
- b. a specific grant mechanism.

The objection quoted against a., that it would offend the principles of block grant by introducing hypothecation, does not strike me as overwhelming. On the other hand a. gives the Government no influence

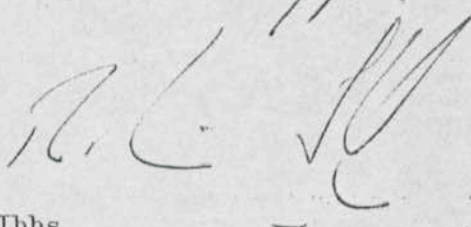
The Rt Hon Mark Carlisle QC MP
Department of Education and Science
Elizabeth House
York Road
S E 1

CONFIDENTIAL

in advance over the type of provision which councils make, nor does it enable you to concentrate funds on areas with the greatest shortage of educational resources. (In order to provide effective leverage you would presumably have to be sure of being able to measure after the event the increased number of 16-19 year olds in education, over and above what would have happened otherwise as predicted from present numbers and demographic trends - in the absence of some measure of this kind you would simply be paying authorities in proportion to the number of 16-19 year olds staying on, which would in general mean giving the money to the more prosperous areas.)

Under b. you rule out the use of the existing specific grant under the 1969 Act because it would be limited to urban areas of special need. Is this necessarily a bad thing, in view of the special concern about youth unemployment in deprived urban areas? Even if you judge that some of the resources ought to go to non-urban areas, I believe there would be merit in earmarking at least part of the £50 million for grants under the 1969 Act, so that the Government could ensure that young people in the most deprived urban areas would derive particular benefit. The grants could be used in part to encourage innovation in types of educational provision which might overcome the hostility of young people in the inner cities to traditional schooling.

I am sending a copy of this letter to the recipients of yours.

yours sincerely,


J R Ibbs

6 AUG 1988



CONFIDENTIAL



Mr Verker
Mr Walters
Mr Inquid

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Michael Heseltine MP
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

31 July 1981

Dear Michael,

ADDITIONAL RESOURCES FOR EDUCATION: GRANT MECHANISMS

It was agreed at the Prime Minister's meeting on 24 July that there should be additional expenditure on education rising from £60m in 1982-83 to £100m in 1984-85 (UK figures). The meeting noted, in my absence, that I was considering separately how the money should be advanced to local education authorities: through Rate Support Grant, or by a specific grant. In fact, I proposed in paragraph 8 of E(81)75 that the grant should be distributed through the RSG system by means of an adaptation of block grant. I envisage that:-

see Maypoints
Special Employment
Measures PE 5

see Maypoints
PE 4
Special Employment
Measures

- i. the total of local authority relevant expenditure and of education grant-related expenditure (GRE) assessments in England should be increased by some £50m in 1982-83, rising to nearly £90m in 1984-85;
- ii. the addition to each local education authority's GRE should be distributed according to the incidence of youth unemployment;
- iii. because of the way the block grant system works, most authorities which increased their expenditure to the extent of the rise in their GRE would be fully compensated through increased grant. This financial incentive, taken together with the publicity that I propose to give to these specific additions to authorities' GREs, would represent a strong encouragement to each authority to respond appropriately to our measures;
- iv. it is possible however that some authorities will not respond fully. I propose therefore that at Second Supplementary Report (ie in autumn 1983) we should substitute the actual numbers of 16-19 year olds in education in each authority in the year 1982-83 for the youth unemployment indicator as the basis for distributing the increase in GREs; and that we should announce our intention to do so this autumn. Authorities would then know that if they failed to increase their provision in line with our plans their grant would be clawed back and redistributed to those authorities that had responded well.

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I understand that Tom King dislikes this proposal because he believes that it would distort the block grant system if GREs were to be adjusted after the event in the way proposed at iv, a degree of hypothecation which he believes the local authorities would find objectionable. He would prefer to use normal block grant mechanisms or, failing that, a specific grant ie either the Local Government Grants (Social Need) Act 1969, which provides the statutory basis for grant at 75 per cent on the urban programme, or the Appropriation Act pending new legislation.

In view of the reference at the Prime Minister's meeting, I have looked again at the possibility of specific grants. They have the clear advantage of ensuring that the Exchequer's contribution can be made conditional on the use by local authorities of additional resources in the areas and for the purposes that the Government intend. However I have come to the conclusion that they would not be appropriate in this case for the following reasons:

- a. They would superimpose new machinery on top of the RSG system, in respect of expenditure on existing services which would need to be artificially divided for the purpose.
- b. My legal advice on the use of the 1969 Act is that it is necessarily selective: it is limited to urban areas of special need and does not provide for grant to non-urban areas.
- c. The Appropriation Act is not intended to be used for expenditure extending beyond one year. It would be impossible to frame and enact new (and possibly controversial) specific grant legislation in time for it to take effect in 1982-83.
- d. Any specific grant would involve detailed controls over local authorities and an increase in civil service manpower.

We are therefore thrown back on the use of the RSG system. In that case, Tom King's alternative, namely the use of block grant as it now stands would not ensure that extra expenditure was rewarded by extra grant. This would not then meet the objectives set out by the Prime Minister on 27 July.

We want to direct extra resources to those areas where additional staying on beyond 16 would help to reduce unemployment among young people and to provide a better qualified labour force. I hope therefore that you will agree in principle to my proposals. This will allow our officials to work out urgently, and then discuss with the local authority associations, their detailed implementation for the purposes of the 1982-83 RSG settlement in the autumn, including their implications for the total of RSG.

If this is agreeable it would be helpful to be able to make an announcement at the meeting of the Consultative Council of 4 August - which Janet Young will attend in my absence - so as to maintain the momentum of the Prime Minister's statement.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Christopher Soames, Francis Pym, Patrick Jenkin, George Younger, Nicholas Edwards, Humphrey Atkins, Jim Prior, Norman Fowler and Leon Brittan, and to Sir Robert Armstrong and Robin Ibbs.

James was
Mark

CONFIDENTIAL

3 AUG 1981





HU

Edwards

10 DOWNING STREET

From the Private Secretary

DR. ASHWORTH

The Prime Minister has asked me to thank you for your letter of 27 July.

The Prime Minister has asked me to say that she cannot see how it would be possible for the Government to meet your request for a specific grant to Salford without providing a similar grant to other universities which have been affected particularly badly by the UGC cuts. In any event, she feels it would be better if you would pursue this matter with the Secretary of State for Education and the Secretary of State for Industry.

TPL

30 July 1981

97

PRIME MINISTER

University of Salford

I sent you a minute 10 days ago about the campaign to promote the University of Salford, and warned you that John Ashworth was taking part in it. John has now sent you, to my mind, a rather presumptuous letter thanking you for "allowing him to take part in the campaign" and pressing for your support for a special grant of £3.5 million for Salford. He has not copied his letter to Mark Carlisle.

On the face of it, John does have a point when he argues that the UGC should not regard as a criterion of a University's excellence the amount of money it gets from the Research Councils. He points out that Salford, while not obtaining much money from the Councils, has done exceptionally well in obtaining research income from other sources.

However, I do not think you should get any further involved in this. John is taking advantage of his position of having special access to you; and if anything were now done for Salford through your intervention, I believe it would look rather invidious to the other Universities.

May I tell John that, while you have some sympathy for the arguments that he has put forward, he should pursue his case from now on with Mark Carlisle and Keith Joseph?

27 July 1981

Th ..
I just don't see how I can do what John Ashworth wants. Every other university in a similar position would use the same tactic - not

Education



10 DOWNING STREET

*OK - Noted
CJ. 28/7.*

CAROLINE

Please ignore John
Ashworth's request for a
meeting with the Prime Minister.

I will handle.

27 July 1981

TL

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CONFIDENTIAL

TO: MR T LANKESTER ✓
MISS C STEPHENS

27 July 1981

FROM: DR ASHWORTH

SALFORD UNIVERSITY

I attach a letter to the Prime Minister which concerns a mixture of policy and politics. Hence I am sending both of you a copy. I believe that £3.5m spent with my poor University-to-be will be money very well spent and the letter is, in fact, a bid for some of the extra resources that the Prime Minister is to announce today for training the young unemployed. I hope that one or other of you will ensure that at the appropriate time the Prime Minister has a chance to consider the case I make.

I am meant to be on holiday but I will, of course, be ready to see the Prime Minister at any time should she wish to speak to me. My home number is 0206 22 3576 if you cannot get an answer from my office. From 4 August I can be contacted via the University of Salford (061 736 5843; ask for the Vice-chancellor's office).

7

CONFIDENTIAL

HOW THE GRANTS ARE TO BE TRIMMED

University where Members of U.G.C. studied.	Approx. % Change in Grant.	University with a Member of staff on U.G.C.	
Salford+	-44		
Keele	-34		
Bradford+	-33		
Aston+	-31		
UMIST+	-30		
Stirling	-27		
Surrey+	-26		
Manchester Business School	-24		
Aberdeen	-23		
Kent	-21		
Sussex	-21		
Exeter	-21		
Hull	-20		
City+	-20		
Essex	-20		
St. Andrews	-19		
Brunel+	-19		
Stratclyde+	-18		
<hr/>			
***	London	-17	**
	Birmingham	-17	
	University of Wales	-17	*
	Dundee	-17	*
	Lancaster	-16	
	Reading	-16	
	Bristol	-16	
*	Manchester	-16	*
	Liverpool	-16	
*	Leeds	-15	*
	Warwick	-15	
	Nottingham	-14	*
*	Sheffield	-14	
	Heriot-Watt+	-13	*
	Newcastle	-13	
****	Oxford	-13	*
	Southampton	-12	
**	Glasgow	-11	*
	Edinburgh	-11	
	Lon.Grad. Sch. of Bus. Studies	+11	*
**	Durham	-10	*
****	Cambridge	-10	*
	East Anglia	- 9	*
	Leicester	- 9	
	Loughborough	- 8	
	Bath+	- 7	
	York	- 6	

Average % loss 17%

+"technological" University (former C.A.T.) *average % loss 22.*

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CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7089

27 July 1981

Dear Prime Minister,

I write first to thank you for allowing me to take part in the launch of CAMPUS (Campaign to Promote the University of Salford). The response to our advertisement (a copy of which I attach) has been excellent and we now have well over 200 firms as members. I have been largely successful, so far, in keeping the campaign criticism focussed on the UGC rather than the Government.

However, my second reason for writing is to warn you that I do not think I can hold this line for much longer because of an argument that was presented to me on 23 July when I attended the first meeting of the North West Regional members of CAMPUS. In outline this argument runs as follows:

One of the criteria which the UGC used to discriminate between different departments in different universities was "research excellence" as judged by the ability of the department in question to attract funds from the Research Councils. It would never have occurred to me to question this (brought up as I have been within the UGC/Research Council system) but my new-found industrial friends were livid. They pointed out to me that the Research Councils are "quangos" of the same type as the UGC (which is true), staffed by the same sort of people (again largely true) and subject to the same sort of biases (again probably true; I enclose a table which shows how the universities which have done "best" are those which either educated or now employ members of the UGC). This procedure thus amounts to one "quango" rewarding a university with grants of public money according to its success at extracting public money from another set of similar "quangos" and all this at the expense of other universities whose aim is to have their research supported directly by industry. In the middle of a recession it is difficult to attract support from industry and the UGC, instead of noting, dismissively, that Salford's research income had not grown very fast, might instead have recognised that building up the Salford University Industrial Centre Ltd, to a profitable turnover of over £500,000 pa was a more impressive achievement than attracting, say, an equivalent amount of soft money from the likes of the Medical Research Council for academic research. What made the CAMPUS members

The Rt Hon Mrs Margaret Thatcher MP

CONFIDENTIAL

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so angry was that they thought that in voting for the Conservative party they were voting against government by "quango" and for the imposition of the disciplines of the market on public sector institutions. As they see it Mr Carlisle, by endorsing so readily the decisions of the UGC, has done exactly the reverse of this. The argument is a good one and, unless countered, will do the Government damage - particularly I would guess amongst those firms in the Midlands and the North West who have come to work closely with universities like Aston, Bradford and Salford.

As I see it, Prime Minister, you have three options:

1. Do nothing and disregard the opinions of those who are your natural supporters;
2. Give a token but effective gesture to the technological universities by reducing the net cut in recurrent grant to the University of Salford from 44% to 22% (cost £3.5m over three years). If this were done in the form of a grant in recognition of the role of the University in supporting local industry and because of the unique part the University was intending to play in the development of the neighbouring enterprise zone this could be presented in such a way that protests from the UGC and the other universities could be minimised. Salford is unique in being adjacent to an enterprise zone in an inner city area. The new 22% cut would still be greater than the average for the universities as a whole (which is 17%) but would be equal to the average for the technological universities - I am sure it would be accepted as equitable by CAMPUS;
3. Reject the UGC's advice and reallocate the cuts in such a way that utility rather than academic excellence was rewarded. This is obviously the course that I would prefer but it would also inevitably mean a major row; the resignation of the UGC and arouse waves of protest from the traditional universities.

In hoping that you would decide to follow the second of the three courses outlined above I should explain that I have chosen to write directly to you rather than to Mr Carlisle because the case being presented by CAMPUS on behalf of the University of Salford rests on industrial rather than educational policy grounds.

Yours sincerely,

John Ashworth

DR J M ASHWORTH

PS At the request of Mr Adam Ridley I have kept him informed of the case being made by CAMPUS, not least because of the Chancellor's interest in the success of the enterprise zone concept.

CONFIDENTIAL

ca Pns Min

Mr. Longfellow
✓ To see Mr. 20/7

Education

R

To: THE PRIVATE OFFICE OF THE PRIME MINISTER
PRIVATE OFFICES OF OTHER MEMBERS OF THE CABINET
POLITICAL/ SPECIAL ADVISERS

From: STUART SEXTON, Special Adviser at the Department of
Education and Science

UNIVERSITY GRANTS

My colleague Special Advisers have requested some further briefing material on the recent university grants, particularly in the light of protests now being made to some Ministers from some universities, notably from Salford.

A letter, together with speaking and background notes, was circulated to his fellow Cabinet Ministers by the Secretary of State for Education, Mr Mark Carlisle, on 1 July.

The attached briefing material is based upon that which I prepared for the Whips' Office for use by backbenchers, and includes an Appendix covering the effects of the cuts on certain universities, including on Salford.

Stuart Sexton

STUART SEXTON
17 July 1981



20 JUL 1981

UNIVERSITY GRANTS 1981-82

BRIEFING

Prepared by Stuart Sexton, Adviser to the Secretary of State for Education, from whom further information may be obtained on 928-9222, extension 3579.

Introduction

1. The University Grants Committee (UGC) announced on Thursday, 2 July, details of the allocation of grant to the universities for the coming academic year, 1981-82.

The Government sets the total grant available to the universities; for 1981-82 we announced this last March.

The UGC then has the responsibility of dividing up that total sum to each of the universities.

Each university has the responsibility of dividing up its grant to each of the Departments or Colleges of that University. In the case of London, the grant for Imperial College is "earmarked" by the UGC; for all the other London Colleges the allocation is made by the Vice-Chancellor of London from his overall grant.

Procedure

2. The UGC issued two letters.

The first letter sets out the broad principles on which the allocation has been made, and then details the grants to be made to each university.

The second letter, or rather series of letters, is a separate letter from the UGC to each university. That letter advises the university not only of the overall sum allocated to the university, but goes on to specify how best the UGC believes the sum should be allocated and where within the university, economies ought to be made. The UGC might well recommend the withdrawal of certain courses or even the closure of whole Departments.

The final decision on how and where to apply the savings rests with the Vice-Chancellor of that university, but it is clear that the university will need to follow fairly closely the UGC's recommendations with an eye to the grant in the following years.

Copies of both these UGC letters have been placed in the Library of the House and in the Vote Office.

Reductions in Expenditure

3. The total grant, as announced last March, provides for 3½% less in real terms for home students in 1981-82 than the previous year, 1980-81.

There is a saving in public expenditure of approximately 15% by the year 1983-84, but in terms of home students only, the savings required by 1983-84 represent a drop of between 8% and 8½%.

Whilst the current letters from the UGC give firm figures for grant for 1981-82, they also give provisional indications to universities for the following academic years 1982-83 and 1983-84, and these are based on achieving these overall expenditure limits.

Detailed Reductions

4. The reductions to the universities have not been applied by the UGC evenly, they are not "across the board". The UGC has been very selective in making greater reductions to some universities and much less of a reduction to others, and even an increase to some. The UGC's allocation is based upon many factors, including a judgment both of courses offered and of the institutions themselves.

The UGC proposals assume:-

- a. a change in the distribution of students away from the arts and towards science and engineering;
 - b. an increase in numbers in engineering and technology despite the overall decrease in numbers;
 - c. increases in the numbers reading mathematics and physical sciences;
 - d. support for important new developments in biological sciences;
3. an increase in the number of students in business studies.

Universities Affected

6. The universities suffering the greatest cuts, in terms of percentage grant, in 1981-82 are:-

Aston, Bradford, Keele, Salford and Stirling.

Some of those least affected are:-

Bath, Cambridge, Leicester, Loughborough, Oxford, Southampton, York, Edinburgh, Glasgow.

Numbers of Students

7. It is not possible to put a precise figure upon the fall in the number of students. By a tightening of the staff:student ratio, a rationalisation in courses of some minority subjects, and a general rationalisation within the university system, the percentage fall in the number of students will be less than the percentage reduction in expenditure.

As a rough guide, the overall public expenditure saving is expected, by the UGC, to mean up to a 5% reduction in the number of home and European Community students by 1983-84.

This is against a very big increase in student numbers in recent years. If we take only home students and exclude EEC and overseas students, then:-

in 1960-61 there were 96,100 home students in British universities;

in 1969-70 there were 203,000;

in 1977-78 there were 245,300;

in 1980-81 there were 264,900;

Estimate 1983-84 - 245,300.

