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H(81)11
5 February 1981

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Am delighted - this was long overdue!
know the cabinet - Prime Minister
but believe we must pass 8+9 are the guts of the proposals on substance and handling.
foaked.
no.

HOME AND SOCIAL AFFAIRS COMMITTEE

MANAGEMENT OF PUBLIC SECTOR HIGHER EDUCATION

MAD 6/2

Memorandum by the Secretary of State for Education and Science

1. This paper proposes the establishment in England of a new structure for the management of higher education outside the universities.

BACKGROUND

2. At present, apart from the universities, just over 400 institutions offer courses of higher education. The great majority are run by 90 local education authorities (LEAs) whose individual decisions determine in a largely uncoordinated way the output of an annual expenditure of £500m. Resource constraints together with the prospect of sharply declining numbers after 1984 will oblige this sector to contract. If we are to safeguard excellence within a more cost-effective system which provides courses relevant to the nation's needs it seems to me essential that this contraction should be the result of reasoned decisions taken from a national perspective.

3. The solution most frequently advanced has been the formation of a national body to advise on the size and allocation of resources for public sector higher education. This was the method proposed by the last administration in their Education Bill of 1978. It was also put forward by the Select Committee on Education, Science and Arts in their fifth report, "The Funding and Organisation of Courses in Higher Education". I am convinced that a national body with wholly advisory functions is not the answer. The overwhelming need is for better control of the system, coordination and direction of provision from a national stand-point and cooperation with the university sector. A body whose advice LEAs were free to heed or not as they chose would simply lack the authority to deliver. What is required is a national body with executive powers, and that is what I propose.

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ROLE AND SCOPE OF NATIONAL BODY

4. There is no way, if specific grant is ruled out, of combining national direction with continued LEA management of the institutions concerned. It is not a matter of controlling resources centrally. I have already taken powers in the 1980 Education Act to end the unrestrained expenditure by LEAs on higher education, but this still leaves the national pattern of courses to emerge from uncoordinated (and often locally self-interested) decisions. If the size and importance of higher education justify settling resources and undertaking planning at a national level, the new national body must exercise strategic control over what happens in each institution for which it is responsible.

5. Concentrating the direction of public sector higher education in this way would facilitate co-operation with the universities which would continue under the aegis of the University Grants Committee (UGC). I considered two possible ways of proceeding without setting up a new body. The first would have enlarged the UGC to embrace the public sector institutions. I concluded this would be quite inappropriate. The nature of public sector provision having an avowedly applied emphasis is and should be different from that of universities. It is also more heterogeneous and wider in scope so that a more purposive style of management is required. There would also be formidable practical difficulties in substantially extending the UGC's responsibilities (as paragraph 7 below shows, nearly 100 institutions might need to be placed with the 44 universities now under the UGC); to say nothing of the powerful vested interest this would create. The second alternative would have been to bring the public sector institutions under my Department's direct control: this would rightly meet with strong educational and political opposition which would be difficult to rebut.

6. Nevertheless, the responsibility of the Secretary of State to establish policy objectives would remain and I should require the new national body to work within guidelines relating both to the Government's expectations of the system - for example, share of student intake, responsiveness to the country's needs for qualified manpower, teacher training capacity - and to its cost-effectiveness.

7. For the new national body to be effective it must clearly exercise control over the greater part of higher education in the public sector. As will be seen from the diagrams in the Annex, this rules out a body responsible for the polytechnics alone. Further, I would want to take this opportunity to end current arrangements whereby certain colleges (including some with church affiliations) are funded directly by my Department. My proposal is to create a new centrally funded and managed sector made up of some 98 institutions of which 29 are polytechnics, 38 are other

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establishments maintained by local authorities, and the remaining 31 institutions are already centrally funded. Since virtually all the 400 institutions in public sector higher education also offer courses of further education, it is impossible immediately to avoid some non-advanced further education being drawn into the new sector, and conversely the retention in LEA institutions of some higher education. But the line has been drawn to minimise these effects: as regards higher education, the 98 institutions account for 87% of all full-time and sandwich students in the public sector and include (as a matter of policy) all initial teacher training provided outside the universities. One longer-term result of my proposal is likely to be that higher education will be increasingly concentrated in the new sector but it will be necessary to guard against the risk that LEA colleges duplicate higher education courses; and to ensure that impediments are not placed in the way of students progressing from courses of further education in an LEA college to courses of higher education in the new sector.

LEGISLATIVE PROPOSAL

8. I propose the creation through primary legislation of a Committee responsible for allocating Exchequer funds directly to the institutions in its charge, these being designated by me in regulations made under the proposed legislation. In the case of those institutions now maintained by LEAs, this will necessitate taking them out of local government ownership and giving them independent legal status. The legislation would require the Committee not only to work within guidelines laid down by the Secretary of State (see paragraph 6 above) but also to report to him at stated intervals. Members of the Committee would be appointed in their own right by the Secretary of State, and would number 20-25. I would want to attach significant weight to industry and business. There would be assessors from my Department, the Departments of Industry and Employment, the UGC and the Council of Local Education Authorities. The legislation might also provide for a regional structure to advise the Committee and to facilitate cooperation with LEA institutions and perhaps with universities.

TIMING

9. I should, subject to colleagues' agreement, want to seek reactions to a proposal on these lines from those concerned by means of a consultation document, but would make clear in it our commitment to act as quickly as possible. This would then provide the context for our reply to the major recommendations made in the fifth report from the Education, Science and Arts Committee. I would aim for legislation to be introduced into Parliament in the 1981/82 session, so that the new Committee could be established late in 1982 in readiness for the academic year 1983/84. I acknowledge that this is a tight timetable and depends significantly upon our success in securing cooperation with the local authorities.

