

CONFIDENTIAL



CCB

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

1

The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland
Dover House
Whitehall
London SW1

NBRM.

20 February 1987

Handwritten signature

ABOLITION OF DOMESTIC RATES ETC (SCOTLAND) BILL: TRANSITIONAL PERIOD

Thank you for copying to me your letter of 6 February to Willie Whitelaw. I have also seen Nicholas Ridley's letter of 13 February and John MacGregor's of 17 February.

Since I shall not be able to attend the meeting of E(LF) next Tuesday arranged to look at the implications for England and Wales of your proposals to dispense with a transitional period in Scotland, I write now to take up one consequential issue which concerns the treatment of students. Our officials have already been in touch about the arrangements for compensating students studying in Scotland for the new liability for the community charge. Some of those students will be in receipt of grants from local education authorities and other grant-awarding bodies in England and Wales. The costs of compensating them will fall on my Department's votes, and will require additional PES provision. It would be logical under the approach suggested by John MacGregor to secure this by a transfer from the provision for AEG in Scotland, since ultimately the additional grants to students will benefit local authorities in Scotland in the way that he describes. Our officials will need to consider the costs in more detail but a preliminary estimate is that I will need additional cover of about £2m a year at 1986-87 prices.

I am copying this letter to the Prime Minister, Willie Whitelaw, Nicholas Ridley, John MacGregor, other members of E(LF) and to Sir Robert Armstrong.

Handwritten signature

CONFIDENTIAL

LOCO COGS

LABES

P 72