In other words, the present reductions in expenditure mean a fall in the home student numbers by 1983-84 to what they were in 1977-78.

This means in the short-term an actual fall in the participation rate amongst 18 year olds going to university, because there are at present, and will be in 1983-84, more 18 year olds than there were in 1977-78.

Looking further ahead, however, the present fall in pupil numbers in our schools will mean far fewer 18 year olds seeking university places by the late 1980s and early 1990s, and therefore participation rates could rise again by then. The fall in the number of 18 year olds is 30% over 10 years.

Staff Redundancies

8. It is too early to say how many redundancies of academic and non-academic staff there will be.

There are no closures of whole universities being planned but there are closures of some departments within some universities. This will inevitably lead to some staff redundancies. An element of £20 million has been included in the 1981-82 grant to allow for this re-structuring of the system. It is too early to say what further cost there will be as compensation for redundancy.

Polytechnics and other Colleges

9. The UGC only applies to the universities.

Nevertheless, the same arguments for economies, for rationalisation both between courses and between institutions, and for re-assessing staff: student ratios, apply just as much to the public sector of higher education as they do to the universities.

Polytechnics and other colleges are funded by the Local Authorities through the Rate Support Grant and from rates. The Government has recognised the need for the same kind of national over-view to be applied to the polytechnics and other colleges as the UGC provides for the universities, and indeed for close-co-ordination to be made between the universities and polytechnics.

A Green Paper on public sector higher education is about to be published.

Conclusion

10. It was necessary to reduce the overall grant of universities as a part of the wider exercise of cutting public expenditure.

The cuts will not mean a proportional drop in the number of students; the figure for the fall in the number of students will vary widely from one institution to another.

The opportunity has been taken to improve course provision, to re-emphasise the need of science, engineering and business studies, and to reduce those courses for which there is less demand, or where there is already an over-supply of graduates in that particular discipline.

Despite the declining level of the total programme for Education and Science the Government support for science through the Research Councils which finance much research activity within the universities is being maintained broadly at the current levels throughout the period 1983-84.

There is no question of a policy of equal misery for all, on the contrary, the university sector will emerge the stronger and healthier with the weakest parts of it being removed.

Nevertheless, this is a cut-back in money terms, and in terms of student numbers, over the next three years; we recognise it will cause concern in the universities but we regret that it is a necessary part of the overall reductions in public expenditure.

Appendix

11. See Appendix for further details on specific universities which have attracted publicity, such as Salford and Bradford.

APPENDIX

The following details cover some of the universities worst affected, namely,

Aston, Bradford, Keele, Salford, Stirling, Surrey

It must be emphasised that the decision on the level of grant to each university and the recommendation to that university as to where cuts (and expansions) should be applied, are not those of the Government, but are those of the UGC. The following details have, therefore, been taken from the letter which the UGC sent to each university. Nevertheless, Ministers have said in the House that they fully support UGC in the way they have applied the cuts, and in the recommendations that they have made.

ASTON

Recurrent grant for 1981/82 (1981/82 prices)	£12.02 million
Provisional grant for 1982/83 (1981/82 prices)	£10.77 "
Provisional grant for 1983/84 (1981/82 prices)	£ 9.86 "

	European Community students	
	<u>1979/80</u>	<u>1983/84</u>
Arts	1420	1080
Science	3250	2560

UGC recommendations

Arts

Overall reduction in arts and social studies.
Retain, however, Applied Psychology and Languages, Business and Management Studies.
Substantial reduction in students for Social Studies.
Discontinue Philosophy, courses in education, and Russian.

Sciences

Increase numbers of students in Physical Sciences.
Decrease in Mathematical Sciences and Pharmacy.
Discontinue Architecture and Biological Sciences.
Reduce numbers in Engineering, but make closer links in Engineering and Metallurgy with the University of Birmingham.

BRADFORD

Recurrent grant for 1981/82 (1981/82 prices)	£11.91 million
Provisional grant for 1982/83 (1981/82 prices)	£10.60 "
Provisional grant for 1983/84 (1981/82 prices)	£ 9.64 "

Numbers of full-time and European Community Students

	<u>1979/80</u>	<u>1983/84</u>
Arts	1680	1400
Science	2680	2130

UGC recommendations

Arts

Concentrate on languages, European Studies, and Inter-disciplinary Human Studies.
Small increase in students in Business and Management Studies.
Discontinue courses in education.
Substantial reduction in students in all other subjects.
Increased collaboration with the University of Leeds in Social Studies.

Science

Concentrate on Engineering and Technology, no reduction in students here.
Phase out Biological Sciences and Medical Sciences.
Reduce students in Physical Sciences, Mathematical Sciences, and Pharmacy.

KEELE

Recurrent grant for 1981/82 (1981/82 prices)	£7.04 million
Provisional grant for 1982/83 (1981/82 prices)	£6.23 "
Provisional grant for 1983/84 (1981/82 prices)	£5.64 "

Numbers of full-time home and European Community students

	<u>1979/80</u>	<u>1983/84</u>
Arts	2030	1570
Science	650	660

UGC recommendations

Arts

Shift emphasis from Social Studies to Arts.
Discontinue Russian.

Science

Discontinue Electronics, Mathematics, Physics, and Biological Sciences as single Honours degree subjects. Concentrate on Combined Honours in sciences.

SALFORD

Recurrent grant for 1981/82 (1981/82 prices) £11.85 million
Provisional grant for 1982/83 (1981/82 prices) £ 9.97 "
Provisional grant for 1983/84 (1981/82 prices) £ 8.59 "

Numbers of full-time home and European Community students

	<u>1979/80</u>	<u>1983/84</u>
Arts	1200	740
Science	2740	2010

UGC recommendations

Arts

Substantial reduction in students in Arts and Social Studies. In Arts, continue but on reduced scale English and European Languages.

Discontinue other Arts subjects.

In Social Studies, continue Economics, Geography and Inter-disciplinary work.

Reduce in Business and Management Studies.

Transfer Music to University of Manchester.

Sciences

Decrease in Biological Sciences, Physical Sciences and Engineering.

STIRLING

Recurrent grant for 1981/82 (1981/82 prices) £5.96 million
Provisional grant for 1982/83 (1981/82 prices) £5.45 "
Provisional grant for 1983/84 (1981/82 prices) £5.08 "

Numbers of full-time home and European Community students

	<u>1979/80</u>	<u>1983/84</u>
Arts	1610	1460
Science	860	560

UGC recommendations

Arts

Reduce Social Studies.
Discontinue Music.

Sciences

Reduce in all Sciences, but within the reduced numbers give priority to Physical Sciences.
Greater co-operation with the University of Dundee.

SURREY

Recurrent grant for 1981/82 (1981/82 prices)	£10.15 million
Provisional grant for 1982/83 (1981/82 prices)	£ 9.36 "
Provisional grant for 1983/84 (1981/82 prices)	£ 8.78 "

Numbers of full-time home and European Community students

	<u>1979/80</u>	<u>1983/84</u>
Arts	860	620
Sciences	2020	1850

UGC recommendations

Arts

Decrease students in Arts and Social Studies.
Discontinue Philosophy.

Sciences

Decrease students in Mathematical Sciences and Biological Sciences.
Retain intake levels for Nursing and Nutrition.

PRIME MINISTER

Salford University

I think you should be aware that John Ashworth and Sir Robert Telford of GEC are launching a "Campaign to promote the University of Salford" at a press conference in London on Monday.

Salford is the university hardest hit by the UGC cuts. They are losing 44% of their current grant. The campaign appears to be designed to put pressure on the UGC and on the Government to restore part of the cut, to draw attention to the fact that Salford is very much a technological university of the kind we need if industry is to flourish, and to persuade industry to provide an alternative source of funds.

John Ashworth is of course making it clear that he will speak as the Vice-Chancellor designate. But he continues as Chief Scientist in CPRS until 1 September; so, his remarks (which are fairly hard-hitting against the UGC) are likely to get a good deal of publicity.

^{du's} At first, when I heard about this, I thought we should try to persuade John from taking part in this exercise. But on reflection, I think it would put him in an invidious position with the university if he does not participate. Furthermore, while it is possible that the media will interpret his participation as an attack on the Government, in fact his and the other campaign sponsors' real criticism is against the way that the UGC appear to have victimised Salford.

I have told DES about all this. They have confirmed that Mr. Carlisle has no intention of overriding the UGC's decisions on the allocation of grant.

17 July 1981

Re: 1973 Conf. ...

SPEECH BY DR J M ASHWORTH, VICE-CHANCELLOR DESIGNATE
OF THE UNIVERSITY OF SALFORD

CHECK AGAINST DELIVERY

*for delivery
11/30
20 w 82*

I must make it very clear to you all that I stand
before you as the Vice-chancellor designate of the
University of Salford. Although I am at present
Chief Scientist in the Central Policy Review Staff
and will not take up my post until 1 September what
I am about to say is in no sense connected with my
present position.

The University of Salford has been deeply shocked
and angered by the decision of the University Grants
Committee to single it out for especially severe
cuts (approx -44% in recurrent grant; -30% in student
numbers). We were doing a good job producing highly
employable graduates of all kinds and doing our best
to support industry and commerce both locally and
nationally. Clearly we can and will do even better

/and the purpose

and the purpose of this press conference is to tell you how we have begun to face up to this task.

A cut of -44% in recurrent grant will leave us with no option but to reconstruct the University and it will be my task as the new Vice-chancellor to lead and guide that reconstruction when I take up my post on 1 September. I must say that when I look to the letter that the University Grants Committee sent the University of Salford on 1 July I do not see the guidance or help that I will need. In any case, I am damned if I see why I should take much notice of the views of those who seem to have such little knowledge of what a technological university like Salford is about or who seem to have such a perverse perception of national needs and priorities. No - if I am going to seek guidance and help I am going

/to go to those

to go to those whom the University of Salford has always sought to serve - the manufacturing industries and commerce of this country. But, clearly, the relationship between the University and industry needs to be even better than it has been in the past and now, as we contemplate the awesome task of rebuilding the University, is the moment to begin to build that new and better relationship.

The firms who have agreed to come together to form 'CAMPUS' will provide the necessary beginning. I will be looking to them, and key people in them, for guidance and help in the years to come. Since we began to formulate these ideas at the beginning of last week and to approach firms for help, I have been immensely encouraged by the response. Nearly

/200 firms have

200 firms have agreed to contribute to an advertisement
which will appear on Wednesday in the national newspapers.

It is clear that industry - if not the University
Grants Committee - sees the University of Salford
doing a good job and doing it well. Indeed, in view
of this response there must be serious doubts - which
we will be conveying to the Select Committee on
Education and Science (who will be taking evidence,
in private, from the UGC on Thursday) in the most
forceful terms - about the soundness of the University
Grants Committee's judgment. But it is not my
purpose this morning to fight that battle. Rather,
I want to appeal to you to help us to bring home to
British industry and commerce the skills and the
resources of the University of Salford and, through
you, to appeal to those who wish to help me and my
colleagues to develop to the utmost our constructive
/relationship with

relationship with the wealth-producing sectors of
our economy to write to CAMPUS, 43 The Crescent,
Salford M5 4WT.

There are two points I should make about CAMPUS.

First it is not a fund raising organisation for the
University of Salford. Its purpose is to help guide
and advise the University and myself during the
reconstruction of the University. The first
stage of that process must be, of course, to bring
such pressure as we can on the Government to alter
the UGC's plans for the University of Salford - if
possible for the financial year 1981/2 but, if that
proves impracticable then certainly for the years
1982/3 and 1983/4. But the more important ^{aim} point is
to help build a better and more mutually beneficial
University-Industry relationship. That brings me
/to my second point.

to my second point. It is not our intention, in any way, to make CAMPUS an exclusive organisation. The case we put before you on behalf of the University of Salford is similar to that which could be presented by any of the so-called technological universities which have also been very severely treated by the UGC. If they too would wish to join with us then I would be delighted to have them on board - indeed I would be more than delighted, I would be overjoyed. I had hoped that they would feel able to join with us today but, as I am sure you understand, this first phase of our activities has had to be planned in a tremendous hurry and under great pressure. When the acting Vice-chancellor contacted the other technological universities on Monday 13 July, we got a rather equivocal response. Not, I am sure, because they were or are unsympathetic but because their reaction times were a little slower than ours.

/Amongst the things

Amongst the things that I think I have learnt in the
5 years I have been in the Cabinet Office are some of the skills
of crisis management and the importance of speed
and timing - if we were to meet our deadline of
23 July then we really did have to begin to make
firm decisions last Monday. Since 13 July our fellow
sufferers have had their emergency meetings of
Senate etc and some are, I know, more interested now in
the aims and ambitions of CAMPUS than they appeared
to be when we contacted them then. I do hope they
will join us and we will be keeping them fully
informed of our plans. The acronym CAMPUS was
deliberately chosen by us so that it was general
rather than Salford specific.

One final word. We will need other kinds of help
besides that which our industrial and commercial

/friends can give us.

7.

friends can give us. It thus gives me very great
pleasure to announce that Sir Kenneth Berrill, a
former Chairman of the UGC and a former colleague
of mine when he was head of the Central Policy
Review Staff, has
agreed to join the Council of the University. I
am greatly encouraged that a man as busy as
Sir Kenneth, with his wealth of knowledge of the
academic world, should be prepared to come to
our aid at this critical time. It is a tribute
to the University, I think, that he should offer
his services in this way.

SALFORD UNIVERSITY CAMPAIGN - BRIEF

Background

1. Over the university system as a whole, the UGC has proposed a cut in home student numbers of 5% between 1980/81 and 1983/84, and a cut in recurrent grant of 17%. It proposes a bigger than average cut in grant for 18 of the 45 universities in the country. Five universities (UMIST, Aston, Bradford, Keele and Salford) are to suffer a cut in grant of more than 30%. Two (Aston and Salford) are to suffer a cut in numbers of more than 20%. But Salford is easily the worst-hit. Its cut in grant is a swingeing 44% - a whole dimension bigger than that proposed for Keele, the second hardest hit, whose grant is to be cut by 34%. Salford's cut in home student numbers is 30%. Only Salford is to suffer a cut in grant of more than 40%; only Salford is to suffer a cut in numbers of 30%. Salford has been singled out.
2. We accept that, in a time of economic stringency, the public sector in general, and the university sector in particular, have to bear a fair share of the burden. But Salford has been asked to bear an unfair share.
3. It has been asked to do this not by the Government but by the UGC. It is true that the Government is responsible for the cut in the funding of the university sector as a whole. But, as is customary, the Government has left the distribution of the cut to the UGC. The Government can, if it wishes, set aside the UGC's recommendations, or instruct the UGC to operate according to different criteria when the provisional allocations for 1982/83 and 1983/84 are translated into firm decisions.

4. It is essential for the Government to do this - not simply in the interests of the University of Salford but in the national interest. The integrity and good faith of the individual members of the UGC are not in question, and we deplore any suggestion to the contrary. The fact remains that the criteria which have led the UGC to make its present recommendations are dangerously misconceived. They run counter to the Government's own stated aims and they also run counter to the real needs of the British economy.

5. The central aim of the Government's economic policy is to strengthen the wealth-producing sector. The UGC has paid no heed to that objective. Four of the five universities whose grants are to be most savagely cut are technological institutions and, as such, much more oriented towards wealth production than the university sector as a whole.

6. One of the main reasons for Britain's economic decline is that, as a society we have traditionally esteemed the theoretical more highly than the applied, and the academic more highly than the practical. Much of the responsibility for this lies with the universities. In discriminating so heavily against Salford and similar institutions the UGC has perpetuated that tradition when its duty is to challenge it.

The fate of engineering

7. It is true - and the UGC and its defenders will stress this - that the UGC has proposed that, over the system as a whole, a slightly higher proportion of places will go to engineering in 1983/84 than is the case now. But most of the universities which have been asked to give more places to engineering are not technological universities with proven records of success in the practical engineering which industry wants, and in producing the kinds of engineers which industry will employ.

8. The UGC proposes increases in engineering in 12 universities - Reading, Durham, Southampton, Sussex, Sheffield, Manchester, UMIST, Loughborough, London, Leicester, Leeds and Kent. Only two of the twelve are technological universities. Aston and Salford have both been told to cut engineering!

A-levels and employment

9. The UGC seems to have been guided by three criteria above all. The first is the A-level performance of entrants to the University. This, of course, means judging an institution by the input to it, not by output from it - by any reckoning a bizarre procedure.

10. It also means discriminating against candidates from poor schools and/or deprived backgrounds. Hard data about the social origins of Salford students are lacking. But there is no doubt that a higher proportion of them come from deprived backgrounds than is the case in traditional universities. One reason is precisely that we do not pay as much attention to A-levels as do bigger and less flexible institutions, that we rely more heavily on interviews and that we are willing to offer places to well-motivated candidates even if their A-level scores are poor. If we relied more heavily on A-levels - and we have been punished by the UGC for not doing so - we would be denying higher education to many young people with the capacity to benefit from it.

11. In any case, the way to judge a university's value to society is not by the qualifications its students have on entry but by their qualifications when they leave. The best test of that is their employability, and here Salford is unusually successful.

12. Salford graduates are much less likely to be unemployed than the average. According to the Financial Times, Salford's position in the league table ranking universities according to the number of their graduates in permanent employment varied during the seventies from 1 to 11. Its median position was 4. In other words, most of the universities which have been better treated than Salford are much less good at producing graduates who can find jobs!

13. Moreover, more Salford graduates go directly into jobs (64% over the last six years, compared with a UK average of 52%) and far more go into jobs in industry and commerce (49% over the last six years, against a UK average of 29%).