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COSTS

10. The new system stands to make better use of resources and to offer greater prospect of securing an effective contribution by higher education to the country's industrial and economic needs. My Department's preliminary analysis suggests that:

- a. there will be an initial cost involved in acquiring from local authorities the premises used by institutions which transferred to the new sector. The worst (and least likely) outcome would involve central Government in buying out the local authorities' stake at a once and for all "capital" cost of over £400m. The best outcome would involve central Government in simply taking over the servicing of the local authorities' accumulated debt on the transferred property: central Government already contributes to this through RSG and the net additional cost to the Exchequer would be some £20m a year;
- b. including the above £20m, the net additional recurrent cost to central Government would be about £130m a year (this could be recouped by adjusting the rate of RSG by the necessary percentage);
- c. the management bill for the new Committee should be largely offset by administrative savings in my Department and the local authorities.

All this can be achieved while leaving unchanged the overall balance of expenditure between the ratepayer and the taxpayer, for example, by reducing the percentage rate of Exchequer grant in support of local authorities' remaining services. My proposal involves no net addition to public expenditure as a whole.

RECEPTION

11. The proposal can be expected to meet with the disapproval of the Opposition who will most likely continue to back a local/central compromise along the lines of the proposal contained in their 1978 Bill. To this must be added the public opposition which will doubtless be voiced by the local authority associations. On the other hand, I have already received indications that certain LEAs concede that their major institutions have developed to a point where they are inappropriate to a local authority setting. Looking beyond local authority elected members and officers, there is little doubt that the rate-payers will welcome my proposal. So too will many in the institutions (eg the Committee of Directors of Polytechnics and a fair proportion of the teaching staff in the institutions to be transferred). As for the directly funded colleges, there may

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well be an initial disposition to favour remaining in that relationship with my Department; but there could be advantages for them in being part of a larger operation, and I believe their doubts can be overcome.

UNIVERSITY GRANTS COMMITTEE

12. I leave for separate consideration whether, in parallel with the creation of a Committee for public sector higher education, the UGC, now constituted by a "Treasury Minute" of 1919, should be given legal status. This could emphasize the independent standing of the UGC and facilitate cooperation between it and the new Committee. But there will be those who support the present informality, and I want more time to assess the pros and cons. Consultation on this matter would in any event be an exercise in its own right.

LEGAL BASIS OF FURTHER EDUCATION

13. Creating a new management structure for higher education as I now propose will strengthen the case for redefining the present legal basis of further education which is generally regarded as deficient. My proposals in this connection will come to Home Affairs in May, and will I expect be ready to be included in the Bill which would give effect to the proposals in this Paper.

CONCLUSION

14. I invite colleagues' agreement to the general proposal outlined in paragraphs 4 to 8 above and their endorsement of the line of action set out in paragraph 9.

MC

Department of Education and Science
5 February 1981

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THE RANGE OF HIGHER EDUCATION

1. As far as the universities are concerned, higher education is virtually synonymous with full-time degree courses. This is not true of the polytechnics and other colleges and institutes which make up the public sector of higher education. Here courses, very often part-time or sandwich, are offered over a wide range of levels from degree courses to higher diploma and certificate courses and courses leading to a variety of professional qualifications. Indeed very few of these institutions restrict themselves even to this broader field of higher education. Most of them, especially those maintained by local education authorities, simultaneously provide further education courses up to and including GCE A levels, and the Ordinary National Certificate.

SCOPE AND CHARACTERISTICS OF THE PUBLIC SECTOR*

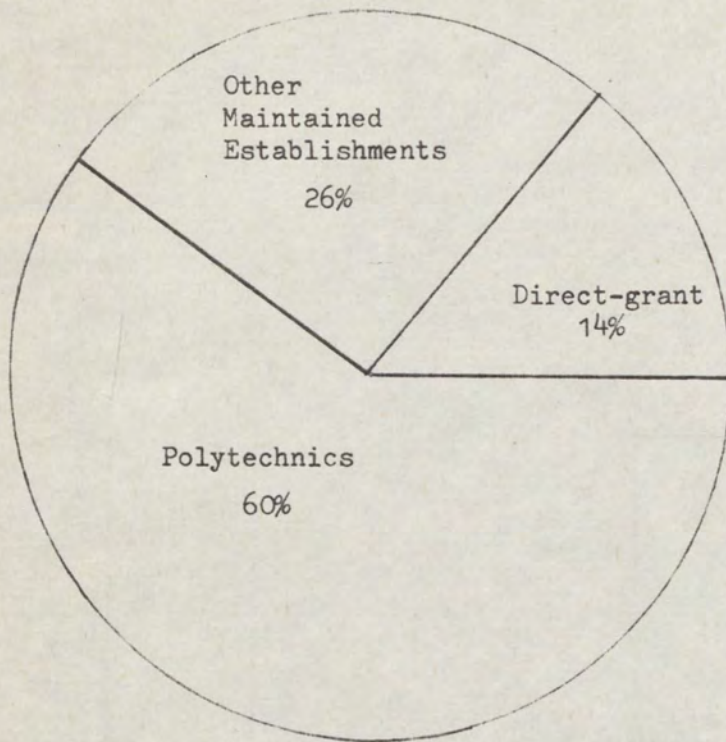
2. The first point to emphasise therefore is the wide institutional dispersal of the public sector. It is made up of 404 institutions, 39 funded directly by the DES and 365 maintained by local education authorities. As well as the 29 polytechnics which form the spearhead of this maintained group, there are another 193 establishments which run full-time courses; the other 143 run just part-time courses.

3. Students on higher education courses are distributed amongst these institutions in the following pattern:

*Note: this section is a snap-shot of the public sector taken at November 1978, the latest date for which complete figures are available.

