



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
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FROM THE SECRETARY OF STATE

5 December 1984

Dear Tim,

STUDENT AWARDS - PROPOSED MINISTERIAL STATEMENT

I am submitting for the Prime Minister's approval a draft of the statement that my Secretary of State intends to make, and which I understand that the Earl of Swinton will repeat, this afternoon.

Copies of this letter and draft statement go to the Private Secretaries of the Leader of the House, the Lord President of the Council, the Chancellor of the Exchequer, the Secretary of State for Scotland, the Secretary of State for Wales, the Chief Secretary, the Chief Whip (Commons), the Chief Whip (Lords), the Secretary of the Cabinet and to the Chief Press Secretary, No 10.

Yours,

*Elizabeth*

MISS C E HODKINSON  
Private Secretary

T J Flesher Esq  
Private Secretary  
10 Downing Street  
London SW1

STATEMENT BY THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE

With permission, Mr Speaker, I should like to make a statement.

2. On 12 November I announced changes to the student awards system involving the abolition of the minimum award, increased contributions from parents in the middle and upper reaches of the income scale and the extension of contributions, for those most able to pay, up to the maximum of the designated tuition fee of £520.

3. The resources released by these measures were intended in part to meet increases in the already substantial bill for student awards - about £700m in 1984-85 - and in part to provide additional money for science.

4. Our system of student support - amongst the most generous in the world - has long been based on the sharing of responsibility by the Government, the student's family and where appropriate the student himself. When resources are limited it is, I believe, right for those parents who can afford to do so to carry a larger share of the costs of their children's higher education, in order to release money for urgent needs elsewhere, particularly for science.

5. I recognise the concern expressed in this House and elsewhere that the increase in parental contribution that was proposed was too sharp and the notice given too short to enable parents to make such a substantial adjustment in their financial affairs. I believe also that parents will want to know where they stand in relation to the next academic year.

6. I should therefore tell the House that it remains the Government's intention, subject to the decision of Parliament, to abolish the minimum award and to increase the level of parental contributions to maintenance for those in the middle and upper reaches of the income scale. I have however decided to withdraw the proposal that parents should make a contribution to tuition fees. My rt Hon Friend, the Secretary of State for Scotland, has decided similarly. The cost of this concession in England and Wales in 1985-86 is £21 million. In order to find this extra sum, I have been through my recently announced expenditure programme again and I have been able to find £11 million savings towards it. These savings will require

- First a reduction of £6 million in the addition to the equipment grant for universities in 1985-86. This means that universities will get £4 million for this purpose in that year instead of the £10 million that I announced earlier. I intend however that the selective scheme, with the agreement of the UGC, should now be extended to cover the 3 years to 1987-88: £7 million will be available in each of the two later years.

- Second, a reduction of £3 million - from £14 million to £11 million - in the amount which I had told the Chairman of the Advisory Board for the Research Councils was a planned addition for science in 1985-86.

- A number of smaller economies amounting to £2 million. This will mean among other examples a smaller increase than already announced for the PICKUP programme; and less for educational research, adult education and the microelectronics programme.

8. The remaining £10m needed in 1985-86 will, exceptionally, be found by an addition of that amount to the public expenditure planning total.

9. The Government propose to consider - and consult widely about - whether a radical change in the student support system, which might include loans, should be made so as better to meet the needs of students and their families whilst safeguarding the interests of the taxpayer.

10. I believe that these proposals meet the two main concerns of the House: first that the increase in parental contribution was too sharp and too sudden; and secondly that the system of student support in the longer term should be reviewed.

*cc Key/  
Questions*

STATEMENT

THURSDAY 6 DECEMBER 1984  
HOUSE OF COMMONS

STUDENTS' AWARDS

WITH PERMISSION MR SPEAKER I WISH TO MAKE A STATEMENT ABOUT THE CONSEQUENCES IN SCOTLAND OF THE DECISION ANNOUNCED BY MY RT HON FRIEND YESTERDAY ON STUDENTS' AWARDS. AS MY RT HON FRIEND INDICATED, THE MINIMUM GRANT WILL BE DISCONTINUED AND THE CONTRIBUTION TO STUDENTS' MAINTENANCE FROM BETTER OFF PARENTS WILL BE INCREASED IN 1985/86. THIS WILL NOT HOWEVER EXTEND TO TUITION FEES, AS ORIGINALLY PROPOSED.