14. This employment record is not a function of the high proportion of scientists and engineers at Salford. Salford does significantly better than the university system as a whole in every subject area. Over the last 10 years, the percentages of graduates without a job six months after graduation have been:

(a) Salford Engineering	1.6%
all UK Universities	4.6%
Engineers	
(b) Salford Scientists	6.9%
all UK Universities	9.7%
Scientists	
(c) Salford Languages etc.	9.7%
UK Universities	
Languages, Literature etc.	11.5%
(d) Salford, Social, Admin.	
and Business Studies	9.1%
UK Universities, Social	
Admin. & Business Studies	10.7%

Other UGC criteria

15. The other important UGC criteria appears to have been (a) the extent to which different universities have attracted research grants from the research councils, and (b) unit costs per student.

--

16. The research-council criterion only makes sense on the assumptions (a) that the research councils are better at spotting winners than anyone else, and (b) that the quality of research is proportionate to its cost. Neither assumption stands up. Some of the most valuable research done at Salford (eg the Biology Department's research into Dutch Elm Disease, for details of which see paragraph 17) was refused help by the Research Council concerned. Some (eg the research which provided the basis for the new firm, Pensec Ltd, for details of which see paragraph 20) has received no outside help at all. The fact is that high quality research, of great value in the economy, is often cheap; and that expensive research projects often yield few economic benefits.

17. In any case, a good deal of high-quality research, of national and international significance, has been done at Salford over the last few years. Examples include:

- * The Biology Department's research on the control of Dutch Elm Disease. Five million trees are at risk in the North of England, and at £120 per tree the cost of an uncontrolled epidemic would be enormous. In its first year the Biology Department's research has cut down the incidence of the disease by 33% in the area of Liverpool where it was applied.
- * The Chemical Engineering Department has the largest research group in the world concerned with the use of heat pumps in industry.

- * The research in the new field of prostaglandins carried out in the Departments of Chemistry and Applied Chemistry. As the development of the 'Salford synthesis' implies, Salford is at the forefront of research in this area. A Fine Chemicals unit has recently been launched in collaboration with the Industrial Centre to exploit the University's discoveries commercially.
- * Research in stressed-skin structural design in the Civil Engineering Department. In this field, Professors Bryan and Davis are recognised as international authorities, and are currently setting European standards and codes of practice.
- * The research by Professor Wilson and his associates of the Civil Engineering Department, on tidal energy scheme analysis. This group was responsible for almost all of the energy analysis of the Severn Barrage Committee.
- * The research by Professor Hampshire of the Department of Electrical Engineering which produced the SALPLEX system of car and truck wiring - a revolutionary new system of automotive vehicle wiring.

18. On unit costs, the UGC has not released its estimates or the assumptions on which they were based. This makes it difficult to have an informed discussion of this issue. Preliminary calculations done by the University suggest that Salford is not out of line, either with the other technological universities or with UK universities as a whole, as the following table shows:

UNIT STUDENT COST OF TECHNOLOGICAL UNIVERSITIES
(RECURRENT GRANT/STUDENTS WEIGHTED ARTS 1, SCIENCE 2, MEDIC 3)

ALL AT 1981/82 PRICES

	1983/84		1979/80 ⁺		
	PLACE	£	£	PLACE	
BATH	1	1582	1535	2	
ASTON	2	1590	1418	1	
BRADFORD	3	1703	1571	3	
SALFORD *	4	1804	1861	4	
SURREY	5	2032	2012	6	
UMIST	6	2102	2215	8	* EXCLUDING LONDON
BRUNEL	7	2198	2005	5	
CITY	8	2388	2159	7	
AVERAGE TECHNOLOGICAL		1925	1847		
AVERAGE ENGLISH					
UNIVERSITIES		2029	1864 *		+ BASED ON FULL TIME STUDENT LOAD PER FORM 3 RETURN INFLATED BY 20%

The case for Salford: the Industrial Dimension

19. As well as answering the case which the UGC has, at any rate by implication, made against Salford, it is necessary to put forward the positive case for the University. This contains two main elements overlapping with each other:

- (a) the industrial dimension;
- (b) the regional dimension

20. On the first, the University has exceptionally close links with industry - both with giants like GEC and (perhaps even more significant) with innovative small firms, many of which have developed technologies originally pioneered by the University. To take only a few examples:

- * Pensec Ltd., a new firm now employing 30 people, manufacturing visual and audible alarm products, seeded entirely by work at the University (work unsponsored either by Government or private grants) is now about to move into a new factory just off the Salford campus;
- * The Department of Electrical Engineering has recently developed a liquid level detector for use on production lines. Agencies have been established in France and Germany as well as in the UK., and the detector will shortly be produced in quantity at a factory to be opened nearby by Hillcroft Packaging Systems.
- * Since 1976 the Department of Aeronautical and Mechanical Engineering has operated a Teaching Company scheme in collaboration with GEC High Voltage Switchgear Limited. This has now been followed by a similar scheme with GEC Turbine Generators Limited.
- * A new firm, Transaction Security Limited, has recently been set up in Guildford to market a data entry pad, based on work which started as a postgraduate student project for a Masters degree in the Department of Electrical Engineering.

21. Of particular importance in this connection is the University's Industrial Centre. Started in 1969 with a Government grant of £100,000 and greatly assisted in its formative years by 2 substantial grants from the Wolfson Foundation, it is now a self-financing limited company with a permanent staff of 30 and a turnover of £500,000 a year. It draws upon the resources of the University as well as upon its own staff, and in any one year uses the services of more than 100 members of the University's academic and research staff. It is an 'interface' centre, rather than a mere marriage broker or adviser. That is, it identifies the technological and engineering skills required by a particular industrial organisation for a particular project, and then deploys those skills in the interests of the company concerned.

22. A newer development is the establishment of a Science Park by the City of Salford on land adjoining the University campus. This demonstrates the City's faith in the value of the interaction between the University and local industry. It will provide small factory units at low cost for businesses which can benefit by close but informal links with a university. At the present time four units are under construction and a further four planned. A further five acre site has been provisionally earmarked by the City.

The regional dimension

23. Salford's location in the heart of the Greater Manchester conurbation, in an old industrial region with high unemployment and declining job opportunities, makes these activities even more valuable than they would otherwise be. One of the main reasons for the economic decline of Britain's older industrial regions is that they lack centres of technological innovation, and that R and D is heavily concentrated in the South-East. Universities have a crucial part to play in correcting this imbalance, and in helping to

generate new, high-technology, high-skill activities in the Regions.

In the North-West, Salford has been pre-eminent in this.

24. The Government's imaginative decision to establish an Enterprise Zone in Salford, on the University's doorstep, underlines the point. So far only eleven Enterprise Zones have been announced. Their purpose is to attract small, thrusting new enterprises, capable of regenerating old industrial areas. The fact that Salford will have one of them shows that the Government itself believes that this is one of the places which can most benefit from precisely the kind of industrial development which a technological university is ideally suited to aid. The UGC should not take away from the area with one hand what the Government wishes to give it with another.

CAMPUS

THE CAMPAIGN TO PROMOTE THE UNIVERSITY OF SALFORD

An action prospectus for the Industrial and Commercial Friends of the University of Salford.

Introduction

The UK is good at basic research and invention but too often fails to translate this into the practice, sales and profit that would keep it abreast of other countries.

The University of Salford has sought and seeks to rectify this by its commitment to work on significant practical problems, the solution of which would help industry to produce resources for the country. It remains committed despite current financial difficulties.

CAMPUS

Friends of the University in industry, commerce and elsewhere have joined together in the formation of an Action Group - CAMPUS. Its immediate aims are:-

- (a) to promote improvements in the scale and nature of interaction between the University and industry, commerce and the public service;
- (b) to gather and present evidence on:-
 - (i) the significance of problems faced by industry, commerce and the public service;
 - (ii) the extent of University technical support for the solution of those problems;
 - (iii) the changes necessary in the University system generally to meet national needs and the contribution which Salford can make.

The longer term aims of CAMPUS are:-

- (a) through the cooperation between the University and industry, commerce and the public service, to establish a model technological university in the UK whose effectiveness as a centre of excellence will compare favourably with the best institutions in other countries;
- (b) to develop an 'exportable' service wing of the University which will enable it to introduce and monitor technologies and management systems in developing countries;

Cont'd ...

- (c) to emphasise the capacity to produce versatile people whose talents and skills can match rapidly changing and developing situations by drawing from the reservoir of their education solutions to the problems of a complex world. That calls for a move from the conventional education of the technologist towards an education for capability.

Method of Working

CAMPUS recognises, but regrets, that in periods of financial stringency organisations tend to draw in on themselves and carry out traditional activities rather than develop innovations. The University system seems currently to be doing just that, despite the national need. CAMPUS, through its resources in industry and commerce, its links with local and national government and its involvement with international bodies, will vigorously pursue at Salford University the development of the distinctive kind of excellence that makes a direct contribution to society's needs and will ensure that the existence of this excellence is presented regularly to those best able to utilise it.

17 JUL 1981

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Prime Minister 2
for info

WV
15/7



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222
FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

The Rt Hon Margaret Thatcher MP
House of Commons
LONDON SW1A 0AA

14 July 1981

2/15/7

Dear Margaret,

We spoke in the House today about the way in which the University of Liverpool has fared in the allocation of grant exercise recently carried out by the University Grants Committee.

The UGC's allocation to Liverpool for 1981-82 and its provisional indications for later years provide for a 13% fall in income from recurrent grant plus home student fees between 1980-81 and 1983-84. Some of this will be made up by overseas students paying full cost fees but it is too early to say how much.

The UGC target numbers for the University provide for a fall in home students of 2% on numbers in 1979-80. This covers a projected fall of about 8% in arts-based students and a rise of about 2% in science-based students.

... I attach a copy of the letter which Dr Parkes sent to the Vice-Chancellor of Liverpool setting out the figures and recommendations which relate specifically to that University.

All good wishes
Yours ever
Rhodes
DR RHODES BOYSON



UNIVERSITY GRANTS COMMITTEE
14 Park Crescent London W1N 4DH

Telephone 01-636 7799 ext

Your reference

Our reference 44/52/021
(Circular Letter 10/81)

Date 1 July 1981

Dear

1. This is the separate letter for your institution which is referred to in my general letter of 1 July. This letter deals with specific matters which are the direct concern of your institution, but it should be read in the general context of my first letter. I begin with mainly factual matters, including the numbers of part-time, extra mural and continuing education students that the Committee has used in determining provisional grant for 1983-84. Paragraph 3 conveys the Committee's specific advice on the pattern of academic change which may be implied by the grant and student numbers set out in the annex to my first letter. All comparisons are with reference to 1979-80 figures.

We have been asked on behalf of the Chairman of the Education, Science and Arts Committee of the House of Commons whether we will supply the Committee with a copy of this letter and the equivalent letters to other institutions. I would be glad to know as soon as possible whether you are prepared to agree that this one should be provided. If so, copies of each letter will be laid in the Library of the House of Commons. If not, it will be for the Select Committee to decide whether to ask you for the letter.

2. I reproduce below the information for your own institution given in the annex to my general letter, together with the additional figures referred to in paragraph 1 above. Details of the equipment and furniture grant for 1981-82 are also given in the annex to this letter.

/over

LIVERPOOL

3. The Committee's advice on particular subject areas is as follows:

ARTS

The Committee recommends a small decrease in overall student numbers in Arts and Social Studies, with a substantial decrease in Business and Management Studies. It recommends that within the reduced total, Latin American Studies should be maintained. The University is invited to consider discontinuing Italian and Linguistics.

SCIENCE

The Committee recommends increases in student numbers in Physical Sciences and in specialist courses in Mathematical Sciences. It invites the University to consider the possibility of increased cooperation between the Departments of Architecture and Building Engineering. It recommends that the intake to Nursing and the student numbers in Civic Design should be maintained at their present level.

MEDICINE

A smaller than average reduction in the level of funding in Clinical Medicine is assumed with medical intake being maintained at its present level but with a decrease in postgraduate numbers.

4. The Committee would wish to discuss further with the University the long-term viability of Business and Management Studies.

5. Provision is included within grant for the fees for nuclear reactor inspections at Risley, for external maintenance costs associated with Phase II of the Oxford Street Development project, and for support for a second year of the Diploma course in Bovine Reproduction. Responsibility for financing the Diploma course will pass to the University after the end of the 1981/82 academic year but the associated student load will continue to be taken into account in determining grant.

Yours sincerely

Edward Parkes

EDWARD PARKES

Grants

(a)	Recurrent grant for 1981/2				28.21
(b)	Provisional grant for 1982/3 at 1981/2 prices				27.01
(c)	Provisional grant for 1983/4 at 1981/2 prices				26.13
(d)	Furniture and equipment grant for 1981/2				2.09237
<u>Full-time home and EC student numbers for 1983/4 (or 1984/5)</u>					
(e)	Arts	(1979/80	3090)	2850
(f)	Science	(1979/80	2950)	3060
(g)	Medicine	(1979/80	1020)	1000
(h)	Total assumed for grant	(1979/80	7060)	6910
<u>fte of other students assumed for 1983/4 (or 1984/5)</u>					
(i)	Part-time excluding extra-mural				490
(j)	Extra-mural				600
(k)	Continuing education				210

EQUIPMENT AND FURNITURE GRANT FOR 1981-82

1. In arriving at the general equipment and furniture grant for academic year 1981-82 (Column 1, below) the Committee has taken into account levels of activity in research and other relevant matters mentioned in the foregoing letter. As I explained in my letters of 3 May 1979 and 18 June 1980, the replacement of furniture and its initial provision in relation to minor building projects may be met either from general recurrent income or from the equipment and furniture grant. The Committee has again asked me to convey to you their continuing hope that where the equipment and furniture grant is used for these purposes the expenditure will be less than 7% of the grant.
2. For a third and final year, the Committee has agreed to earmark part of the general equipment and furniture grant specifically for the purchase of equipment in the field of microprocessors. (Column 2). The Committee has asked me to request a report on the purposes to which this earmarked grant has been applied as soon as possible after the end of the academic year.
3. Grants related to the cost of initial furnishing of specific building projects, together with details of the relevant projects, are shown in Column 3.
4. The total equipment and furniture grant is given in Column 4. This will be credited to the University in the usual way.

Column 1	Column 2	Column 3	Column 4
Equipment and Furniture Grant 1981-82 £M.	Earmarked Grant for Microprocessors £	Specific Furniture Grant Amount Project £	Total of Columns 1, 2 & 3 £M
1.99	35,000	24,790 - Marine Biol. Stn., 2nd. of 3 42,580 - Oxford St. Residential Development, Phase I, 2nd. of 2 <u>67,370</u> - Total	2.09237



DEPARTMENT OF EDUCATION and SCIENCE

Wk
15/1

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PRESS NOTICE

Education

14 JULY 1981

NEW DEVELOPMENTS IN MICROELECTRONIC PROGRAMME FOR SCHOOLS

Two-thirds of the Microelectronics in Education regional information centres will begin work in the autumn, said Mr Neil Macfarlane, Parliamentary Under Secretary of State, Department of Education and Science, told the House of Commons today.

In a reply to a Question by Mr John Butcher, MP for Coventry South West, who asked if the Secretary of State for Education and Science would make a statement on the progress of the microelectronic education programme, Mr Macfarlane said:

"A strategy for the Programme was published on 6 April. Since then new curriculum materials have been commissioned and the staff of the Programme are preparing in-service training materials to support the Department of Industry's Micros in Schools Scheme. Two-thirds of the proposed regional information centres will begin work in the autumn."

NOTES FOR EDITORS

1. The 10 Local Education Authority consortia areas and the probable location of the centres are:

<u>Area</u>	<u>Site of Centre</u>
Wales	WJEC Headquarters, Cardiff
N Ireland	New University of Ulster, Coleraine
North (Cumbria, Northumberland, Durham, Cleveland, Tyne-Wear)	Newcastle Polytechnic
W Midlands (W Midlands Met Area, plus Hereford/Worcs, Staffs, Shropshire, Warwickshire)	Albright HS, Sandwell
S Yorks/Humberside/S Derbyshire	Doncaster Teachers' Centre
W and N Yorkshire	Leeds Polytechnic
Greater Manchester	Manchester Polytechnic
E Midlands (Leics, Lincs, Notts, Northants, S Derbyshire)	Leicester Polytechnic
"Chilterns" (Cambridgeshire, Herts, Beds, Bucks, Oxon, Hillingdon, Haringey, Brent, Barnet, Enfield)	Advisory Centre for Computer Based Education, Hatfield

SW (Avon, Gloucs, Wilts, Bristol Poly/Plymouth Poly/College of
Somerset, Devon, Dorset, Cornwall) St Mark and St John.

2. In the first year of the Programme (1980/81) over 30 projects were commissioned at a cost of about £1.1 million. Of these, one-third were concerned with teacher training, one-third with the development of curriculum materials and software and one-third with supporting studies and the collection and dissemination of information.
3. Since April this year, over 20 new projects or extensions of existing projects have been authorised or agreed in principle at an estimated cost of about £1.4 million. Most of those already authorised provide for the development of new curriculum materials in this field.
4. It is envisaged that over half the expenditure under the Programme will be devoted to curriculum development and the dissemination of materials and information and about a third to pilot courses of in-service training for teachers.
5. The Programme will include projects relating to the needs of handicapped pupils, including guidance and training for teachers in special schools and the adaptation of suitable curriculum materials.
6. The Strategy Paper for the Programme, published on 6 April 1981, set out curriculum development, teacher training and resource organisation as the three main action areas.
7. The Microelectronics in Education Programme was announced in March 1980. A total of £9million, at 1980 survey prices, is to be made available for the Programme in the 4 years 1980/81 to 1983/84.

HIGHER EDUCATION DEBATE, 8 JULY

PROPOSED AMENDMENT TO OPPOSITION MOTION

That this House, recognising the need for restraint in public expenditure, notes that the Government continues to make substantial resources available for higher education and welcomes the recommendations of the University Grants Committee for the rationalisation of the university system to ensure a balanced provision.

Approved by the Prime Minister.