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DIAGRAM 1 - students on full-time and sandwich higher education courses



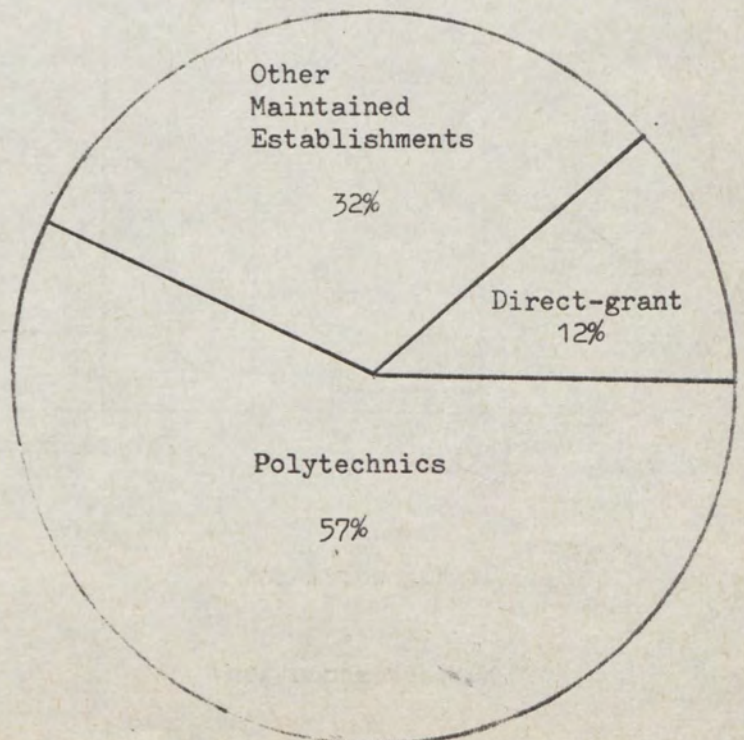
Student numbers (thousands)

Direct grant	26
Polytechnic	112
Other maintained	49
Total	187

DIAGRAM 2 - all students on higher education courses (part-time students have been converted into full-time equivalents)

Student numbers (thousands)

Direct-grant	27
Polytechnic	127
Other maintained	71
Total	225

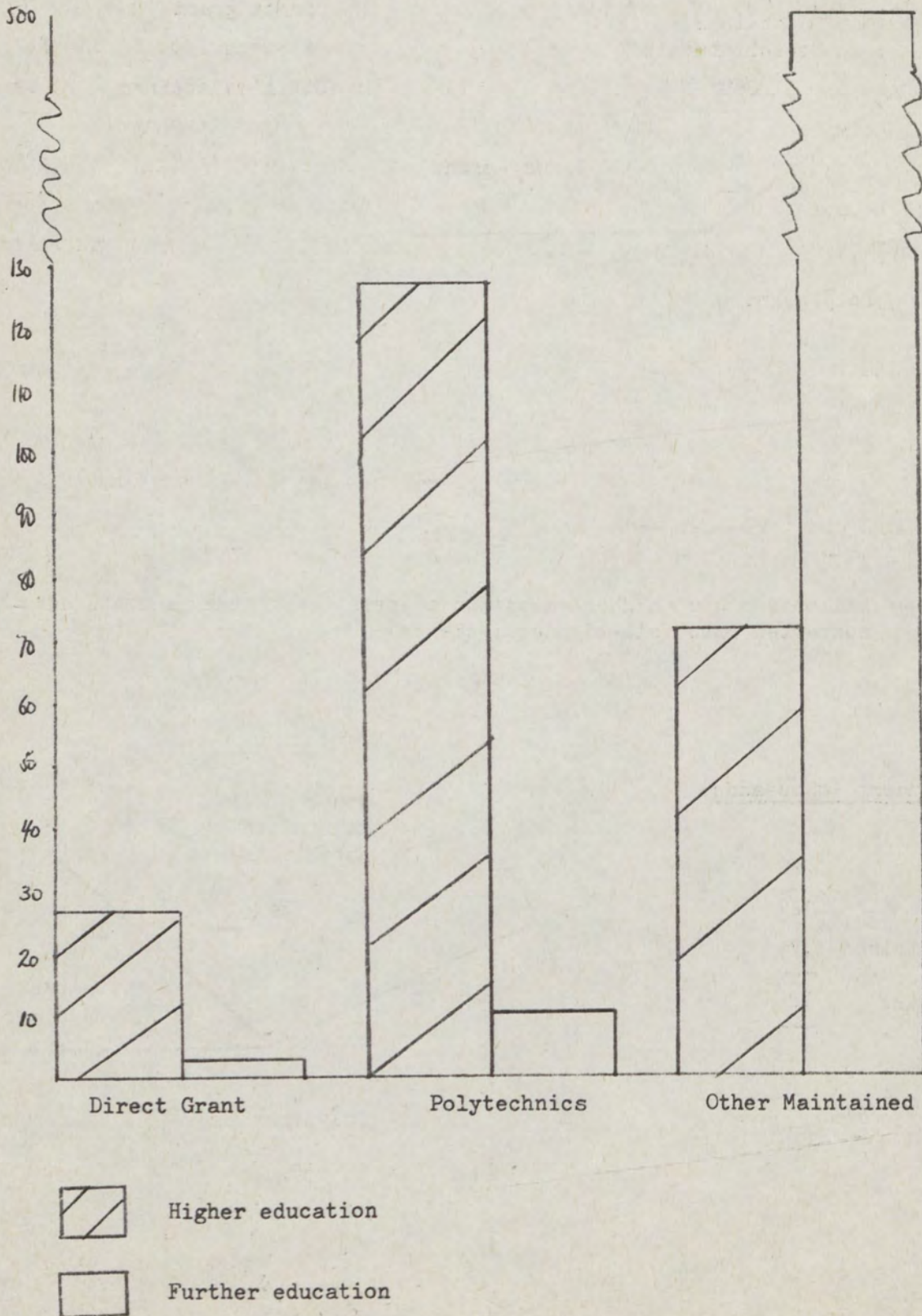


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4. The second key feature of the public sector is the inter-mingling of high education with further education. The ratio of higher to further education in the different types of institutions is shown below:

DIAGRAM 3 Ratio of higher to further education

Students on all courses
(1000's)



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THE INSTITUTIONS IN THE PROPOSED NEW SECTOR

5. The aim is to bring as much higher education provision as possible under national control, whilst leaving local education authorities in charge of the maximum amount of further education. With the coexistence of higher and further education in the institutions no neat division readily achieves this aim. However a pragmatic approach has been adopted to bring into the new sector all the direct grant institutions (31), all the polytechnics (29), all the other maintained establishments with some involvement in the provision of initial teacher training (26) and those other maintained establishments with at least a 70% commitment to higher education (12). These 98 institutions embrace 87% of full-time and sandwich students taking courses of higher education (81% of all students when part-time students are taken into account), and bring with them only 5% of the total of local education authorities' further education provision.