THE CHANGES NOW PROPOSED WILL INVOLVE ADDITIONAL EXPENDITURE ON STUDENTS' AWARDS IN SCOTLAND OF ABOUT 5 M IN 1985/86. JUST OVER 2 M OF THIS ADDITIONAL EXPENDITURE WILL BE MET BY AN ADDITION TO THE SCOTTISH BLOCK FOLLOWING FROM THE CHANGES BY MY RT HON FRIEND IN HIS DEPARTMENT'S BUDGET AND THE OPERATION OF THE FORMULA ADJUSTMENT TO THE SCOTTISH BLOCK. THE REMAINDER WILL BE FOUND FROM WITHIN THE BLOCK.

ONCE FINAL DECISIONS HAVE BEEN TAKEN I SHALL ANNOUNCE THE FULL DETAILS OF MY PUBLIC EXPENDITURE PROGRAMMES FOR 1985/86 TO THE HOUSE. I EXPECT TO DO THIS IN THE COURSE OF THE NEXT WEEK. SUBJECT TO FURTHER SCRUTINY OF PRIORITIES WITHIN MY OVERALL PROGRAMME IT STILL REMAINS MY INTENTION THAT ADDITIONAL RESOURCES WILL BE MADE AVAILABLE TO THE SCOTTISH CENTRAL INSTITUTIONS TO INCREASE THE OUTPUT OF ENGINEERING AND TECHNOLOGY GRADUATES. MEANTIME I AM NOT IN A POSITION TO GIVE FIRM FIGURES.

AS REGARDS THE PROPOSED REVIEW OF THE STUDENTS' AWARDS SYSTEM, I CAN ASSURE THE HOUSE THAT IT WILL TAKE FULL ACCOUNT OF THE SCOTTISH HIGHER EDUCATION SYSTEM, AND THAT MY DEPARTMENT WILL BE CLOSELY INVOLVED.

SCOTTISH OFFICE



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

Andrew Turnbull Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

6 December 1984

~~Dear Andrew,~~

STATEMENT ON STUDENT GRANTS IN SCOTLAND

I attach a copy of the latest draft of the statement which it has been agreed my Secretary of State should make in the House this afternoon. I am copying this letter and the enclosure to Charles Marshall (Lord Privy Seal's Office), Richard Broadbent (Treasury), Elizabeth Hodgkinson (DES), David Beamish (House of Lords) and Bernard Ingham.

Yours sincerely,  
John S. Graham

J S GRAHAM  
Private Secretary

DRAFT STATEMENT

STUDENTS' AWARDS

I wish to make a statement about the consequences in Scotland of the decision announced by my rt hon Friend yesterday on students' awards. I accepted, in the light of the representations which had been made that some amendment to the settlement originally proposed was desirable. I therefore agreed, as my rt hon Friend indicated, that the minimum grant will be discontinued and the contribution to students' maintenance from better off parents will be increased in 1985/86 but that this will not extend to tuition fees, as originally proposed. I also agreed that these changes should apply in Scotland.

The changes now proposed will involve additional expenditure on students' awards in Scotland of just over £5 m in 1985/86. Just over £2 m of this additional expenditure will be met by an addition to the Scottish block following from the changes by my rt hon Friend in his Department's budget and the operation of the formula adjustment to the Scottish block. The remainder will require to be funded from adjustments to other programmes within the block.

Once final decisions have been taken I shall announce the full details of my public expenditure programmes for 1985/86 to the House. I expect to do this in the course of the next week. Subject to further scrutiny of priorities within my overall programme it still remains my intention that additional resources will be made available to the Scottish Central Institutions to increase the output of engineering and technology graduates. Meantime I am not in a position to give firm figures.

As regards the proposed review of the students' awards system, I wish to assure the House that it will take full account of the Scottish higher education system, and that my Department will be closely involved, as is customary when changes in student support are being considered.