AM

7/ii

OPPOSITION MOTION ON HIGHER EDUCATION

M. Foot
D. Healey
J. Silkin
N. Kinnock
F. Field
P. Whitehead

That this House strongly condemns the cuts in resources for higher education by Her Majesty's Government including the imposition of "full cost" fees for overseas students, deploras the deliberate reduction in student places by 20,000 which will mark the abandonment of the Robbins principle at a time when the population of student age is increasing and the higher education need of adults is growing, and notes with special concern the effect of cuts on those institutions which have made particular efforts to provide for the technological and scientific needs of the nation by their teaching and research activities.



✓ Mr Pattison
Press Office

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222
FROM THE SECRETARY OF STATE

(Handwritten scribble)

The Rt Hon Francis Pym MC MP
Chancellor of the Duchy of Lancaster
Privy Council Office
Whitehall
LONDON SW1A 2AT

| July 1981

Deo Francis,

TPM

UNIVERSITIES' RECURRENT GRANT FOR 1981-82

.... Following my letter of 29 June I am now writing as promised to let you and our colleagues have the general letter from the University Grants Committee to all universities about their recurrent grants for 1981-82. I will be making these public by means of a written parliamentary answer at 2.30pm tomorrow. Colleagues may find it helpful to be warned that because the table enclosed with the letter does not show grant for the current year it does not itself reveal the extent of reductions in universities' recurrent grant for the year 1981-82 - which in the case of some universities are substantial.

.... Also enclosed are speaking notes and background notes which I hope colleagues will find helpful.

Copies of this letter go to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

*Yours ever
Mark*

MARK CARLISLE

UNIVERSITIES' RECURRENT GRANT FOR 1981-82

SPEAKING NOTE

1. The University Grants Committee have now announced (2 July) the detailed allocation of recurrent grant to universities for the academic year 1981-82. The total recurrent grant for 1981-82 was announced in March. It provides approximately 3% less in real terms for home students than in 1980-81. This is a consequence of the Government's policy (as set out in Cmnd 8175) of reducing expenditure on higher education for home students by rather more than 8% by 1983-84.

2. The Government's public expenditure policy is essential to our economic recovery. The universities cannot be exempt from it. After a period of unprecedented expansion the forthcoming fall in the relevant age groups in the population had in any case made a review of the present university structure necessary and inevitable. The Government have therefore faced up to the necessary task of providing for a university system which we can afford and which is fitted for national needs in the 1980s. In particular, the UGC's allocation of recurrent grant for 1981-82 provides for

- a change in the distribution of students away from the arts and towards science and engineering
- an increase in numbers in engineering and technology despite the overall decrease in numbers
- increases in the numbers reading mathematics and physical sciences
- support for important new developments in biological sciences
- an increase in the number of students in business studies.

3. The only firm figures in the present announcement are those of grant for 1981-82. The figures for later years are provisional indications only of what universities' grants might be for the academic years 1982-83 and 1983-84 on the working assumption of a total reduction in recurrent grant for home and EC students by

1983-84 of 8½% below the levels planned in the 1980 Expenditure White Paper (Cmnd 7841). These provisional indications are subject to review in the light of decisions yet to be taken about the exact apportionment of the resources available to higher education as a whole in these years, but because of the Government's known intention of reducing resources for higher education as a whole (see para 1 above) the UGC decided that they had to allocate the grant for the coming academic year with an eye to the likely scale of reductions that could be expected in future years, and to indicate the implications of this for the future.

4. Reductions in expenditure of the order required necessitated some rationalisation and restructuring of the university system, involving reductions in the range of subjects taught at some universities. This has led to recommendations for the closure or radical reduction of some departments with a view to making the most economic use of university resources. The net effect of these changes if these provisional indications are confirmed is that by 1983-84 or 1984-85 (allowing for the different lengths of course in some subjects at some universities) the total number of home and EC full-time students will have fallen by about 5%. Although the relevant age group will continue to rise during this period this reduction has to be seen in the context of the decline in the relevant age group that will start in the mid 1980s as the effect of the reduction in the birth rate works its way through the system and will amount to a reduction of 30% in the relevant age group by 1995.

5. Although there will be savings in Government expenditure on higher education of the order of 15% by 1983-84 (taking account of public expenditure savings and of the introduction of full cost fees for overseas students) the UGC expect this to mean a reduction in the numbers of home and EC students of up to 5% because of the capacity for rationalisation in the university system, in particular by a reduction in the number of universities teaching some minority subjects and by a tightening of the student staff ratio.

6. The Government recognises the importance of maintaining the research activities of the universities in science and technology. Despite the declining level of the total programme for education and science the Government's support for science through the Research Councils (which finance much research activity in universities) is being maintained at broadly the current levels throughout the period to 1983-84. For its part, the UGC is anxious to sustain its share of the dual support system for research in the universities and has had regard to the needs of research in the allocation of both recurrent and equipment grant.

7. In deciding whether there should be reductions in different subject areas the UGC has had regard as far as possible to known manpower needs - for example reductions in architecture and town planning take account of the prospects for professional employment in these areas.

8. It is too early to say by what extent opportunities for access to higher education will be reduced. Many courses in the polytechnics and elsewhere are undersubscribed. Overall levels of student admissions will therefore depend in part on the extent to which applicants are prepared to be flexible.

Redundancies

9. Reductions in expenditure on higher education of the kind the Government have in mind will inevitably lead to the closure of some university departments and the radical reduction of others, with consequent redundancies of academic and non-academic staff. The universities' recurrent grant for 1981-82 contained an element of £20 million for the restructuring of the system. This will contribute to the cost of redundancies, but it is still too early to say how many redundancies there will be or what the compensation for redundancy will cost. Now that the UGC's views on the restructuring of the university system are known it is possible to consider this problem further and the Government are actively discussing it with the UGC and the CVCP.

Polytechnics

10. The Government recognises that all the arguments that apply to universities apply equally well to the polytechnics and other non university institutions which provide higher education. This Government (like its predecessor) recognises the need for provision outside the universities to be subject to the same kind of coordinated management from a central perspective that the UGC provides for the universities and hope before long to issue a consultative document on the future management and funding of this sector of higher education.

BACKGROUND NOTE

1. The universities which will suffer most from the allocation of grant (in terms of money for home students) are Aston, Bradford, Keele, Salford and Stirling. Those which suffer least are Bath, Cambridge, Loughborough, Oxford, York and Edinburgh.
2. The participation rate (young home entrants to university as a % of the 18 year old population) improved up to 1977-78, remained constant at 7.5% for the four years 1977-78 to 1980-81 and on the basis of the UGC's present home student targets will now begin to fall to 6.4% by 1983-84 or 1984-85. If the total number of university places then levels off it is likely to be 1990 before the fall in population in the relevant age groups restores the participation rate to 7.5%.
3. The number of university places for home students has increased from 248,000 to 267,000 between 1977-78 and 1980-81. The UGC now expect the number to fall to 248,700 in 1983-84.



UNIVERSITY GRANTS COMMITTEE

14 Park Crescent London W1N 4DH

Telephone 01-636 7799 ext

Your reference

Our reference 44/52/021
Circular Letter 10/81

Date 1 July 1981

Dear

GRANT FOR 1981/82 AND GUIDANCE FOR SUCCEEDING YEARS

1. I am writing to let you know the results of the University Grants Committee's consideration of grant for 1981/82 and to give what guidance is now possible for succeeding years. As you will be aware from my letters of 30 December 1980 and 15 May 1981, the Committee has been grappling for some months with the problems of how the present university system might be reshaped within the financial constraints determined by Government for the period up to 1983/84 (as set out in Cmnd 8175). The aim of a revised system should be to offer good educational opportunities to students of all ages who may enter it, as well as career prospects and research opportunities for its staff.
2. In its deliberations the Committee has had to weigh many competing claims for the diminished resources; for example between subjects, between institutions, between teaching and research, between innovation and the continuance of existing areas of work, between provision of student places and likely demand, and between student numbers and quality of education. There is of course no single definitive solution to these problems, partly because the rate at which resources are being removed from the university system necessarily leads to disorder and diseconomy whatever path of change is followed, and partly because reductions in resources are being imposed at a time when demand for university education is still rising.
3. The Committee has received much useful information and advice from its Sub-Committees, from individual universities (where we have paid particular attention to the response to our letters of 15th October 1979 and 30 December 1980), from Research Councils and other funding bodies, from the Royal Society and the British Academy, from the Committee of Vice-Chancellors and Principals (CVCP), the AUT and the NUS, from employers of graduates, and from many other organisations and individuals. We are very grateful to all of those who have offered advice but for our conclusions the Committee alone is responsible.
4. Any estimate of the overall loss of recurrent resources between 1979/80 and 1983/84 is subject to numerous uncertainties but it probably will lie in the range 11% (a minimum estimate by the UGC) and 15% (as suggested by the CVCP). It is the Committee's view that the university system as a whole should not be asked, with this reduction in funding, to

/maintain its

maintain its home and European Community (EC) student numbers at the 1979/80 levels, and a reduction of about 5% is therefore assumed, although this may not be achieved until 1984/85. The reduction in student numbers by 1983/84 is expected to be in the range 3 to 5%. As to the unit of resource, it will be seen that the Committee envisages an average worsening of about 10% (including some decline at all universities) and this figure should be borne in mind when considering the Committee's guidance below on individual subject areas.

5. The guidance in this letter refers to the system generally; there are significant variations in the advice to individual universities. I am writing separately to each institution to give specific advice and in some cases to ask for further consultation. In all the comparisons which follow, the base year is taken as 1979/80.

6. Arts

For the arts generally, a slightly greater than average cut in numbers is proposed, but there are many subject areas which require further consideration by individual universities. The Committee has noted for example that the teaching of foreign languages is widely distributed throughout the system, with only small numbers of students in some cases. The Committee wishes to preserve the range of languages but is conscious of the danger that, without co-ordination, the study of some minority languages might disappear entirely under the pressure of adjustments to reduced resources. In these and similar circumstances, the Committee hopes that universities will enter into discussions among themselves and with the Committee to consider how provision might be sustained.

In social studies the Committee recommends a substantial reduction in student numbers with the aims both of improving the staff-student ratio which in many universities is disproportionately low, and of strengthening the opportunities for and quality of research.

For education the Committee cannot give firm guidance in terms of target numbers for PGCE and B Ed courses until the Government has determined total manpower targets. The Committee regards it as inevitable however that there will be some reduction in present numbers; universities are advised to await further guidance before determining their intakes for 1982/83. The Committee hopes that higher degree work, research, and courses of in-service training for teachers can be maintained and has made provision accordingly.

A small increase is envisaged in the number of students reading business studies.

7. Science

In physical sciences, numbers are expected to grow slightly by making fuller use of resources. The Committee proposes that important new developments in biological sciences should be supported, including those with a high potential value for the economy, to some extent at the expense of other aspects of biology, and numbers overall may fall slightly.

The Committee has assumed a small increase in the numbers reading mathematical sciences.

It is suggested that numbers in engineering and technology should increase slightly but with some redistribution between institutions. It will be for universities to decide, within the total numbers, the extent to which the lengthening of existing courses can be justified.

It is proposed that numbers in agriculture should decrease, but it is hoped that numbers in veterinary science can be maintained with a less than average reduction in resources.

The Committee recommends significant reductions in architecture and town planning, since there is evidence that existing numbers are greater than the prospects for professional employment in these areas.

The Committee proposes a reduction of about one-quarter in the number of places available for subjects allied to medicine, much of this reduction falling upon pharmacy.

8. Medicine

The Committee regrets that it is no longer able to include in grant funds to enable universities to offer to clinical medicine the protection which it has hitherto enjoyed in relation to the general decline in resources. There has been some funding ahead of numbers in the growing medical schools, and all schools should be able to maintain 1980 intakes (which implies a small increase in total numbers).

The Committee has for some time been concerned at the generally low level of research activity in dental schools which it believes is in part due to inadequate funding. Although it is not yet possible to improve this situation, the Committee has based its grant distribution on a less than average cut in the resources available to dentistry. The question of dental numbers is under review elsewhere; but for the present, intakes have been assumed to be unchanged.

9. These recommendations would lead to a change in the distribution of students as among arts, science and medicine, from 50:41:9 in 1979/80 to 48:42:10.

10. As far as individual universities are concerned, the annex gives (a) the recurrent grant (excluding rates, on which I will write separately) for each institution for 1981/82, with tentative grant figures for 1982/83 and 1983/84 (all at the same price base); (b) the furniture and equipment grant for 1981/82; (c) the full-time home and EC student numbers (divided into arts, science and medicine) on which provisional grant for 1983/84 has been based; and (d) the total student numbers as in (c), together with the corresponding total for 1979/80.

Some universities (and in particular those with longer courses as in Scotland) may prefer to treat the target numbers as applicable to 1984/85 rather than 1983/84. In addition, institutions have freedom of virement within the full-time student numbers for each of the three subject groups between home and EC students, undergraduates and postgraduates.

The tentative individual grant figures in (a) are based upon two assumptions: that there is an evident progression towards the student targets in (c); and that fees continue to contribute about their present proportion to university income. Grant would be re-assessed were either of these assumptions to be invalidated. The figures overall depend upon provision by government.

11. Part-time, extra-mural and continuing education

The Committee has attempted, within the resources available, to provide for part-time study of all kinds: i.e. students taking degrees and diplomas, or on extra-mural courses, or in continuing education whether vocational or non-vocational. The numbers of students taken into account in determining grant, in terms of full-time equivalence, are given in my separate letter. Grants are also based on assumptions about fees, as follows:

(a) Part-time degree and diploma students

Fees for part-time students, when expressed as full-time equivalents, have been assumed to be half those appropriate to full-time students at the same level, undergraduate or postgraduate.

(b) Extra-mural students

Fee income from full-time equivalent extra-mural students has been assumed to be one fifth of that of the same number of full-time undergraduate students.

(c) Continuing education students

The Committee considers that assistance for continuing education should be essentially of a pump-priming nature and that fees for such courses should in the longer term cover the attributable costs.

It will of course be open to institutions to adjust their fees to meet individual circumstances, but this will not affect the Committee's assumptions on grant. There will be a reconsideration of these grant arrangements and estimated numbers after two years. The Committee should be consulted on any proposal for virement between part-time and full-time numbers.

12. The Committee is aware that very useful discussions are already going on between universities in order to ensure the more effective use of resources whether by concentration of studies, the sharing out of fields of specialisation or in other ways. The Committee will be willing, where there is a possibility of an effective merging of particular activities between two or more institutions, to consider claims for some modest increase in the recurrent grant for capital works and some contribution towards other associated costs.

13. As I foreshadowed in my letter of 15 May, the Committee is anxious to sustain its share of the dual support system whereby the UGC provides both for a basic level of research activity, and for a research floor capable as far as possible of sustaining specific support from Research Councils and elsewhere. In present circumstances, however, there must be

selectivity in this process, and the Committee will continue discussions with Research Councils and other funding bodies in order to ensure that there is some linking of policies for supporting research at a time when further concentration of activity is inescapable. The Committee has taken into account the needs of research in its distribution of both recurrent and equipment grants. Because of the essential role of libraries in research the Committee hopes that expenditure on library materials will receive some protection.

14. You will be aware that the Secretary of State's announcement on 13 March on grant for 1981/82 included the earmarking of certain sums for special purposes. I deal briefly with each of these:

- i. The £20m to assist in the adaptation of the system to a lower level of funding will be used both for new developments which assist restructuring and to help universities with costs of early retirement and redundancy. You are invited to make proposals by the end of January 1982.
- ii. £2.8m has been allocated to continue the scheme administered by the Committee of Vice-Chancellors and Principals to assist outstanding research students from overseas.
- iii. The sum of £3m to assist postgraduate work of particular importance to this country which might otherwise suffer on account of the overseas fee policy will be separately allocated.
- iv. A sum of £7.99m has been transferred to recurrent grant for capital schemes under £1m. From within this amount, grants for projects programmed under the present interim arrangements will, as envisaged in my letter of 19 February 1981, be notified to the universities concerned at the appropriate time. Capital grant for schemes programmed in previous years and those over £1m, in the current year will be treated separately.
- v. The grant includes provision for overseas students who began their courses prior to October 1980, and for EC students.
- vi. Provision is also made in the grant for the financing of student unions in 1981/82 at the same real terms level as in 1980/81, allowing for part of the income to be received through fees, as described in my letter of 12 March 1981.

15. This letter and its annex are being made readily available to all who may be interested. The Committee hopes that Vice-Chancellors and Principals will feel able to discuss it fully and widely within their institutions.