HIGHER EDUCATION LEFT IN LEA INSTITUTIONS

6. The new sector would leave 285 maintained establishments with some higher education. Of these 205 have less than 10% higher education; 27 have more than 30%; and just 12 between 50% and 70%.

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PRIME MINISTER

The Home Secretary reports H Committee's discussion of Mr. Carlisle's proposals for the management of public sector higher education.

I understand that a clear majority of the Committee would have favoured throwing out the proposals. I had advised the Home Secretary and Mr. Carlisle in advance of your support for the latter's approach. In the event, the Home Secretary felt it right to draw on this to keep the proposal alive. You will see that the conclusion is that DES should try a draft consultative paper on the Committee.

ms

MD

11 February 1981



PRIME MINISTER

MANAGEMENT OF PUBLIC SECTOR HIGHER
EDUCATION

At H Committee we considered the proposals put to us by the Secretary of State for Education and Science for a new structure for the management of non-university higher education in England (H(81) 11). Since I understand that you had indicated that you supported these proposals in principle I thought I should let you know the views expressed by colleagues at H and the outcome of the discussion.

The Education Secretary's proposals were strongly supported by the Chief Secretary and by Ministers from the Departments of Industry and Employment. They also had the support of the CPRS. It was argued that under the present arrangements polytechnics and other institutions were not adequately meeting the needs of industry and commerce and that central control was needed if resources were to be used to the best advantage. Other members of the Committee, however, saw very considerable difficulties, both within the Party and in Parliament, if the Government proposed to take control of these institutions away from local authorities and hand them over to a new and powerful Quango. Some colleagues were also sceptical about the claims made for the potential benefits of the new centralised arrangements.

It was clear that there was no majority in the Committee in favour of the Education Secretary's proposals. On the other hand, I did not think it right for us to take a firm decision against them. I therefore suggested, and the Committee agreed, that the Education Secretary might prepare and bring back to H Committee a draft consultative document which would have the flavour of a Green Paper rather than be a firm statement of Government proposals, and which would also give some indication of the way in which the new Quango might operate. This means that if we were to decide to go down the route the Education Secretary favours there would be little chance of legislation next session, but his timetable was in any event ambitious and the reaction of colleagues this morning suggests that a further period of discussion and debate would probably be valuable.

hsw
10 February 1981



Education 2
Prime Minister

MA 21/1

ms

PRIME MINISTER

FIFTH REPORT OF THE SELECT COMMITTEE ON EDUCATION, SCIENCE AND ARTS: THE FUNDING AND ORGANISATION OF COURSES IN HIGHER EDUCATION

On 28 October last this select committee published their report on the funding and organisation of courses in higher education (HC 787-1). The report ranges widely over higher education policy and this is reflected by its 46 recommendations.

2. I have secured H committee's agreement that the Government's response should be in two stages. There is a central core of recommendations which bear upon the difficult but important question of the future of higher education in the public sector which I already have under review. The select committee themselves are not expecting an immediate response to these. The second, and numerically larger, group of recommendations deals with a wide variety of other issues within higher education. These can be answered now and H committee has agreed the terms of a White Paper which with the agreement of your Press Office will be published tomorrow, Thursday, after your Questions.

3. So that you may be aware of what we shall be saying, I am enclosing a copy of the text. I am also arranging in the usual way for advance copies to be made available to the select committee.

4. Copies of this and its attachment go to Cabinet colleagues and to Sir Robert Armstrong.

M.C.

MARK CARLISLE
21 January 1981



THE GOVERNMENT OF INDIA
MINISTRY OF DEFENSE

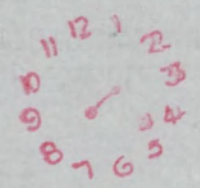
1. The Government of India has decided to...

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4. The Government of India has decided to...

21 JAN 1981





With the Private Secretary's Compliments

Peter Shaw.

~~MAP~~

*to SEC + PA
MS*

DEPARTMENT OF EDUCATION AND SCIENCE

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- Coming out on

Thursday

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Education



Initial Government Observations on
the Fifth Report from the Education,
Science and Arts Committee,
Session 1979-80:
The Funding and Organisation of
Courses in Higher Education

*Presented to Parliament by the
Secretary of State for Education and Science
by Command of Her Majesty
1981*

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INITIAL GOVERNMENT OBSERVATIONS ON THE FIFTH REPORT
FROM THE EDUCATION, SCIENCE AND ARTS COMMITTEE, SESSION
1979-80: THE FUNDING AND ORGANISATION OF COURSES IN HIGHER
EDUCATION

1. The Government are glad that the Committee decided to give early attention to the management and planning of higher education. They welcome the Committee's Fifth Report on "The Organisation and Funding of Courses in Higher Education" as a contribution to developing policy in this area, that is, higher education in the universities in Great Britain and in non-university institutions in England.

2. It appears to the Government that the recommendations in the Report are broadly of two kinds: some collectively address a wide range of issues in higher education while others focus on or derive from the central recommendation for the establishment of a Committee for Colleges and Polytechnics. These latter recommendations bear directly upon consideration of the future of higher education in the public sector. The Government are grateful for the recognition in paragraph 134 of the Committee's Report that this will take a little time.

3. In the meantime the Government emphasise their concern that, faced with the early prospects of a fall in the traditional higher educational age group and of some decline in the total resources available, higher education should be organised and managed so as to safeguard excellence, promote innovation and respond effectively to the requirements for highly educated and trained manpower as these are and may evolve. The Government will continue to play their appropriate part in ensuring that this is achieved, so that the needs of the country and its citizens are well served by the higher education system.

4. The Government believe that it may be for the convenience of the House and of others with an interest that they should provide now their observations on those recommendations made in the Report which can be treated separately from the central recommendations. These are addressed in what follows, numbered as in paragraph 145 of the Committee's Report.