Yours sincerely

Edward Parkes

EDWARD PARKES

UNIVERSITY OR COLLEGE	Recurrent Grant (1981/82 price base)			Equipment and Furniture Grant 1981/82 £	Home and EC Full-time students				Comparable 1979/80 Total
	1981/82	1982/83	1983/84		1983/84 (or 1984/85)				
	£m	(tentative) £m	(tentative) £m		Arts	Science	Medicine	Total	
Aston	12.02	10.77	9.86	1,222,000	1.080	2.560	-	3.640	4.670
Bath	8.88	8.77	8.69	1,130,370	1.030	2.230	-	3.260	3.190
Birmingham	27.83	26.61	25.69	2,442,000	3.840	2.790	1.140	7.770	7.750
Bradford	11.91	10.60	9.64	1,025,000	1.400	2.130	-	3.530	4.360
Bristol	20.91	20.06	19.43	1,625,000	2.930	2.620	840	6.390	6.650
Brunel	10.16	9.48	8.99	810,588	850	1.620	-	2.470	2.460
Cambridge	30.03	29.39	28.91	3,072,260	5.090	4.340	850	10.280	10.490
City	9.22	8.66	8.24	568,000	590	1.430	-	2.020	2.130
Durham	12.13	11.94	11.60	845,100	2.840	1.520	-	4.360	4.530
East Anglia	11.71	10.95	10.28	611,000	2.560	1.080	-	3.640	3.760
Essex	6.09	5.73	5.47	515,000	1.400	750	-	2.150	2.240
Exeter	10.77	10.15	9.69	685,730	3.170	1.430	-	4.600	4.690
Hull	10.17	9.60	9.19	585,000	3.120	1.080	-	4.200	5.070
Keele	7.04	6.23	5.64	355,000	1.570	660	-	2.230	2.680
Kent	7.42	6.97	6.64	662,470	2.320	860	-	3.180	3.430
Lancaster	9.36	8.97	8.68	631,660	2.980	940	-	3.920	4.210
Leeds	30.86	29.63	28.72	2,852,580	4.070	4.160	1,040	9.270	9.430
Leicester	12.29	12.09	11.95	981,000	2.430	1.260	510	4.200	4.340
Liverpool	28.21	27.01	26.13	2,092,370	2.850	3.060	1,000	6.910	7.060
London Graduate School of Business Studies	1.30	1.41	1.49	100,490	290	-	-	290	170
London University	181.02	171.76	165.03	14,710,600	11,470	12,350	8,400	32,220	33,510
Loughborough	12.30	12.11	11.98	1,477,800	2.100	2.450	-	4,550	4.670
Manchester Business School	0.97	0.90	0.84	14,000	170	-	-	170	120
Manchester	34.53	33.03	31.93	3,497,370	4.570	3.630	1,510	9,710	9.930
University of Manchester Institute of Science and Technology	13.35	12.04	11.08	1,802,000	690	2,290	-	2,980	2.790
Newcastle	22.03	21.35	20.85	2,835,590	2.480	3.060	1,060	6,600	6.880
Nottingham	19.49	18.84	18.36	1,845,000	2.470	3.040	640	6,150	6.380
Oxford	31.33	30.41	29.74	2,936,940	6,300	3.450	660	10,410	10,700
Reading	13.64	13.07	12.66	1,488,000	2,330	2,440	-	4,770	5,030
Salford	11.85	9.97	8.59	814,790	740	2,010	-	2,750	3,940
Sheffield	23.25	22.37	21.72	2,132,000	3,150	2,820	890	6,860	6,860
Southampton	17.47	16.97	16.60	1,755,000	2,460	2,560	640	5,660	5,690
Surrey	10.15	9.36	8.78	928,400	620	1,850	-	2,470	2,880
Sussex	10.27	9.66	9.21	898,000	2,440	1,270	-	3,710	3,890
Warwick	12.01	11.56	11.23	851,000	3,110	1,440	-	4,550	4,600
York	7.11	7.06	7.02	595,000	1,960	1,130	-	3,090	3,100
Total England	699.08	665.48	640.55	61,394,108	93,470	82,310	19,180	194,960	204,280
Aberystwyth U.C.	7.34	6.94	6.65	594,880	1.820	890	-	2,710	2,940
Bangor U.C.	8.07	7.65	7.34	645,000	1.250	1,020	-	2,270	2,580
Cardiff U.C.	12.48	11.98	11.61	1,091,000	2,560	1,460	360	4,380	4,680
St. David's, Lampeter	1.18	1.16	1.14	39,830	690	-	-	690	710
Swansea U.C.	9.81	9.30	8.92	901,000	1,740	1,490	-	3,230	3,340
Welsh National School of Medicine	4.91	4.80	4.71	300,000	-	80	610	690	680
University of Wales Institute of Science and Technology	6.30	5.89	5.60	600,520	800	1,360	-	2,160	2,400
University of Wales, Registry	1.76	1.73	1.70	-	-	-	-	-	-
Total Wales	51.85	49.45	47.67	4,172,230	8,860	6,300	970	16,130	17,330
Aberdeen	17.24	16.06	15.19	1,218,000	2,470	1,860	610	4,940	5,140
Dundee	11.41	10.90	10.53	805,000	950	770	760	2,480	2,490
Edinburgh	31.50	30.75	30.20	2,710,000	4,310	3,310	1,220	8,840	8,830
Glasgow	30.76	30.20	29.56	2,205,000	3,780	3,640	1,390	8,810	9,100
Heriot-Watt	7.52	7.27	7.09	768,000	400	1,720	-	2,120	2,430
St. Andrews	8.25	7.82	7.51	475,000	1,680	950	250	2,880	3,110
Stirling	5.96	5.45	5.08	265,000	1,460	560	-	2,020	2,470
Strathclyde	16.05	15.27	14.69	2,144,470	2,390	3,150	-	5,540	5,790
Total Scotland	128.69	123.72	119.85	10,590,470	17,440	15,960	4,230	37,630	39,360
Total Great Britain	879.62	838.65	808.07	76,156,808	119,770	104,570	24,380	248,720	260,970
Full-time equivalent of part-time degree and diploma, extra-mural and continuing education students.								45,480	43,020

✓ Press.



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222
FROM THE SECRETARY OF STATE

The Rt Hon Francis Pym MC MP
Chancellor of the Duchy of Lancaster
Privy Council Office
Whitehall
London SW1A 2AT

Prime Minister *Education*

The UGC's grant allocation between individual universities is to be announced on Thursday. It will no doubt feature at Question time: we will get briefing.
29 JUNE 1981

Dear Francis,

DL
1976

UNIVERSITIES' RECURRENT GRANT FOR 1981-82

On Thursday of this week the University Grants Committee will be announcing the grants to individual universities for the academic year 1981-82 and you and our colleagues may like to be forewarned of this. The university lobby is active and articulate, so we can expect a lively public and parliamentary reaction to the announcement and some colleagues may be approached from a constituency point of view.

Under Cmnd 8175 higher education expenditure is being reduced by rather more than 8% by 1983-84; with the withdrawal of subsidy for overseas students the actual fall in Universities' income will, in the Committee's view, by then be at least 11% and possibly more. The total recurrent grant to the universities for 1981-82 was announced in March, but it is only with the detailed allocation of this between universities that the cuts that are being imposed over the next three years will make their first full public impact.

The UGC believe that cuts of this order could not be distributed equally between institutions and fields of study without serious damage to the system, and have therefore decided to act selectively. They believe that the cuts can and should be implemented without the closure of any whole university, but the savings required must involve reducing the range of subjects taught at some universities. This will involve recommendations for the closure or radical reduction of some departments with consequent redundancies of academic and non-academic staff, and some universities will be hit much harder than others (although it is not necessarily the hardest hit that will complain the loudest).

I shall let all Cabinet colleagues have as soon as possible a letter which the UGC are sending to every university explaining their overall strategy. In the meantime, however, colleagues may like to know that I believe the Committee have done a good job in allocating reduced resources under difficult circumstances,

and that they have my complete backing. By convention the allocation of recurrent grant has been left entirely to the UGC without Ministerial intervention and I intend to maintain that convention despite the rather difficult circumstances of this year's allocation. It would be impossible for me to try to improve the position of any individual university without upsetting the Committee's carefully balanced distribution of a finite sum. Those who wish to make representations on behalf of individual universities will therefore be invited to address them to the Chairman of the UGC. He has made it clear that he expects the announcement of this year's grant to lead to further discussions between individual universities and the Committee.

I hope that if the matter is raised with colleagues either in public or in private they will take the line that universities cannot be exempt from the Government's public expenditure policy generally; that very significant sums indeed (over £1,000m a year excluding student awards) continue to be spent on the universities; that cuts of the order required must imply a degree of rationalisation and reorganisation; and that allocation of the grant that the Government makes available is a matter for the UGC and not subject to Ministerial intervention.

I am copying this letter to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

Yours ever

Mark

MARK CARLISLE

115

30 JUL





CF

R

With the Private Secretary's Compliments

Mr Lancaster

Your letter of 16 March
to Jonathan Hudson Esq;
also Peter Shaw's of 9 April
Mr. Mansel-Pleydell met
the BCS on Wednesday,

DEPARTMENT OF EDUCATION AND SCIENCE

Elizabeth House
York Road
London SE1 7PH

Telephone 01-928 9222

+2200

June 17th

As a result of
which it is
proposed to issue
the attached
draft Men's Notice
on 23/6 are you
convent with the 2nd
sentence on the PM's
visit?



GR

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222
FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

Richard Fothergill Esq
Director
Microelectronics Education Programme
Cheviot House
Coach Lane Campus
Newcastle Polytechnic
NEWCASTLE UPON TYNE NE7 7XA

18 June 1981

PARLIAMENTARY UNDER SECRETARY'S MEETING WITH THE BRITISH COMPUTER SOCIETY.

Following yesterday's meeting Mr Macfarlane has asked me to circulate the text of a draft Press Notice which the Department's Press Office propose to issue on Tuesday 23 June. You will appreciate the importance of issuing the Press Notice as soon as possible after the meeting and it so happens that Tuesday is the best day for catching the specialist education press. The Press Notice will also contain additional notes for editors referring to the Department's Microelectronics Education Programme as well as the DOI's Micros in Schools Scheme which the BCS initiative will be supporting.

In view of the extremely tight deadline it is essential that any comments on the draft reach me by mid-day on Monday 22 June. It would be helpful, therefore, if you could arrange for clearance to be telephoned to me here at the Department on extension 2200.

I am writing in similar terms to David Butler, Geoffrey Harrison and Roy Harding.

MRS J D NISBET
Private Secretary

DRAFT PRESS NOTICE ON COMPUTER EDUCATION IN SCHOOLS: MINISTER WELCOMES OFFER OF HELP FROM BRITISH COMPUTER SOCIETY

Ways in which the British Computer Society can help schools in the development of computer education were discussed at the Department of Education and Science on 17 June at a meeting chaired by the Parliamentary Under Secretary of State, Mr Neil Macfarlane. The meeting was arranged following the Prime Minister's visit to the British Computer Society's headquarters in March. Others at the meeting included Mr David Butler and Dr Donovan Tagg of the BCS; Mr Roy Harding (Chief Education Officer, Buckinghamshire); Mr Michael Harrison (Chief Education Officer, Sheffield and Chairman of the Microelectronics Working Party of the Society of Education Officers); and Mr Richard Fothergill, Director of the Government's Microelectronics Education Programme.

After the meeting, Mr Macfarlane said:

"The British Computer Society's 25,000 members include people working with computers in industry, commerce, education and administration; this represents a mine of valuable knowledge and experience, and we are delighted at the spirit in which the Society has offered to help in making this more readily available to schools ^{and colleges}. The Society's aim is certainly not to tell teachers how they should teach, or what the curriculum ought to be. But there are many ways in which Society members can help with the development of this new and expanding subject. The study of computers in schools needs to be related to the use of computers outside, and to take account of the latest technical developments, and this is where the first-hand knowledge and experience of BCS members constitutes such a valuable resource.

Local initiatives have led already to successful instances of collaboration between schools and BCS members, but it is not always easy for schools to find out what help is available or for BCS members to know where and how they can be of assistance. Fortunately, a means of bridging this communication gap is to hand in the form of the regional information centres which are being set up under the Microelectronics Education Programme. Each centre will have particulars of the 40 BCS Branches and members within its region and the kinds of help which can be offered, and will be able to put schools ^{and colleges} seeking advice in touch with those who can supply it."

1921

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Education

CF to note

2 June 1981

Thank you for your letter of 1 June with which you enclosed a letter which Mr. Baker proposes to send to the Editor of the Guardian.

The Prime Minister is content provided that Education Ministers are in agreement.

M A PATTISON

Jonathan Hudson, Esq.,
Department of Industry.

5



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY
Kenneth Baker's Office

TELEPHONE DIRECT LINE 01-212 6401
SWITCHBOARD 01-212 7676

de Mr Ingham

Mike Pattison Esq
Private Secretary to
the Prime Minister
10 Downing Street
London SW1

Prime Minister

The purpose of this letter seems to be to publicize the scheme more than to argue with the earlier letter.

June 1981

Content for Mr Baker to write?

MPP 1/11

Yes
no

Dear Mike,

I enclose a self-explanatory letter which Mr Baker intends to send to the Editor of the Guardian. I would be grateful if you could seek the Prime Minister's permission for this. If possible we would like to send this letter in time for it to be published on 4 June.

Yours sincerely,
Jonathan Hudson

JONATHAN HUDSON
Private Secretary

I enclose that - Please check eyes.
RAT/RATADB *no*



FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

Kenneth Baker MP

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212
SWITCHBOARD 01-212 7876

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The Education Editor
The Guardian
119 Farringdon Road
London
EC1R 3ER

May 1981

I was very interested to read the letter from Mr Harney (Education Guardian, 26 May), about the Department of Industry's Micros in Schools scheme, which will come into operation on 1 June. Mr Harney commented, in particular, that the scheme appears to penalise those schools already possessing micro computer equipment.

There is no question of penalising schools though there is a question of priority. In drawing up the scheme, I was conscious that a large number of secondary schools, with admirable enterprise, had taken the initiative in purchasing their own hardware, sometimes with the help of the local education authority but often entirely from their own resources, including the PTA. However, I felt it important to give priority to those schools without any equipment so that we could try to ensure that every secondary school in the country would have a micro computer by the end of 1982. It has always been my intention to consider other secondary schools once I can see that we are well on the way to meeting this first objective. I hope to extend the scheme by the New Year, depending on the volume of requests we are receiving.

KENNETH BAKER

RAT/RATAAE

Programmed for easy pickings

UNDER THE Department of Industry 'Micros in Schools' scheme, schools are to be encouraged to buy one of two British made micro-computers. Half the cost will be met by the Department of Industry, the other half from the school or county.

Two criteria have to be met before a school can qualify: a) two staff must have undergone or be about to undertake a four day spell of relevant in-service training and b) the school must not already own a micro-computer.

Whilst one cannot disagree with the need for staff to undertake in-service training, the second criterion is manifestly unfair to the many schools who have, through their PTA's, raised the £1,900 necessary to purchase such a computer. All schools without a computer (plainly those least interested) are now to be given 50 per cent of the cost of one by the Government. Those who really believed in one and who gave, through massive fund-raising events, used their initiative and bought one, are

thus effectively penalised for doing so.

In my own county, the LEA are providing 50 per cent of the cost also — again only for schools without a computer — so £1,500 of my PTA money has been spent for nothing; had we waited, we could have got a £1,900 380Z computer for £500. —

Yours faithfully,

B. P. Harney,
Headmaster,
Castle Manor School,
Haverhill,
Suffolk.

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1911

Educate



✓
MP

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Mark Carlisle QC MP
Secretary of State
Department of Education and
Science
Elizabeth House
York Road
London SE1 7PH

15 April 1981

UNIVERSITIES EXPENDITURE

Thank you for your letter of 1 April to Geoffrey Howe.

I am glad to know that the UGC is facing up realistically and urgently to the restructuring problems which confront the university system. Those problems are certainly not going to get any easier and the sooner such rigidities as are caused by the academic tenure system are tackled, the better.

I do not want to anticipate the 1981 Survey; and I am sure, therefore that you would not expect me to accept the conclusion you draw at the end of your letter to the effect that any further reductions in your programme as a whole are impossible. For the moment I would only comment that the prospect is undoubtedly such that, if university finances are expected to be subject to pressure because of the adjustments which are already required of them, they would be very unwise indeed to plan on the basis that any relief may be at hand by way of a larger allocation of resources to them.

They should be looking rather to efficiency savings within the institutions and within the system as a whole.

I am copying this letter to the Prime Minister, Cabinet colleagues and Sir Robert Armstrong.

LEON BRITTAN

15 APR 1981





DEPARTMENT OF EDUCATION AND SCIENCE
 ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
 TELEPHONE 01-928 9222
 FROM THE SECRETARY OF STATE

Prime Minister

Rt Hon Sir Geoffrey Howe QC MP
 Chancellor of the Exchequer
 Treasury
 Parliament Street
 LONDON SW1P 3HE

M.P.
 7 April 1981

Dear Geoffrey.

ARCHITECTURAL ASSOCIATION SCHOOL OF ARCHITECTURE: DESIGNATION
 OF COURSES FOR MANDATORY AWARDS

You will know that Rhodes Boyson and I have been giving consideration to an application from the Architectural Association School that its courses should be designated to enable its students from this country to be eligible for mandatory awards. This used to be the case, but designation was withdrawn when the Prime Minister was Secretary of State for Education because of the level of fee which the Association wished to charge.

The question of fees may still be a stumbling block, but, sympathetic though I am to the School's case, I see a much greater difficulty standing in the way of designation at the present time. Our policy towards higher education as set out in the Public Expenditure White Paper means that, in the universities, polytechnics and colleges, we are having to make cuts in expenditure which must lead to academic and other staff reductions greater than can be achieved by natural wastage. The higher education system will not find it easy to come to terms with this. I am convinced that it would exacerbate the situation considerably if in these circumstances I were to designate any new courses in independent institutions, for this would be seen as increasing the job losses in universities and the other institutions.

Although the additional expenditure on awards would not be all that large, I have for this reason reluctantly decided that I cannot agree to the Architectural Association School's proposal

for the time being and I shall be writing to tell them so. When I do so, however, I shall make it clear that this is no reflection on the quality of their course which an independent panel has judged to be equivalent to an honours degree; and that I am only deferring a decision on their proposal, not rejecting it.

Because of the Prime Minister's interest in this matter, I am copying this letter to her.

Yours ever

Mark

~~MARK~~ CARLISLE

Education
Prime Minister to see



Neill Mitchell
Duty Clerk 3/4/81

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222
FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

Miss Caroline Stephens
Private Secretary to the Prime Minister
10 Downing Street
LONDON
SW1

3 April 1981

Dear Caroline

MICROCOMPUTERS IN SCHOOLS

The material enclosed with Jonathon Hudson's letter of 1 April promised a brief from this Department on the Microelectronics in Education programme.

As the Prime Minister knows, MEP was launched last year by the Education Departments to develop effective ways of giving pupils and teachers direct experience of microcomputers and other microelectronics applications. The 3-year strategy for MEP to which reference is made in the draft speech which Peter Shaw sent to Tim Lankaster yesterday concentrates on teacher training and the preparation and dissemination of effective software and teaching materials. A copy of the document is enclosed.

The "Micros in Schools" scheme complements MEP and its Scottish counterpart and it is appropriate that the two should be linked at the press conference. It is important that the hardware initiative makes educational as well as commercial sense; and it is with this in mind that we have suggested ways of strengthening the draft of the Prime Minister's speech.

Yours ever,

June

MRS J D NISBET
Private Secretary

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3 APR 1964

Microelectronics Education Programme

The Strategy

NOT FOR PUBLICATION, BROADCAST,
OR USE ON CLUB TAPES BEFORE
1300 HOURS MONDAY - 6 APR 1981

Department of Education and Science
Welsh Office
Department of Education for Northern Ireland



DEPARTMENT OF EDUCATION and SCIENCE

Elizabeth House York Road London SE1 7PH

Telephone 01 928 9222

PRESS NOTICE

PLEASE NOTE EMBARGO

NOT FOR USE BEFORE 13.00 HOURS
ON MONDAY 6 APRIL 1981

THREE ACTION AREAS FOR MICROELECTRONICS IN EDUCATION

Curriculum development, teacher training and resource organisation for the microelectronics education programme are the three main action areas proposed in a Strategy Paper* published today.

The document, published by the Department of Education and Science, the Welsh Office Education Department and the Department of Education for Northern Ireland, was prepared by the Programme's Director, Mr Richard Fothergill, in consultation with the Education Departments and with the Programme's Advisory Committee.

The Paper says that the "microelectronics revolution" can be expected to affect the school curriculum in two main ways. Pupils will need to learn about the new technology which will increasingly pervade both the factory and the office. There is also scope for using microelectronic devices, particularly the micro-computer, to assist with and enrich the study of "traditional" subjects in the curriculum such as the sciences.

If advantage is to be taken of the possibilities offered by the new technology, says the Strategy Paper, action is needed under three main heads. First, under the general heading of curriculum development the Programme will sponsor a range of development projects concerned with the production of teaching and learning material suitable for widespread dissemination. In some cases, the Programme will build on promising work already begun by existing national, regional or local curriculum development teams, while in other cases the Programme will seek

* "Microelectronics Education Programme: The Strategy". Available free from the Publications Despatch Centre, Department of Education and Science, Honeypot Lane, Canons Park, Stanmore, HA7 1AZ.

to stimulate work in subject-areas which merit priority but may have been neglected.

The emphasis will fall mainly on the secondary curriculum but work in other fields is not precluded and some priority will be given to work in the field of special education. Some of the Programme's activities in the secondary field will be of relevance to non-vocational further education for the 16-19 age range where the work of schools and colleges overlaps.

Second, says the Paper, the development of microelectronics in schools creates a need for appropriate teacher training, including in-service training. The Programme's aim is not to meet all the needs which exist but to achieve - in close partnership with training institutions and local education authorities - a clearer understanding of the kinds of training which are most beneficial and of the ways in which such training can be best organised. Pilot courses will be promoted and evaluated, the production of training materials will be sponsored, and pump-priming support will be available for a network of regional teacher training centres.

Finally, in order to underpin the Programme's other work, the Strategy Paper recommends the establishment of a network of regional information centres. These would serve as vehicles for the exchange and dissemination of software, as a source of information and advice to teachers on the availability of materials, and as a means of maintaining liaison between curriculum development groups.

FOREWORD

The Microelectronics Education Programme (MEP) for England, Wales and Northern Ireland was announced by the Government in March 1980, and I took up my appointment as Director of the Programme in November. My first main task has been to draw up this statement of the Programme's future priorities and methods of operation, in consultation with the Education Departments and the Programme's expert Advisory Committee; the local authority and teachers' associations have also commented on an earlier draft. I am grateful to all these parties for their help.

I am conscious that many people may have been waiting for this strategy paper to appear before deciding whether to submit projects for consideration, and I hope the paper will assist them to formulate proposals in line with the Programme's aims; the priorities and criteria set out in the paper are intended to serve as a strategy and not a precise blueprint, and there may be some scope for funding projects which do not meet all the stated criteria, but I am convinced that this scope must be strictly limited if we are to devise a co-ordinated programme of work which will secure the best possible value for the available money (£8M over the period 1981-1984). I hope also that this paper may encourage others, who have not so far been closely involved with microelectronics in education, to find out about the work which is being done in their areas and perhaps become involved in it themselves.

I am also in receipt of a considerable number of proposals, some sent directly to me and some sent to the Departments. These will all be examined in the light of this strategy and the money available. Anyone who wishes to submit a new proposal, amend a previous submission after reading this document or believes he may be able to contribute to the Programme in some way, is invited to write to me at the following address: Richard Fothergill, Cheviot House, Coach Lane Campus, Newcastle upon Tyne NE7 7XA.

Richard Fothergill
Director, MEP
April 1981

Further copies of this paper can be obtained from:
The Publications Despatch Centre, Department of Education and Science,
Honeypot Lane, Canons Park, Stanmore HA7 1AZ

MICROELECTRONICS IN EDUCATION PROGRAMME (MEP)

STRATEGY FOR THE PROGRAMME

Introduction

1 The aim of the Programme is to help schools to prepare children for life in a society in which devices and systems based on microelectronics are commonplace and pervasive. These technologies are likely to alter the relationships between one individual and another and between individuals and their work; and people will need to be aware that the speed of change is accelerating and that their future careers may well include many retraining stages as they adjust to new technological developments.

2 In developing a strategy for the Programme it has been assumed that:

- i schools should be encouraged to respond to these changes by amending the content and approach of individual subjects in the curriculum and, in some cases, by developing new topics;
- ii with the dual aim of enriching the study of individual subjects and of familiarising pupils with the use of the microcomputer itself, methods of teaching and learning should make use of the microcomputer and other equipment using microprocessors. This may be expected to add new and rewarding dimensions to the relationship between teacher and class or teacher and pupil;
- iii use should be made of the microcomputer to develop the individual pupil's capacity for independent learning and information retrieval;
- iv for those children with physical handicaps, new devices should be used to help them to adjust to their environment while those with mental handicaps should be encouraged and supported by computer programs and other learning systems which make use of the new technologies.

The scope of the Programme

3 The Programme is concerned with microelectronics applications in schools and in non-vocational courses for 16-19 year-olds in further education, including GCE O and A level courses and courses leading to pre-vocational qualifications. Microelectronics and its applications will also be an important feature of vocational education and training but development work in these fields is beyond the resources available, although the Programme will seek to play a part in encouraging practical links between schools and industry. It is assumed that FE colleges and polytechnics will contribute to in-service training for teachers in schools and to the pilot courses supported under the Programme; and it will be important to ensure that MEP curriculum development projects take account of practice in vocational FE courses where the subjects are related - eg in electronics and courses preparing young people for clerical occupations.

4 It may be helpful to distinguish between two parts of the territory which will be covered by the Programme. The first covers the investigation of the most appropriate ways of using the computer as an aid

to teaching and learning, as a guide to the individual child, as a learning aid for small groups of children, or as a system which involves the whole class. In principle, software can be developed for computer-based learning across the curriculum, but the Programme will give priority to applications in mathematics, the sciences, craft/design technology, geography and courses related to business or clerical occupations. Some attention will also be given to careers education, languages and the humanities. As mentioned above, children with learning difficulties and special education needs can also benefit from materials for use with microcomputers as a teaching and learning aid and the Programme will therefore assist appropriate developments in remedial and special education.

5 The second part of the territory with which the Programme is concerned is the introduction of new topics in the curriculum, either as separate disciplines or as new elements of existing subjects. The new topics (which may of course be taught at varying levels of specialisation) will include:

- i microelectronics in control technology;
- ii electronics and its applications in particular systems;
- iii computer studies;
- iv computer linked studies, including computer aided design, data logging and data processing;
- v word processing and other "electronic office" techniques;
- vi use of the computer as a means of information retrieval from databases.

6 The main focus of interest in both parts of this territory will be on the secondary school curriculum but the Programme will be concerned to assist appropriate developments in primary and middle schools.

Programme activities

7 It is proposed to support work under three headings:

- A Curriculum development;
- B Teacher training;
- C Resource organisation and support.

The work required under each of these headings is examined separately in the following paragraphs, which identify the main issues, summarise the ways in which the Programme will respond, and set out the criteria which will be applied in judging applications for financial support.

A CURRICULUM DEVELOPMENT

8 New materials for teaching and learning are needed to meet the following needs:

- i materials which make use of microcomputers and other devices based on microprocessors to assist with the teaching of "traditional" subjects;
- ii materials which support the teaching and learning of the "new topics" mentioned in paragraph 5 above; and

- iii supporting documentation which will help teachers make the most effective use of the new equipment and its associated curriculum materials.

9 Such resources may be developed on national, regional or local bases. Examples of existing "national projects" are the Schools Council "Computers in the Curriculum" project and the work of organisations such as the Geographical Association Package Exchange. Projects already serving schools in more than one LEA include certain LEA centres for computer based learning and organisations or units in institutions of higher education drawing support from a number of neighbouring authorities. These generate valuable resources which should be suitable for general use. Locally based projects generated by individual schools, teachers and user groups are developing materials for their own needs or amending nationally available materials to reflect their own styles. The Programme will need to identify materials of this kind which can be made more widely available.

10 It will be important to improve access to materials from all these sources. The commercial publication of materials is on a small scale at present, but the Programme may need to make increasing use of this and other methods of dissemination.

11 In the longer term it will be necessary to consider how the introduction of new topics in the curriculum should be reflected in examination syllabuses.

Programme response

12 Although much already exists, the Programme will sponsor, where necessary, the production of teaching and learning materials in the following categories:

- i software and computer databases, with appropriate documentation, for use with computers to teach the traditional curriculum;
- ii resources for teaching the new topics, including documentation to improve the effective use of new equipment; and
- iii items about the new technologies such as pamphlets, charts, etc.

In order to ensure that curriculum materials and ideas developed by Programme projects can be successfully used by teachers, most projects will need to have a teacher training component.

13 The Programme will support:

- i a limited number of curriculum development projects undertaken by national organisations;
- ii a range of projects, generally involving cooperation across LEA* boundaries. For convenience, such projects will be referred to as

* Here and elsewhere, the term "LEA" should be taken to include the Area Education and Library Boards in Northern Ireland.

the work of "regional curriculum development groups". It is envisaged that most will be undertaken by groups of LEAs or by institutions in more than one LEA area.

- iii a variety of smaller projects, undertaken by teachers in individual schools and by user groups.

14 The most substantial proportion of the resources devoted to curriculum development will be allocated to the collaborative "regional projects" outlined in 13.ii above. The intention here is to build on the foundations of existing work by teachers and LEA advisers and promote the cross fertilisation of ideas between one authority and another. Before agreeing to support such projects, the Education Departments will need to be satisfied that topics for curriculum development meet a known national need; and they will ordinarily look for evidence of collaboration across at least two LEAs. The directors of such projects will be expected to form links with the appropriate regional information centres, which it is proposed to establish with support from the Programme (see paragraph 37 below) in order that other curriculum development groups and interested teachers are kept informed of their progress.

15 Projects organised by teachers in individual schools and by user groups will need to satisfy similar criteria, and although the Departments will not be looking for collaboration across LEA boundaries, project directors will be expected to organise field trials in consultation with the LEA adviser for their area, or through the appropriate regional information centre. They will also be expected to demonstrate previous experience or show that they can call regularly on an experienced group for advice.

16 It is assumed that practising teachers will contribute to all curriculum development projects, and project directors will need to demonstrate expertise in at least some areas of the work. The objective will be to develop materials which can be widely used and it will therefore be essential that all development work is conducted in accordance with recommended standards for programs and documentation (see paragraph 40 below). Copyright in the materials will in most cases be vested in the Council for Educational Technology, as agents for the Programme, in order that arrangements can be made to publish them at the minimum possible cost.

17 For all curriculum development work MEP will meet the cost of materials, travel and field trials. Where necessary, the Programme will meet in full the salary costs of project teams for regional projects (although it will be an advantage if LEAs are prepared to share some of this burden). The Programme may also be able to contribute to the salary costs of projects undertaken by individual schools or user groups.

18 The Schools Council has been invited to assist the Director of the Programme in assessing the merits of proposals for curriculum development projects. The Council's role will be to advise the Director whether the proposed topic or application is likely to support good educational practice in the teaching of the given subject rather than to offer an opinion about the technical competence of the particular individuals or institutions. It is also envisaged that Schools Council Field Officers will be available to assist with the arrangements for field trials of materials developed with support from MEP.

Other activities

19 In order to advance general understanding of microelectronics applications, the Programme will commission a number of supporting documents, including case studies and examples of good practice throughout the curriculum (it is desirable that as many pupils as possible should have freedom of access to computers for developing their personal skills and for creative work over and above their more formal work within the classroom).

20 It is intended that the Programme will stimulate informed comment to the examination boards on ways in which the examination syllabuses might reflect the introduction of new topics and the application of microelectronics across the curriculum.

Resource allocation: priorities and timing

21 In 1981-82*, priority will be given to the continuation of current regional and national curriculum development projects; to the initiation of regional curriculum development projects; and to the initiation of a programme of curriculum development in the field of special education. In 1982-83 and 1983-84 a wide range of development projects will be supported, closely monitored and co-ordinated to avoid duplication.

B TEACHER TRAINING

22 Teachers require both information about microelectronics and professional skills to apply the technology effectively in the classroom. The training of teachers, both in-service and pre-service, must therefore be organised in such a way as to support the curriculum changes envisaged in paragraphs 4 and 5 above. Training is required at a number of levels:

- i courses aimed at improving general awareness and familiarisation (of 1-3 days' duration or their part-time equivalent) are needed for teachers of all kinds, but in particular for headteachers and their deputies and for teachers of subjects such as languages and the humanities where microelectronics applications may be less apparent, and for careers teachers.
- ii short specialist familiarisation courses (of up to one week's duration or its part-time equivalent) are required for teachers who have been enthused by the awareness courses and for those wishing to modify their subject teaching to include new topics, for example teachers of commerce requiring knowledge of word processing and biology teachers requiring knowledge of data logging.

* References to particular years, here and elsewhere in this paper, are to financial (not academic) years.

- iii longer specialist courses (of up to three months' duration or the part-time equivalent) aimed at teachers requiring additional training in particular fields. Examples would include science or craft/design teachers wishing to expand their knowledge of electronics; and teachers wishing to acquire the skills needed to develop computer-based learning materials.
- iv for these courses to be effective, resources also need to be devoted to the training of trainers and to refresher courses for LEA advisers.
- v the Programme will also be concerned with the advice which should be given to agencies wishing to design longer diploma and degree courses in microelectronics (eg of one year's duration or its part-time equivalent). Some attention must also be given to the changing needs of BEd and PGCE courses.

Existing provision for training

23 Several agencies are already involved in providing open learning courses available to all. The BBC is preparing such a package on computing and this will be supported by learning materials developed by the National Extension College. One Open University course is already available and others are in preparation. Commercial publishers are offering book series and some manufacturers are supporting their products with courses. None of these initiatives is, however, at present linked with local tutorial support.

24 A small but increasing number of national courses leading to further education qualifications is on offer in the HFE sector, for example in computer studies.

25 A growing number of colleges, universities, teachers' centres and even some schools are offering microelectronics courses for teachers. They now include pilot courses supported centrally from funds allocated under the first year of the Programme. The courses are not evenly spread throughout the country and their range and content vary considerably.

Programme response

26 It is proposed to ascertain the curriculum implications of the new technology, continue discussions on the range of courses that are needed and seek to reach agreement on their scope and content. The role of the Programme is to stimulate an effective pattern of provision and develop materials for training in order to strengthen what already exists and assist the training institutions to make appropriate provision. The role of local education authorities, through their training institutions and specialist advisers, is central to this development and the Programme will only succeed if it works in partnership with them.

Regional centres of in-service training

27 It is intended to offer pump-priming support for the establishment of a regional network of in-service training centres which will arrange the provision of a variety of subject courses. The location of these centres will be a matter for agreement with the local education authorities whose

teachers they will serve and the discussions will be arranged by members of the Director's team. The object of the exercise will be to enable groups of authorities to co-ordinate their resources for in-service training and it is intended that the centres will provide a focus for developing and evaluating different methods and materials. If the network of pilot centres proves successful it is hoped that it will be supported wholly by local education authorities beyond the life of the Programme.

28 It will be necessary to

- i identify appropriate centres and trainers;
- ii provide, where necessary, a small amount of supplementary equipment for training in computing or electronics;
- iii provide some teaching and learning materials, and, in some cases, arrange for their production;
- iv identify needs for new teaching and learning materials and ensure their preparation;
- v evaluate the work of the centres and, where appropriate, negotiate their continuation as local problem-solving and referral organisations for teachers in the region.

29 To qualify for support, regional training centres will need to have adequate staffing at an appropriate level of expertise and be suitably equipped. They must also offer a reference and support service to teachers who have taken the courses and those sufficiently qualified not to require them.

30 In the case of the courses which it supports, the Programme will contribute towards the salary costs of tutors and the cost of teaching materials, and in 1981-82 it may also assist with the cost of equipment and software. As far as possible the Programme will try to ensure that courses bear no cost to those attending, and some money will be set aside for their travelling expenses. However, LEAs will be encouraged to meet part of these and other incidental costs which would otherwise fall on trainees and it will not be normal Programme policy to contribute towards the cost of replacing teachers who attend the courses.

Open learning courses

31 The Programme will also liaise with national providers of open learning courses to see if there are benefits to be gained from co-operation. For example, it may be helpful if group study sessions, and local tutorial support, could be arranged for individual participants through the regional information centres which the Programme is seeking to establish (see paragraph 37 below).

Initial training

32 With regard to initial training, the Programme will discuss with appropriate bodies the changes and adjustments which may be necessary in teacher training courses. These discussions will be informed by the experience and materials emerging from the proposed network of in-service

courses and close contact between the proposed regional in-service training centres and initial training departments will be encouraged.