Recommendation 1

"1. Positive steps should be taken to improve the age participation rate particularly in those regions where it is low."

Response: The improvement of the age participation rate generally is the long-term aim of the Government within the financial constraints.

Recommendation 2

"2. A formula on 'level funding' more related to actual student numbers should be worked out."

Response: The Government takes into account the projected demand for higher education in planning provision within its total expenditure plans. As announced by the Secretary of State for Education and Science on 16 Decem-

ber 1980, the Government are now planning a reduction in expenditure on higher education. The extent to which the cost per student in higher education institutions can be reduced whilst maintaining standards cannot be assessed with precision; and the Government believe it would be undesirable to plan on the basis of a simple direct link between the sums available and forecast student numbers.

Recommendation 3

"3. Higher education institutions should be encouraged to listen closely to such messages as can be derived from the employment market but the DES suggestion that such messages be translated into guiding principles for higher education should be rejected as impracticable in so far as it relates to undergraduate education and to major subjects of study."

Response: In February 1980, following a proposal from the Department, the Unit for Manpower Studies was commissioned to produce a report on this subject. This has now been sent to the Committee and published. The terms of reference of the study were drawn so that the work done was complementary to the existing method of determining higher education numbers through student demand. Further studies will be undertaken by the Unit and the Department before final conclusions are reached. The Government endorse the Committee's recommendation that higher education institutions should keep themselves and their students closely informed of developments in the employment market.

Recommendation 4

"4. Through the Unit of Manpower Studies, and as envisaged in the Government's reply to the 1972-73 Expenditure Committee Report, the Government should publish information about employment trends for use by pupils in the schools, their parents and their teachers. The Government should further strengthen all forms of careers guidance and advice to the schools. Responsibility for this should be given to one Minister, who should be appointed forthwith, and who should, as a first priority, review the basis on which the careers advisory service is operated."

Response: The Government fully recognise the importance of effective careers guidance and advice for all young people and will continue to seek to improve the quality and extent of the provision in this field already made in schools by teachers, by the careers service, and by other agencies. The Government are not persuaded, however, that it would be useful at present to review the existing allocation of Ministerial responsibilities. These arise from the responsibilities of the Secretary of State for Education and Science for education in schools and further education, and from those laid upon the Secretary of State for Employment by the Employment and Training Act, 1973. The Government accept that the Unit for Manpower Studies should continue to gather and analyse information on the graduate employment market. The Unit does not have the resources or skills to disseminate this information widely to school pupils and their careers advisers, but will continue to publish its findings in the Department of Employment Gazette and in research papers. Certain organisations already circulate information about careers following higher education. The Careers and Occupational Infor-

mation Centre (a branch of the Manpower Services Commission) distributes a booklet—"What Do Graduates Do?"—to schools and colleges across the country.

Recommendation 5

"5. The Joint UGC/Research Councils' Advisory Board Working Party should also consider the effectiveness of the dual funding system in a period of level funding and the implications this has for greater discrimination by the Research Councils (as well as the UGC) in the allocation of funds for the future."

Response: The terms of reference of the Joint Working Party require it "to review the current arrangements for the support of university research in the natural and social sciences; to consider how far these arrangements make for the most effective use of existing and likely future resources; and to report to the Advisory Board for the Research Councils and the University Grants Committee". Whether any further study is needed can be considered when the Working Party's report is available.

Recommendation 6

"6. The lay membership of the University Grants Committee should be increased to include further representatives of LEAs and of both sides of industry."

Response: Members of the Committee are all appointed on a personal basis. Ministers will keep under review the balance of membership.

Recommendation 12

"12. When the CCP is set up the Government should bring forward proposals under which the UGC and CCP should be under a duty to make public more information about their activities and methods of administration and the formal advice they submit to Government."

[Committee for Colleges and (of) graduates]

id/ *Response:* The Government is in favour of disclosing as much information as possible. However they firmly believe that the confidential advice they receive from advisory bodies, including the University Grants Committee (UGC), must remain confidential if the advice is to be impartial and worthwhile; and that to require the UGC to make public details of its discussions with individual institutions would rapidly result in a reduction in the willingness of those institutions to involve the UGC in their planning arrangements. Within these necessary constraints however the UGC will continue to explain its work by publishing Annual Surveys, answering enquiries from the public and whatever other means is appropriate.

Recommendation 16

"16. The Department should substantially re-cast FECL 1/80 for 1981 to take account of the criticisms on course approval in paras. 89-96, but when the new public sector body is established course controls should be essentially left to the institutions themselves in the light of their perceptions of student preferences and the funds available to them."

Response: Further Education Circular Letter 4/80, which has now issued and a copy of which has been sent to the Committee, was prepared after consultation with representatives of the local authorities and of higher education institutions in the public sector. The circular letter notes that it is "most unlikely that the advanced course approval system will be retained in the long term in its present form." It has however been agreed with the local authorities that the present course approval system must operate for at least one more year.

Recommendation 17 (2nd part)

"17. . . . HMI's should restrict their inspectorial role to Non-Advanced Further Education."

1/ *Response:* HMI's inspectorial role in public sector higher education derives from the powers and duties of the Secretary of State set out in Sections 1 and 77 of the Education Act 1944. Acceptance of this part of the Committee's recommendation without any alternative mechanism would deprive Ministers of an important source of information and informed judgement about a major part of the education service.

Recommendation 18

"18. The Regional Advisory Councils should be abolished. Some of their activities, not involving higher education, may need to be continued by a smaller organisation."

Response: It is for the LEAs to consider whether to retain the Regional Advisory Councils in their present, or some other, form. It is the Government's view that a regional dimension is likely to be necessary in higher education, but structural arrangements can be considered only against the background of decisions on how public sector higher education should be managed, and these have yet to be taken.

local Education Authorities.

Recommendation 19

"19. Provision should be made for polytechnics to assume organisational forms which allow them more financial autonomy in 'full cost' operations."