Resource allocation: priorities and timing

33 In 1981-82 priority in the allocation of resources for teacher training will be given to:

- i the work necessary to reach agreement on the scope and content of in-service courses in this field;
- ii the identification of pilot regional in-service training centres, the recruitment of suitable trainers and where necessary the provision of extra equipment and materials for teaching and learning;
- iii the cost of running those courses which are established (subject to what is said in paragraph 30 above); and
- iv the cost of liaison with open learning courses available nationally.

In the following year priority will be given to the running costs of in-service training centres; to discussions on the changes and adjustments which might be needed in pre-service training; and to the incorporation of teacher training elements in curriculum materials. These priorities will continue in 1983-84.

C REGIONAL RESOURCE ORGANISATION AND SUPPORT

34 Access to information, materials for teaching and learning, and advice are important for teachers and their work in schools. Knowledge about technological developments and about the range of supplementary materials which are available must be made as accessible as possible and they should be able, as far as is practicable, to explore and experiment with equipment and materials with a minimum of difficulty.

35 Currently, learning materials relating to microelectronics and computing are being developed in three ways:

- i within national programmes;
- ii by regional or local project teams; and
- iii by individual teachers in their own schools.

Information about these materials, samples of the software and guidance on their most effective implementation have to be available for inspection and practical experiment within reasonable distance from schools.

36 These developments must build on the foundations of the LEA advisory services. The Science and Technology Regional Organisations (SATROS) and bodies like Computers in Education as a Resource (CEDAR) and Microcomputer Users in Secondary Education (MUSE) will also have a part to play. The most effective way of distributing new software nationally will have to be considered. Advice on the specifications of equipment depends on the formulation of appropriate standards.

Programme response

37 It is proposed to set up a network of pilot information centres serving groups of LEAs. It is intended that these should serve the same catchment areas as the network of regional training centres, and it will be for groups of LEAs to propose collaborative arrangements which are geographically and demographically appropriate; to agree on the location of the centre for their region; and to formulate appropriate proposals for the management of the centres. The responsibilities of the centres will be to provide information on hardware and software and other materials. They will

- i exchange information, materials and computer software with the other regional centres in the network;
- ii exchange information and materials with in-service training centres within the region;
- iii form links with LEA advisory services in their area and with SATROS;
- iv provide some facilities for in-service training, eg in general awareness and such specialist topics as may be appropriate;
- v provide an information service to the region covering:
 - a materials and equipment available
 - b places where they may be seen
 - c evaluations of materials and equipment
 - d known developments in teaching materials etc
 - e a small collection of reference texts and any publications specially prepared for the centres
 - f a software library
- vi keep in touch with curriculum development projects within the region so that the network can be kept informed;
- vii disseminate software developed by regional curriculum development groups and by individual schools and user groups;
- viii provide access to any "debugging" facilities required for computer programs;
- ix organise local group sessions and individualised support for those teachers following distance learning programmes;
- x form links with manufacturers of hardware and employers making use of microelectronics to aid their business.

It is envisaged that each centre will have a national responsibility for particular topics or applications.

38 Staff of the Council for Educational Technology will assist the Director to identify appropriate centres for each region and negotiate arrangements with the LEAs concerned. It is envisaged that each information centre will cover a region of not less than four LEAs and that

the average number of participating authorities will be seven or eight. The centres must be sited in a sensible geographical position and based in institutions, organisations or units which are already involved in microelectronics for education.

39 The Programme will provide pump-priming support for the regional information centres; this will take the form of an appropriate contribution towards their staffing and running costs and (in the first year of operation) towards the cost of equipment.

Software distribution and standards

40 The Programme will investigate and promote different methods of software distribution, including commercial publishing, telesoftware by both teletext and viewdata systems and through the network of regional information centres. The Programme will define and encourage the adoption of standards in program languages and routines, documentation, the layout of packages, equipment specifications, and telesoftware. The National Computing Centre has already been commissioned to begin work on the definition of standards for software and documentation and the Council for Educational Technology is to prepare a glossary of terminology for adoption by all participants in the Programme.

Resource allocation: priorities and timing

41 In 1981-82 priority will be given to:

- i the setting up of the network of pilot regional information centres;
- ii the collection of information on current activities;
- iii work on the formulation of appropriate standards;
- iv the investigation of different methods of software distribution.

In 1982-83 and 1983-84 resources available under this heading will be devoted to the cost of running the pilot regional information centres and to undertaking or stimulating different methods of software distribution.

THE PROVISION OF MICROCOMPUTERS FOR SCHOOLS

42 It will have been evident from this paper that, while the Microelectronics Education Programme is concerned with action of various kinds to promote a wider understanding of the potential role of microelectronics in education, the acquisition of equipment for general use in individual schools falls outside the Programme's scope. To complement the Programme, however, and also with a view to providing added opportunities for the UK microcomputer industry, the Department of Industry is to make funds available to assist local education authorities with the provision of microcomputers in secondary schools; the aim is that every secondary school will have direct access to at least one microcomputer by the end of 1982.

43 Under this scheme the Department of Industry will match funds provided locally towards the purchase of a microcomputer package for eligible schools. LEAs wishing to take advantage of the scheme will be responsible for finding the matching contributions and it is hoped that in addition to drawing on their own resources they will be able to look to schools and PTAs and local industry for assistance in raising funds.

44 Initially, priority will be given in the allocation of funds to those secondary schools which do not already possess a microcomputer.

45 It is envisaged that the scheme will be extended to other sectors of the education system and details will be announced in due course.

46 To ensure that good use can be made of the microcomputers provided under this programme, the Government will look for evidence from the LEA that at least two teachers from every school preparing to take advantage of the Department of Industry funding scheme have undertaken, or are about to undertake, a period of suitable in-service training.

47 Local education authorities are being asked to submit applications to MEP on behalf of maintained secondary schools in their area and are being given details of the way in which the scheme will operate and of the microcomputers which will attract Department of Industry support. Schools wishing to take advantage of the scheme should approach their local education authority.





FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

DEPARTMENT OF INDUSTRY
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TELEPHONE DIRECT LINE 01-212 6401
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2 PPS.
Education

Michael Roberts Esq PUSS MP
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Gwydyr House
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London SW1

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3/4

April 1981

MICROCOMPUTERS IN SCHOOLS

Thank you for your letter of 26 March and your support for the DoI initiatives. I hope that your concern that the microcomputers be properly used will be satisfied by my letter to Leon Brittan on the subject.

Regarding your point about selecting certain machines, my initial thoughts were that any UK manufactured machine should be eligible for DoI support (you will appreciate my reasons for not particularly wishing to promote the sales of US machines such as PET and APPLE although they are already installed in many British schools). However, with so many schools eligible for the scheme, for each school to enter into correspondence with DoI about one of the dozen or so UK microcomputers currently being marketed and the individual financial arrangements which this would require, would be administratively cumbersome. It is essential therefore that the scheme should operate in an administratively simple manner along the lines we have proposed. Schools may therefore choose one of two microcomputer packages. The volumes involved mean that some educationally valuable additional features (such as high resolution graphics) can be included in the DoI package at a price significantly lower than the school would otherwise have to pay. So far as the machines we have chosen are concerned, the RML micro is probably the most widely used machine in British schools and it is backed up by an impressive amount of educational material. The Acorn machine has been developed for the BBC Computer Literacy Project and the forthcoming BBC programme to the public and to schools is likely to develop a very large following.

I sympathise with the representation you have received from the Clwyd County Council: I am not sure however that they are being entirely consistent in their approach since Clwyd Education Authority have recently placed an order for a large number of Acorn microcomputers. However, selection of these particular machines for this scheme does not preclude our future backing of other machines for use either in this scheme or in extensions of it to other parts of the



2 APR 1987
10 11 12 1 2 3 4 5 6 7 8 9

education sector: in due course we shall be looking at microcomputers for possible use in primary schools. British manufacturers will be informed of this and given every opportunity to offer a machine for selection.

I look forward to seeing you at the Prime Minister's Press Conference on 6 April.

Copies of this letter go to the Prime Minister and other recipients of your letter.

Jamieson
Kenneth

KENNETH BAKER



FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

Kenneth Baker MP

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
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The Rt Hon Leon Brittan MP
Chief Secretary
HM Treasury
Parliament Street
London
SW1

TL
3/1
2 April 1981

MICROCOMPUTERS IN SCHOOLS

Thank you for your letter of 23 March and your encouraging support for the proposed DoI scheme. You may rest assured that these computers will be put to good use. The need for them and even more is overwhelming. I myself have heard more stories of children being so enthusiastic about using microcomputers at school that they stay after hours than of such equipment being neglected. I am glad that we have been able to respond to this demand so promptly. Nevertheless the point you make about the importance of the micros we help to provide being fully utilised is an important one. We therefore propose to specify as a condition of DoI support, that two teachers in each qualifying school should attend (or have attended) a suitable course of in-service training in the use of microcomputers in education.

I am copying this letter to the the Prime Minister, Neil MacFarlane, Alex Fletcher, Barney Heyhoe, Michael Roberts, Rodney Elton, Robin Ibbs and Sir Robert Armstrong.

KENNETH BAKER

M11/M11ACL

APR 1987

12 11 10 9 8 7 6 5 4 3 2 1

PRIME MINISTER

MICROS IN SCHOOLS

You have agreed to launch the "Micros in Schools" programme next Monday; you have already agreed a draft message for the brochure which the Department of Industry are going to put out.

The Department have now submitted a draft speech. This seems quite good, though no doubt you will not want to stick exactly to it. However, they would be grateful for your agreement that it should be given to the press. (The function is a press launching, and so - by definition - it is important that the press have a speech handout.)

Mr Baker, who-as it were - is in charge of the function, has also invited junior Ministers from the four education departments. These are Mr Macfarlane, Mr Michael Roberts, Mr Fletcher and Lord Elton.

ll's very duh

1 April, 1981

mt



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

2/4
Kenneth Baker Esq MP
Minister of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1

TC 2/4
April 1981

MICROCOMPUTERS IN SCHOOLS

I have seen a copy of your minute of 19 March to the Prime Minister.

As you know, I welcome very much your initiative in helping to put British microcomputers into schools. I shall give you every support in arranging the Scottish end of the scheme and my department have already suggested a method of operation. May I also add, by way of comment on Leon Brittan's letter of 23 March, that we have taken great care in Scotland to ensure that computers, provided by the Microelectronics Development Programme are placed in schools where full support can be given and progress monitored.

I am happy to accept your invitation to attend the press conference on 6 April and shall have available a short press release describing the Scottish Microelectronics Development Programme strategy because it does differ in several respects from the Micro-Electronics Programme (MEP) of the other Education Departments.

I am sending copies of this letter to the recipients of your minute.

ALEX FLETCHER



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1 APR 1981

cc Liz Drummond

FROM THE
MINISTER OF STATE
FOR INDUSTRY AND
INFORMATION TECHNOLOGY

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 6401
SWITCHBOARD 01-212 7676

/ April 1981

Miss Caroline Stephens
Private Secretary to the
Prime Minister
10 Downing Street
SW1

cc Lakeria

Dear Carolis,

... I enclose details of the arrangements and a brief for the Press Conference to launch the DoI's 'Micros in Schools' scheme on 6 April.

A copy of this letter goes to June Nisbet (DES).

Yours sincerely,

Jonathan Hudson

JONATHAN HUDSON
Private Secretary



MICROS IN SCHOOLS: PRESS CONFERENCE ARRANGEMENTS FOR PRIME MINISTER

Date and Venue: 12 noon, 6 April
Millbank Cinema, Millbank SW1

Ministers present: Mr K Baker, DoI
Mr N Macfarlane, DES
Mr A Fletcher, Scottish Office

In attendance: Mr R Fothergill
Director
Scottish Microelectronics In
Education Programme

Mr D Walker
Director
Scottish Microelectronics
Development Programme

Media Coverage: Correspondents from the National Press and the principal education and technical journals have been invited by the No 10 Press Office. BBC and independent television have also been invited.

Detailed Arrangements:

On arrival at the main (revolving door) entrance to Millbank Tower at 12 noon the Prime Minister will be met by Mr Baker. He will then escort her to the display area outside the Cinema which is located on the ground floor of Millbank Tower; Mr Macfarlane and Mr Fletcher will be in this area.

Models of the two makes of microcomputer eligible for the scheme will be on display in this area. They will be operated by school children who will demonstrate particular aspects of the machines which they have developed themselves. Six of the seven schools



present were the 'star prizewinners' in last year's DoI computer competition.

It is suggested that the Prime Minister should visit the micro-computer demonstration for 20 minutes and meet the schoolchildren and teachers. She will also wish to meet the managing directors of the two microcomputer companies (Research Machines: Mr M O'Reagan, and Acorn: Mr C Currie).

Following this the Prime Minister will wish to address the Press Conference (ca 100 people) for a few minutes. A draft speech is with No 10. Following this there will be an opportunity for the Press to put some very general questions to the Prime Minister for 5 - 10 minutes before she will wish to hand the Press Conference over to Mr Baker and Mr Macfarlane and depart via the main (revolving door) exit of Millbank Tower. The Prime Minister will not wish to respond in detail to questions on the operation of the DoI 'Micros In Schools' scheme or the DES strategy paper on 'Microelectronics In Education'. Instead she should refer them to the Ministers for reply in detail when they carry on the Press Conference after the Prime Minister's departure.

Department of Industry

31 March 1981



MICROS IN SCHOOLS: BRIEF FOR THE PRIME MINISTER

Background

The Prime Minister is aware that DoI has been working up, with DES and the other UK Education Departments, a proposal to assist maintained and independent secondary schools to purchase a micro-computer. Under this the DoI will match on a pound-for-pound basis funds provided locally towards the purchase of one of two specified microcomputers (both UK designed and manufactured). Initially only those secondary schools (ca 50%) which do not possess a microcomputer will be eligible although when demand from these has been satisfied it is envisaged that applications from other schools will be invited. The objective is that there should be a microcomputer in all secondary schools by the end of 1982.

2 The DoI initiative links with the Government's already announced intention to fund, through UK Education Departments, programmes totalling £10M (£1M for Scotland, the remainder for England, Wales and Northern Ireland) to promote a greater awareness of the applications of microelectronics in education. Together the DoI proposal and the Microelectronics Education Programmes of the Education Departments will encourage the widespread use of computers in teaching and learning and also help schools better prepare pupils to take advantage of the wide range of opportunities to which developments in microelectronics will increasingly give rise.

3 In addition to the announcement on 6 April of the DoI's 'Micros In Schools' scheme, the DES are publishing their 3-year strategy paper on 'Microelectronics In Education'. DES are briefing on the latter. The Press Conference will cover both of these subjects although the main emphasis will almost inevitably be on the DoI proposal.

4 The DoI proposal is largely being financed by funds allocated to showcase projects involving new British technology allocated in support of the Government's public purchasing policy. It should lead to a strengthening of the home-based microcomputer industry particularly in the education, small business and personal computer sectors, and also promote further the educational software industry in which the UK already holds a leading position.

Microcomputers Eligible for DoI Support

5 Two microcomputers have been nominated as being eligible for DoI support under the scheme; both are British designed and made (one, the Acorn, in Cambridge, one, the RML*, in Oxford).

* Research Machines Ltd



Both machines will be on display and operated by schoolchildren at the Press Conference. The RML machine is highly regarded and is probably the single most widely used micro in UK schools, although the somewhat cheaper US micros (APPLE and PET) have strong footholds. The DoI scheme and the volumes involved should strengthen RML's position and help reduce the price of the micro.

6 The DoI scheme is flexible and enables LEAs, schools, PTAs and industry to contribute to 'their' half of the funding. Despite this however some areas may find it difficult to raise the £840 which is half the RML machine price. The Acorn micro is however much cheaper and, since it will require only £130 of local funding, can be expected to appeal to schools which cannot fund an RML micro. The Acorn is however a powerful machine in its own right and has one particular feature which will make it particularly valuable to schools. It can be 'networked' so enabling up to 255 machines to communicate with each other and share facilities such as discs and printers. A master station (for example operated by a teacher) can define priorities, open and close other station, communicate with them etc. The education potential of such a system is clear. A small scale demonstration of this with three or four work stations will be on display at the Press Conference.

7 The actual Acorn micro for which DoI support will be given will not be in volume production until September. Although a number of other micros are currently available the Department decided to accept this delay (although the summer holidays and the teacher training requirement we are making as a condition of support - see paragraph 12 - will minimise the effects) partly because the Acorn offered the networking facility described above and partly because the basic micro has been designed and produced for the BBC. They require it for a major new project "Computer Literacy Project" which is to be launched in January 1982.

8 The aim of the BBC project is to introduce interested adults to the world of computers and computing, and to provide the opportunity for viewers to learn through direct experience how to programme and use a microcomputer. The television series will also be broadcast to schools. Given the backing of the television series the 'BBC Acorn Microcomputer' is likely to become widely used in schools and homes. Its low price of £200 - although the DoI 'package' at £260 includes high resolution graphics, monitor, cassette recorder and networking capability - and the fact that it is 'upwards expandable' in processing power makes it more attractive as a basic machine for schools than any of the other contenders in this price range.

Possible Criticism of the DoI Scheme

9 The Prime Minister should be aware that selection of the microcomputers caused some internal concern regarding possible



EEC/GATT reaction towards the nomination by DoI of two British micros without going to open tender. EEC requirements ruled out any possible operation whereby DoI procured a large number of machines and sold them subsequently to LEAs at a lower price. By operating the scheme so that LEAs themselves place individual orders (rather than DoI) no individual order will be above the financial limit above which competitive tenders must be sought.

10 There are also acceptable defensive arguments for selecting the two micros although there may be some criticism from other micro manufacturers (both UK and US). To widen the choice would however have meant, almost inevitably, that the US machines (PET and APPLE) would have obtained a substantial volume of orders.