Response: The Government acknowledge the importance of removing any disincentives which inhibit polytechnics from undertaking full-cost operations. A discussion paper, "Continuing Education", has recently been issued and identifies, as one of these disincentives, the arrangements for the retention of fee income from courses provided on a full basis. The Department proposes to pursue the possibility of reducing or, preferably, removing this disincentive with those concerned with the central and local financing and administration of institutions.

s/

cost/

Recommendation 21

"21. Institutions of higher education and local education authorities should co-operate on an area or sub-regional basis in voluntary planning particularly for continuing education, and every institution of higher education should be required to publish an annual report on the extent to which facilities are being shared, and draw particular attention to unnecessary duplication."

Response: The Government support closer local co-operation over continuing education at all levels. In the post-experience vocational field, after considering responses to the discussion paper on continuing education, the Government propose to promote the development of co-operative arrangements to rationalise and co-ordinate the provision of new courses by enabling demand from potential clients at institutional, regional and national levels, to be aggregated to available provision and resources.

and related/

Recommendation 22

"22. To create greater flexibility, fair redundancy (as distinct from existing premature retirement) schemes should be introduced; the Government should examine the concept "tenure" in higher education, and a smaller proportion of future academic appointments should carry "tenure". Mobility of employment between schools, further education, higher education and between education, industry and commerce should be encouraged."

Response: (a) Fair redundancy schemes: Schemes exist at present, in the maintained sector and in universities, for teachers aged between 50 and normal retirement age who are prematurely retired by reason of redundancy or in the interest of efficiency to receive their accrued superannuation benefits and to have those benefits enhanced at the discretion of the employer. If in such a case loss of a post is caused by redundancy (that is, a post is abolished) then the retired teacher is in addition entitled to a redundancy payment. If teachers aged less than 50 are made redundant, however, they receive the normal redundancy payment.

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(b) tenure: This is essentially a matter for negotiation of contracts between employers and employees.

(c) mobility between establishments: The Government firmly support the idea of greater mobility and have removed those impediments to it within their control, but believe that it would be unrealistic to envisage substantial mobility between the schools, further education and higher education at a time when none of the sectors is increasing its staffing levels.

(d) Mobility between education, industry and commerce: The Government welcome this recommendation in principle and indeed some interchange of this kind is already taking place especially in maintained establishments of higher education. At a time of economic recession there should be scope for redundant qualified mathematicians and scientists from industry to take up teaching; the need at present is predominantly in the schools and, for that purpose some candidates would require further training. The main impediments to full mobility are not principally educational but arise for example from the limited scope for transfer of pension entitlements between public and private sector employments. This matter is currently being examined by the Occupational Pensions Board.

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Recommendation 23

"23. The Secretary of State should urgently pursue the suggestion that mathematics teachers for whom demand no longer exists in further or higher education should be transferred to the schools."

Response: It is for local education authorities to identify surpluses in the staffs of the schools and colleges which they maintain and to make plans, in consultation with the governors and staff of the institutions concerned, to correct them. These might include arrangements for schools and colleges to share staff as well as for transfers. There is a need at the national level to ensure that no unnecessary constraints are placed on the freedom of local education authorities to redeploy staff where surpluses do occur. Qualified teacher status is required for teaching in schools but not in further education establishments; and the salary scales are different. However, many further education teachers possess or are eligible for Qualified Teacher status. A graduate in mathematics or science who wishes to transfer from further education to school teaching and who is not otherwise eligible for Qualified Teacher status, may at present take advantage of the exemption which allows graduates in these subjects to enter school teaching without having first taken a course of professional training. A teacher who was redeployed from a further education establishment to a maintained school could have his salary safeguarded. For redeployment arising from reorganisation, the Burnham arrangements make such safeguarding obligatory. In other instances safeguarding is at the discretion of the employing authority.

Recommendation 24

"24. Use should be made of the scope, albeit limited, for facilitating change by retraining academic staff."

Response: The Government recognise that schemes for retraining academic staff have a part to play in promoting flexibility of provision. However, much will depend upon what sort of academic staff are potentially surplus to requirement in their present field of work, in what numbers, and whether they have the potential for redeployment in institutions and subject areas where vacancies exist. Retraining needs should therefore be assessed, and steps taken to meet them, at local level rather than necessarily by the introduction of any national programme. There is already a national scheme to encourage the retraining of staff for the teaching of shortage subjects in schools.

Recommendation 25

"25. The sort of information collected for the 'Universities Statistical Record' should be collected for college and polytechnic personnel. Information systems should be compatible and provide a sound data base. The DES should develop, and make available to researchers, a model capable of forecasting, under variable assumptions, the number of vacancies likely to arise and thus the scope for change in subject balance, and the data bases maintained by the Universities Statistical Record at Cheltenham and the Further Education Statistical Record at Darlington, should be made compatible."

Response: The Government agree that a forecasting model for higher education staff could usefully be developed. Some progress has been made on this during the past two years. However the resources required for the work of designing a satisfactory model and collecting and analysing compatible data on students and staff for universities and further education establishments would be substantial. Within the Department only limited resources can be

devoted to this work but the Government will be considering the feasibility of putting it out to contract.

Recommendation 26

"26. As continuing education is developed, particular attention must be given to course length and mode, and to the importance to students of offering neighbourhood co-ordination of conveniently timed courses."

Response: The Government have already indicated the importance which they attach to the further development of continuing education at all levels, vocational and general, and have extended the life of the Advisory Council for Adult and Continuing Education to enable it to complete its remit to develop future policies and priorities for a comprehensive system in this area. They will be studying carefully the Council's report, due in the Spring of 1981, which is expected to identify the barriers to student access in much existing provision to which the Committee has drawn attention. The Department's recent discussion paper on post-experience vocational provision lays particular stress on the need for it to be designed to remove these barriers so as to meet the requirements of employees and employers, and suggests a means of stimulating and supporting innovations in this area and preparing staff to use them. The paper also discusses ways of co-ordinating provision locally. The Government continue to attach particular importance to post-experience academic and pedagogic training for teachers, especially during a period when the intake of newly-trained teachers will be much smaller than in past years.