11 Guidelines (a copy of which is attached at Annex A) to the operation of the scheme will be received by LEAs on 6 April although the AMA and ACC have been consulted and generally approved them. A few LEAs who have standardised on the PET machine may in due course express discontent that theirs is not an approved machine for DoI support purposes. The DoI reply - even if it is not so firmly expressed publicly - must be that we are not in business to promote the American micro industry.

Use of Micros

12 It is important that the micros provided be used by pupils and teachers. General experience is that pupils are enthusiastic, staying on after hours etc. But for micros to be really integrated into the teaching system so that the teaching of French and History by micro is almost as well-accepted as the teaching of the science based subjects, requires that teachers be made more aware of the opportunities offered. This of course will be one of the objectives of the Microelectronics In Education Programme. So far as the DoI scheme is concerned however, a specific condition of support is that two teachers from each applying school must attend a suitable (normally 4 days) period of training.

Possible Extensions of the DoI Scheme

13 Advice from those who have been consulted in the education world suggests that there will be a great deal of interest in the scheme. Initially therefore it is limited to secondary schools without micros rather than open to all; it is however likely that the scheme will be widened in due course (early 1982?) to include these. As limited to schools without micros, DoI funding of £1.5M will be required; extension of the scheme to all secondary schools would double this requirement. Both the initial funding and the extension funding are being found within the Department's existing budget.



14 If the scheme for secondary schools is successful then extensions of it as part of the Government's IT programme are envisaged. These include:

- (i) micros together with the necessary specific educational software packages into all special schools (micros have been shown to be very effective in remedial teaching and IT offers the possibilities of handicapped people working from home);
- (ii) micros into primary schools;
- (iii) the greater use of micros in further education.

Such extensions would however have budgetary implications.

Industry Links

15 DoI wish to take advantage of the scheme to strengthen school - industry links and ways in which direct company/school contacts can be established are being considered. In addition however as became apparent during the Prime Minister's recent lunch with the British Computer Society, they are eager to assist. The BCS have agreed therefore to draw up a list on an LEA region basis of members who would be willing voluntarily to assist schools on request either directly or through the LEAs in making optimum use of their microcomputers. Besides improving the use of the machines (and giving confidence to less-experienced teachers) such an arrangement would almost naturally lead to better school - industry contacts.

DoI Schools Micro Computer Competition

16 The Prime Minister will recall the successful schools micro computer competition organised last year under the Micro-processor Applications Project aimed at encouraging the development of computing skills in education. 100 RML machines were put up by the Department as prizes and a number of other microcomputers were donated by other sources. 500 Acorn BBC Microcomputers are being awarded later this year as prizes to those schools which competed in the competition but did not win an RML microcomputer.

17 The interest generated by the competition has encouraged the Department to sponsor the competition again in the autumn of 1981 when it will be administered by the BCS. Once again the main prizes will be the RML micro.

Publicising the DoI Scheme

18 In addition to the Press launch details of the scheme and its operation are being sent to all LEAs. A brochure is also being produced which will be sent to all schools and which will also be given prominence at various IT exhibitions at which DoI will have a presence, /appropriate conferences. In addition the selected microcomputers will be on display on the "MAP Train"

and



which is being organised by this Department. School parties will be invited to the training which will visit 21 towns during the period May - October and this will give wider coverage of the scheme.

19 Details of the 'Micros for Schools' scheme will also be available on Prestel.

20 An oral PQ has been put down by Mr Neale for reply by Mr Baker on 6 April. It is concerned with the encouragement of an awareness of industrial needs in schools. Mr Baker in reply will draw attention to the Prime Minister's announcement earlier that day of the Department's microcomputer scheme for schools.

Press Conference

21 Seven schools will be demonstrating their use of micro-computers at the Press Conference. Almost all will be showing some particular aspect they have developed themselves. Six of the schools will be operating the RML machine. These schools were the "Star" Prizewinners in the DoI Schools Microcomputer Competition held in 1980. They are:

Christian Brothers School, Northern Ireland
St Stephens High School, Scotland
Tonyrefail Comprehensive School, Wales
Thomas Alleyne's High School, Uttoxeter, Staffs
Collingwood County Secondary School, Camberley, Surrey
Glyn School, Epsom, Surrey
Longroad Sixth Form College, Cambridge

The Microcomputer Companies

22 The companies manufacturing the micros are both examples of young entrepreneurial activity in the field of microelectronics. Brief details are:

Research Machines Ltd (RML) was started in Oxford by Mr O'Reagan and Mr Fischer four years ago and have grown rapidly to achieve a turnover last year of £3M (profit after tax £0.65M). They employ nearly 100 people at present and expect to double that figure over the next year or so.

RML has concentrated on the education/small business market and sell more micros to UK schools than any other single micro manufacturer.



Acorn Computers Ltd

This company was started as a consultancy by Mr Currie and Dr Hanssen in 1978 and then developed its interests in the very fast growing personal microcomputer market. The turnover in the 1980/81 financial year was £1.3M and the company employs 33 people.

Acorn were selected by the BBC to produce the micro for their Computer Literacy Project against competition.

Department of Industry

31 March 1981

MICROS IN SCHOOLS PROJECT

Guidelines to LEAs

1 All maintained secondary schools, including sixth-form colleges, which do not possess a microcomputer at the time of application will be eligible for support under the scheme. (For these purposes any microcomputer won in a competition organised by the Department of Industry will not count against eligibility.) The Department of Industry will match on a pound-for-pound basis funds provided locally towards the purchase of one of two specified microcomputer packages.

2 Schools wishing to take advantage of the scheme must approach their Local Education Authority. LEAs will be responsible for finding the local contribution and the Departments hope that LEAs will encourage schools to draw upon their own funds and seek assistance as appropriate from PTAs and local industry.

3 Two microcomputers, the RML 380Z, obtainable from Research Machines Limited, and the BBC Microcomputer, obtainable from Acorn Ltd, are covered by the Department of Industry support scheme and applications nominating other types of microcomputers cannot be accepted. Details of the two microcomputer packages eligible, their cost and the maximum DoI funding available in each case are attached at Annex A'. Also attached are details of the BBC's Computer Literacy Project which will be of particular interest to those LEAs and schools contemplating the purchase of the BBC Microcomputer.

4 LEAs are asked to submit applications in respect of eligible schools in their area; only applications made through the LEA will be considered. All applications must be submitted to Mr R Fothergill, Director, Microelectronics In Education Programme (MEP), Cheviot House, Coach Lane Campus, Newcastle-upon-Tyne NE7 7XA by the Local Education Authority. Applications should give details of the schools which are being nominated for support, a statement from the LEA that the schools do not possess a microcomputer, and evidence from the LEA that at least two teachers from each of the nominated schools have undertaken, or are about to undertake, a period of suitable training in the use of microcomputers in education. The LEA should also indicate which microcomputer package is required by each school. With each application the LEA will be required to confirm that the necessary balance of funds to purchase the equipment will be made available.

5 It will be for the LEA to provide (or make arrangements for the teachers to attend) appropriate in-service training to enable schools to benefit from the scheme. A period of not less than four days training (full-time equivalent) will normally be regarded as sufficient. Advice on the content and suitability of courses

can be obtained from MEP. A number of pilot courses of in-service training are to be supported by MEP through the network of regional in-service training courses.

6 On receipt of an application from the LEA, the Director of the Microelectronics In Education Programme will scrutinise it and, on approval, will forward it to the Department of Industry. The Department of Industry, on advice from the MEP, will issue the LEA with a voucher for each microcomputer package selected by the LEA. Arrangements for purchase, delivery and payment of the microcomputer should be conducted according to the LEA's normal practice except that the DoI voucher should accompany the order. In turn the company will reclaim the value of the voucher from the Department of Industry.

7 The scheme comes into operation on 1 June 1981. Research Machines Ltd will be able to supply the RML 380Z microcomputer package immediately. The BBC Microcomputer will be available from Acorn as from the autumn term 1981.

8 LEAs are asked for reasons of administrative convenience to keep orders for any microcomputer package purchased under the DoI scheme distinct from other orders placed by them with either company.

MICROCOMPUTER PACKAGES FOR WHICH DEPARTMENT OF INDUSTRY SUPPORT
WILL BE AVAILABLE

(i) Research Machines Limited Microcomputer Package

Hardware: RML 380Z (Z80A microprocessor, 32K RAM, 4K ROM,
dual double-sided single density mini-floppy
disc drives (2 x 144K)).

Parallel Interface and Serial Interface

High Resolution Graphics and Black and White
UHF Modulator for Graphics

12" Monochrome Monitor

3 Blank minifloppy discs

Software: CP/M Disc Operating System
Extended Basic Version 5
Text Editor with Formatter
Z 80 Assembler

Also full documentation for hardware and software

Further details can be obtained from:

Research Machines Ltd.,
PO Box 75,
Oxford
OX2 0BW

Total package price: £1680 + 15% VAT (reclaimable by the LEA)

Maximum DoI funding available: £840

(ii) Acorn Computers Ltd Microcomputer Package

Hardware: BBC Microcomputer (650Z microprocessor, 16K RAM,
32K ROM)

High Resolution Graphics

12" Black and White Monitor

Cassette recorder/player

Software: BBC Basic

650Z Assembler and operating system software for
all internal hardware options

Also full documentation for hardware and software

Further details can be obtained from:

Acorn Computers Ltd.,
4a Market Hill,
Cambridge
CB2 3NJ

Total package price: £260 + 15% VAT (reclaimable by the LEA)

Maximum DoI funding available: £130

BBC CONTINUING EDUCATION TELEVISION

BBC COMPUTER LITERACY PROJECT

The BBC is to launch a major new project in the field of computer literacy, in January 1982. The aim of the project is to introduce interested adults to the world of computers and computing, and to provide the opportunity for viewers to learn through direct experience how to program and use a micro-computer. The project is built around a ten-part television series, and includes a book, a linked microcomputer system complete with User Guide, a range of applications programs, and an associated course in programming in BASIC provided by the National Extension College.

This project forms part of a long-term commitment by BBC Education to public information in the broad field of micro-electronics, which has included the three-part series 'The Silicon Factor', and in the current year also includes a five-part series on applications of computers in business and industry, 'Managing the Micro' (7th June - 5th July 1981), and two programmes on the implications of microelectronics for teachers, 'Technology for Teachers' (28th Sept. & 5th Oct. 1981).

THE TELEVISION SERIES

The ten television programmes will be first broadcast on Sunday mornings on BBC-1, weekly from January 10th 1982, and repeated for schools and colleges weekly on Mondays at 1500 on BBC-2 from January 11th 1982. There will be a further repeat late-night on BBC-1 on Mondays from March 22nd 1982, and the series will probably have several further repeats in later years. A pilot programme has been made, and tested with a range of possible users, and until the results of this piloting have been fully assessed, final decisions on content and presentation will not be made. The aim of the programmes, however, will be to provide an introduction for the layman to computers and computing, in very practical terms. It will explain, as simply as possible, how microcomputers work, how they can be programmed, and what sort of tasks they can be used for. Viewers who simply want to watch the television programmes should be able to learn something at least not only of what microcomputers can do, but of the sorts of jobs larger and more powerful computers can be used for. Viewers who buy the book or follow the course should be able to go rather further into the subject; but since in the end the only way one can learn about computing in any depth is to gain practical experience of it, the hardware and software of the BBC Microcomputer system is being specially provided in order to create the opportunity for direct "hands-on" experience. All parts of the project will use the same dialect of BASIC, which will be fairly close to MICROSOFT.

cont...

A BBC HANDBOOK

This will look at the wide range of things computers can do in the real world, and, broadly, at how they work. There will be sections on personal computing - what's possible and what's not - and an introduction to problem solving in plain English, leading to a section introducing the basic principles of computer programming. It will be available in bookshops and from BBC Publications, 35 Marylebone High Street, London W1M 4AA, from January 1982.

THE NEC COURSE

The National Extension College is providing a 30-hour introductory course in programming in BASIC in association with the BBC project (with which it will be software compatible). It will be possible to follow the course as a home-based correspondence student, to use it as a flexi-study course with a combination of home-based work and work in a supporting college, or simply to buy and use the course material independently. Arrangements are being made for equipment to be made available to students in various institutions, on a workshop basis. It is hoped that this will be the first of a range of such courses in this field. For details of the course, and of supporting services write to THE NATIONAL EXTENSION COLLEGE, 18 Brooklands Avenue, Cambridge, CB2 2HN.

TELEPHONE REFERRAL SERVICE

A telephone referral service will be available in association with the series, to put viewers in touch with local sources of advice and help.

THE BBC MICROCOMPUTER SYSTEM

The BBC Microcomputer system will consist of two alternative models of a microcomputer (which can both use either a domestic TV receiver or a monitor as the display unit), a range of expansion options, a Teletext receiver, a Prestel option, and a disc system. The greater part of the system will be available by cash post from the fourth quarter of 1981.

1. The Microcomputer (approximate price of £230 from Autumn 1981). The standard model of the microcomputer is based on a 2 MHz 6502 microprocessor with 16k of RAM and 32k ROM; the ROM includes a 16k BASIC and a 16k operating system, which includes a machine O.S., a cassette O.S., a disk O.S., and a network O.S. The system has a variety of eight different display modes, notably a teletext mode, a 80 x 25 characters mode, and a 320 x 256 high resolution graphics mode; it can display up to eight colours. The language specification includes a comprehensive set of BASIC commands, and is close to MICROSOFT BASIC.

The system has cassette, television, and video interfaces, and a full travel keyboard. It has been designed with the capability for substantial expansion in terms of RAM, second processor, and high-speed communication to other computers.

The enhanced model of the microcomputer (approximate price £330 from Autumn 1981) will have the following additional features: memory extension to 32k RAM, A-D interfaces, Centronics (printer) interface, RS232 (5-0-5V) interface, "Tube" and Bus connector.

2. Expansion options There will be a range of expansion options available in an add-on box.
 - Second 8-bit processor (3 MHz 6502 with additional 64k RAM) (approximate price £395 from Autumn 1981)
 - Second 8-bit processor (Z-80 with additional 64k RAM, giving a CPM facility) (approximate price £395, from March 1982)
 - a further 16-bit microprocessor (68000) with additional 128k of RAM (approximate price £995, from early 1982).
3. Teletext receiver (approximate price £100). The teletext receiver will be contained in a separate case, and will be capable of displaying teletext transmission from the BBC and IBA, and of downloading computer programs, transmitted in the form of telesoftware, directly into the memory of either model of the microcomputer. For an additional cost there will be a Viewdata option which will provide access to British Telecom's Prestel databank.
4. Disk System A disk system will be available from around March 1982, which, linked to the CPM facility, will provide the capacity to run and store CPM-based applications programs. (With a single drive and the CPM facility this will have an approximate price of £780; with double drive and CPM facility approximately £970).
5. User Guide A User Guide, which will include an equipment manual, a detailed software specification, a guide to programming, and a range of introductory programs, will be boxed in with the microcomputer and included in the price. It will also be separately available.

cont...

SOFTWARE

A range of compatible software is being developed in association with the BBC Microcomputer System. This will include a wide range of applications programs, including games, instructional programs, programs of practical use in the home, programs for the use of hobbyists, and programs which should be of practical use to the small businessman. Some of these programs will be available in printed form, some in recorded form on disk or cassette, and some through telesoftware. Some of this software is being specially written, and some is being adapted from existing programs, and the BBC is actively interested in any available software which may be suitable for this system. At the simpler levels we are hoping it will be possible to run some BBC software on other similar systems, and other software on the BBC system, with comparatively little modification.

For further details and specifications of hardware, software, or any other aspects of the project, write to:

ROBERTS SALKELD,
BBC
BROADCASTING HOUSE,
ROOM 125,
WOODHOUSE LANE,
LEEDS.
LS2 9PX

19.3.1981



10 DOWNING STREET

M.A.P. ✓

- ① Are we involved?
- ② Has anyone cited this agreement.
It looks like £5 MILLION rather
than £500,000.

DW.

~~DW~~

See note below ✓

MAP
30/3

ra
MAP

£ $\frac{1}{2}$ m READY FOR LECTURERS TO RETIRE AT 50

By JOHN IZBICKI *Education Staff*

THREE local authorities have clubbed together to raise £500,000 to enable 140 polytechnic staff to be paid off.

Some senior academics can expect lump sums of £24,000 and index-linked salaries of about £8,000 a year for the rest of their lives under the generous

conditions offered to all staff aged 50 or more at the Middlesex Polytechnic.

This involves 60 academics and 80 non-academic staff out of a total of 1,200.

And midnight was the deadline for them to tell Dr Raymond Rickett, the Polytechnic's Director, whether they were offering to accept early retirement.

Because Middlesex Polytechnic is based on some 15 different sites that stretch across three local authorities the £500,000 has been made available by the three London boroughs concerned—Barnet, Enfield and Haringey.

10-year 'enhancement'

The terms include a 10-year "enhancement" — in other words a lecturer with, say, 12 years' service will be compensated as if he had served 22 years. And "service" does not have to be confined to the polytechnic, but includes all previous teaching posts.

A lecturer earning an average £12,000 a year, with 30 years in teaching, would be eligible for a salary of £4,500 plus the 10 years' enhancement giving a total of £6,000 a year for life, index-linked from the age of 55.

He would also receive a lump sum calculated at three-eighths of his salary for each year of service which, along with the 10-year enhancement, would bring in £18,000.

More senior lecturers earn up to £14,258 and a Grade Six lecturer, equivalent to a university professor, earns up to £16,490 (£2,000 less than a professor's average salary).

Tighter reins

Like other polytechnics, Middlesex has been seriously affected by public expenditure cuts and will have to tighten the reins on student admissions for the next academic year, starting in September.

It will also have to cut its many support services and maintenance will have to be allowed to slide.

PART 1 ends:-

Dept Ed + Science to TL 30/3

PART 2 begins:-

D.W. to MAP + attach