Recommendation 27

"27. Institutions should make use of the experience of the Open University in the techniques of distance learning and should anticipate the impact of new developments in technology; and funding arrangements should recognise the extra expense which trends to modular courses and part-time studies will involve."

Response: In its discussion paper on continuing education the Department has recognised the potential value of distance learning in the effective development of post-experience provision and the need to encourage modular courses to meet the needs of those in employment. The paper draws attention to the useful experience of the Open University, with its expertise in multimedia distance learning and teaching techniques and as an innovator of educational technology. The paper also acknowledges the need for the calls on staff time and resources arising from modular and part-time courses to be taken fully into account in staffing procedures, salary scales, conditions of service and the calculation centrally of levels of resources for institutions. It envisages pursuing with the bodies concerned what changes in administrative and financial procedures would be necessary to effect this.

Recommendation 28

"28. To encourage continuing education, all institutions should co-operate in the development of a formal credit system."

Response: In 1977 the Department initiated studies into the need for, and feasibility of the introduction of a credit transfer system for the United King-

dom. The support from students, educational establishments and professional and validating bodies revealed by these studies was substantial and the Department is now considering the technical arrangements which might be required to bring a system into being. Meanwhile the Department has already recognised in its discussion paper on continuing education that the development of post-experience provision depends in part upon credit transfer. Credit transfer would incidentally facilitate the development of an inventory of courses in higher and further education which would be valuable to promoters of new courses in assessing likely demand.

Recommendation 29

"29. The Open University should enjoy a similar degree of autonomy to other universities, while continuing to be directly funded by the DES."

Response: The question of the appropriate source of funding for the Open University is under consideration. The University's existing and potential contribution in the field of continuing education and the need adequately to safeguard its academic autonomy will be borne in mind in reaching a decision.

Recommendation 30

"30. The proposal for an Open Polytechnic, drawing on the experience of the Open University and admitting students without formal entrance requirements to vocational courses, should be urgently investigated."

Response: The further education service already offers an extremely wide variety of provision for students with all kinds of backgrounds and aspirations, including those with no or only limited formal qualifications. The Government are aware of and warmly commend the many useful initiatives which are being developed by the polytechnics and other colleges, in some instances in co-operation with the Open University, to make access to suitable provision easier. The Department is in close touch with the Department of Employment and the Manpower Services Commission about the ways in which further progress should be made. Whether some new institutional arrangements are needed is one of the matters which will be studied closely.

Recommendation 31

"31. For greater clarity and accountability to Parliament, responsibility for continuing education should be identified with one particular Minister."

Response: The Secretary of State for Education and Science already has general responsibility for continuing education at all levels; and there are arrangements for collaboration and co-ordination with other interested Departments and agencies, especially those with responsibilities in the field of training.

Recommendation 33

"33. The DES should commission, and circulate to institutions, a discussion document on individualised and distance learning techniques, to be prepared by the Council for Educational Technology."

Response: The Government fully appreciate the potential contribution of

educational technology to the development of distance, independent and individualised learning systems and techniques and are concerned to promote their effective use not only in higher education but in vocational and general continuing education^d at all levels. To this end, the Department has put forward for discussion in the recent paper on continuing education the concept of a resource agency which might evaluate, co-ordinate and disseminate information about such techniques, their use and their implications for teaching methods, course planning techniques, and the basis for the assessment and distribution of institutional resources; offer some pump-priming in order to stimulate and support the development of applications and materials; and assist in the training of staff in their use. Such an agency could draw heavily on the valuable investigations and experimentation undertaken by the Council for Education^d Technology in this field, and on that by other bodies such as the British Broadcasting Corporation and independent television companies, the Open University, the National Extension College, and examining bodies such as the Technician and Business Education Councils, and to take account of the investigations which we have asked the Advisory Council for Adult and Continuing Education to undertake with them in its second term of office into the cost effectiveness of new techniques and their particular uses in the education of adults. The Department proposes, in the light of response to the discussion paper, to consider action to provide such a resource.

Recommendation 34

"34. The DES should review its production of education statistics to improve their timelines^{s/} and usefulness to planners of higher education."

Response: The Department has already made several reviews of its production of education statistics. The Committee do not appear to be aware that since 1979 the main vehicle for publication of education statistics has been Statistical Bulletins produced by the Department. These permit the publication of statistics a short time after they have been collated. As an example, estimates of student numbers in advanced further education for October 1980 will be published in January 1981. The Government will continue to seek to improve the timelines^{s/}, usefulness and availability of education statistics, subject to the need to maintain a rigorous view of value in relation to cost. ^{e/}

Recommendation 35

"35 The feasibility of establishing a central bank of information, through EPIC, regarding higher education should be studied." ^{h/}

Response: This recommendation will be considered by the Steering Committee for the Education Policy Information Centre project who will need to assess carefully whether its existing resources and staff would be sufficient for this expansion of its role. The recommendation will also be drawn to the attention of the Steering Committee for the Educational Management Information Exchange system, which will be based at the National Foundation for Educational Research and whose initial funding is being provided by the Department.

Recommendations 36(b) and (c)

"36(b) A higher rate of maintenance grant for students and higher salaries for teachers in certain subjects, such as mathematics, should now be considered.

(c) if a higher rate of maintenance grant is offered as an inducement in exceptional circumstances, it should be linked to a pledge to take up or continue in relevant employment"

Response: As regards grants, enhanced awards for all graduates taking the Post-Graduate Certificate in Education (PGCE) in shortage subjects would be a possibility but, at a time when there has been a marked up-turn in PGCE enrolments in these subjects, the Government see the immediate priority as attracting students of high quality to teaching rather than to increase the total numbers in training. This suggests the alternative of a scholarship scheme (see below).

The settlement of teachers' salaries is a matter for the Burnham Committee, in which the Department is part of the Management side. The Standing Commission on Pay Comparability in their report on teachers' pay (1980, Cmnd 7880) expressed the view that special salary scales were not the appropriate remedy to the shortage of teachers of mathematics and physics but considered that greater flexibility in the use of existing scales might be helpful. The Burnham Committee accepted that recommendation and, in October 1980, invited local education authorities to examine, in consultation with the teachers' organisations, how teacher shortages might be relieved according to local circumstances by the use of discretionary powers in the Burnham Salaries Document. The Burnham Committee has undertaken to monitor the use made by the authorities of this discretion.

Under a scheme administered by the Manpower Services Commission, financial support is available for persons aged 28 or over who have been accepted for certain courses of training, further training or retraining in shortage subjects. Local education authorities receive premium grants from the Manpower Services Commission to defray the cost of seconding serving teachers on salary to such courses: applicants who are not serving teachers receive training awards. A training award offers in most cases a more generous level of support than a mandatory award. Applicants for training awards are required to sign an undertaking that they intend to seek a teaching post either with the local education authority to whom the application is made or with another education authority in England or Wales. Approval has been given for this scheme to continue until 1982/83.

The Department has made proposals for consultation with the interested parties for a pilot scheme of national scholarships for high calibre students of mathematics and physical science to take the PGCE at selected institutions. The national scholarship would provide £500 additional to the student's mandatory award. It is hoped to start the scheme in the academic year 1981/82. It is proposed that there should be an undertaking on the part of the scholar to give at least two years' teaching service to a local education authority and that he should receive in return an undertaking from a local education author-

ity to offer him a job at the end of his training. The form of this undertaking is to be considered further in consultation with the interested parties.

Recommendation 37

"37 The designation of courses as qualifying for mandatory as distinct from discretionary awards should be reviewed in the light of manpower needs."

Response: The problems of finding an acceptable alternative to the present system whereby designation for mandatory awards is linked to the academic level of the course are formidable. Designation at present covers courses of initial teacher training and those leading to qualification of first degree or equivalent level, Higher National Diplomas, Diplomas of Higher Education and the Higher Diplomas of the Technician and Business Education Councils. To extend designation generally to courses at lower levels would be costly and it is not clear that the available information on manpower needs is precise enough to enable relevant courses to be selected. Moreover, any system based upon manpower needs would require frequent adjustment which would result in uncertainty for both students and institutions. Nevertheless, the Government are reviewing the present awards system in all its aspects.

Recommendation 38

"38. The extent and form of financial support for mature students undertaking continuing education should be reviewed as a matter of urgency."

Response: There are already special arrangements for the assessment of grants to mature students. For example, they can qualify, subject to age and previous earnings, for an addition to the basic grant of up to £550 per annum; and commitments entered into before starting the course, such as mortgage repayments, can be offset against any income derived from other sources without reducing the amount of grant paid. The level of grant to mature students is reviewed annually.

Recommendation 39

"39. A discussion paper should be published by the DES before any student loan scheme is proposed and the terms of reference of the DES working party should be extended to include: equitable treatment as regards repayment and possible effects on participation in higher education by students from the lower income groups."

Response: The Government are studying the implications of various possibilities for the support of students by means of loans, including combinations of loans and grants. Questions of equity and the effect on participation are among the factors being taken into account. There would be wide consultation before any scheme was implemented.

Recommendation 40

"40. The 'home' student fee should be indexed at about 30 per cent of full cost."

Response: The arguments put forward by the Committee will be considered

in a review of fee policy to be undertaken in co-operation with the University Grants Committee and the Local Authority Association.

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*Recommendation 42**

"42. The Government should commission, and publish as a discussion paper, a report from the CBI on the economic implications of full cost fees for overseas students."

Response: This is one of the subjects covered by the wide-ranging series of research projects and enquiries commissioned by the Overseas Students Trust. The Government will await the final results of this undertaking before considering whether any further research is called for.

Recommendation 43

"43. The concession already granted to students from EEC countries should be extended to students from British dependent territories and countries with an association agreement with the Community."

Response: The Government recognise the case presented by the British dependent territories, but this would cost some £8 million per annum. To extend the concession further to countries with an association agreement with the Community would cost in addition some £4m a year, and a further £20m if the Lomé Convention countries were included.

Recommendation 44

"44. Greek students should be charged a fee reflecting their entry into the EEC in January 1981."

Response: The Government's decision to charge Greek students at the home students' fee rate from the start of the 1981 academic year is in conformity with a collective decision of the Ministers of Education of the European Community. Under this agreement the concessionary rate of fee for students from new member states may be deferred until the beginning of the first academic year after accession.

* The Report also urges (para 142) that the Education Departments of the United Kingdom should ensure that consultation takes place before fee levels are established in future and that the Northern Ireland position on overseas students should be clarified. Such consultation does take place, but regard must be had to the differing circumstances pertaining in the countries concerned. When differential fees for overseas students were introduced in Great Britain in 1967, it was decided to maintain the policy of having no differential between home and overseas fees in Northern Ireland. Two reasons for this policy were that the proportion of overseas students in Northern Ireland was much lower than the Great Britain average, and it was not desirable to reduce further the proportion of overseas students in Northern Ireland by introducing a differential fee for them; and that there was a significant flow of students in both directions between Northern Ireland and the Republic of Ireland, where universities have always charged Northern Ireland students the same fees as home students.

The Northern Ireland policy on overseas students has been reviewed annually, but successive administrations have concluded that in the particular circumstances of Northern Ireland the policy of having no differential between home and overseas students' fees should be continued. Policy for 1981-82 and subsequent years is currently under consideration.

Overseas fees for advanced further education courses in Scotland were determined after consultation with the local authorities and the grant-aided colleges involved. They were set at levels commensurate with the objective of recouping full costs for the sector and, in accordance with the views expressed in the course of consultations, were set at fixed points in line with the minima recommended for the universities.

Recommendation 45

"45. The Government should give further classification and guidance both as to interpretation of 'ordinary residence' and as to the administrative procedure to be followed by institutions in determining the status of applicants."

Response: The Government are considering what guidance might be given on the meaning of "ordinary residence" in the light of recent court cases.

Recommendation 46

"46. The DES should participate in, and fund part of the cost of, the Society for Research into Higher Education seminars on the Future of Higher Education."

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Response: The Government applaud the decision of the Leverhulme Trust to fund these seminars on the Future of Higher Education and will be receptive to invitations to participate in them.