

RESTRICTED

CC NO



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

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The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1

23 January 1985
NSP
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Mr Rees,

REVIEW OF STUDENT SUPPORT

Thank you for your letter of 21 January.

I am still anxious to leave open the question of a later review of postgraduate support. The amendment to my announcement which you suggest would carry the strong implication that postgraduate awards would be covered. My officials have since spoken to yours, and I understand that you would agree to the opening of my announcement to read as follows:

"The terms of reference of the [Student Support] Review are to examine financial support for students in higher education. The review will concentrate on support at first degree and sub-degree levels."

I note your comments on timing. As I said before, we must leave the later stages open for the present. This means that I cannot give any commitment that we shall be sufficiently advanced in the review to secure even outline decisions in time for the 1985 Survey.

At George Younger's request, I am amending the announcement to make it clear that he and I will jointly issue the consultative paper.

I am copying this letter to the Prime Minister, members of H Committee, the Minister without Portfolio and to Sir Robert Armstrong.

Leon Keir

EDUCATION: Policy on Expenditure:

Ref.

23 JAN 1985

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NBM
AT 24/1
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NEW ST. ANDREWS HOUSE
EDINBURGH EH1 3SX

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

22 January 1985

Dear Keith,

REVIEW OF STUDENT SUPPORT

Thank you for your letter of 21 January.

I understand your concern that the inclusion of postgraduate awards in the review would be a substantial additional burden, and accept that our efforts should be concentrated, at least at this stage, on awards at undergraduate and equivalent level. However it will in my view be very difficult, if fundamental questions of principle are considered, to avoid taking account of the implications for postgraduate support, and I am therefore glad that you recognise that these may require attention as the planned consultation proceeds.

I share your views about the timetable. While we must make all possible haste, our critics will be quick to see through a review whose timing and content have been dictated by the pressures of PES 1985.

As you accept that the implications of proposals for postgraduate support will in due course have to be addressed, I have no difficulty with your proposed announcement. But if our Scottish critics including academics in Scotland, are to be persuaded that Scottish circumstances will be adequately taken into consideration, it will be necessary for me to engage in separate consultations with Scottish interests on a joint paper. I should therefore prefer your statement to be amended as follows:

"My rt hon Friend[s] the Secretary[ies] of State for Scotland [and Northern Ireland] and I shall issue a Consultative Paper as soon as practicable ..."

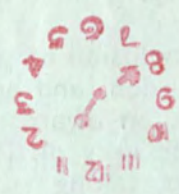
I am copying this letter to the Prime Minister, members of H Committee, the Minister without Portfolio and to Sir Robert Armstrong.

Yours sincerely,
Cunne

EDUCATION ; Policy on Educ. Exp: Pt 4.

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20540

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27 JAN 1985

[Faint handwritten notes or signatures]

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NDPM
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AT 22/1

Treasury Chambers, Parliament Street, SW1P 3AG

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

21 January 1985

Dear Secretary of State

REVIEW OF STUDENT SUPPORT

Thank you for copying to me your letter of 21 January to George Younger. ^{att.}

I agree of course that the most urgent question is what to do about first-degree students and that this should be the priority for this review. But I wonder whether the explicit exclusion of postgraduates would not leave you rather exposed, as well as running the risk of ruling out any consideration of postgraduate awards for some time. To leave the position open you might consider deleting the last five words of the first sentence.

As for timing, while I appreciate that there is a great deal to be done, I am sure we should make it our aim to secure decisions - at the very least in outline so that we could consider provisional adjustments to your programme - in time for the 1985 Survey. We will be in an extremely uncomfortable position if we cannot give clear answers to questions about our intentions for student support by the time of the next Autumn Statement.

Copies this letter go to the Prime Minister, members of H Committee, the Minister without Portfolio and to Sir Robert Armstrong.

Yours sincerely

P. Rees

for PETER REES

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[Approved by the Chief Secretary]

22 Jan 7

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B/P with
Ministerial responses
AT 21/

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

The Rt Hon George Younger MP
Secretary of State for Scotland
Dover House
Whitehall
LONDON SW7

21 January 1985

Dear George,

REVIEW OF STUDENT SUPPORT

I am grateful to you for your letter of 10 January and to Peter Rees for his of 8 January about my proposals for this review.

Both of you call for the inclusion in the Review of support for postgraduate students. I have great difficulty with this, although I too would like to tackle the questions you note. I do not believe there is any straightforward distinction between what is vocational in the postgraduate field and what is not. Much of the support provided by the research councils is for study which is certainly vocational, and we could not rationally exclude their student support activity. This is just part of the complexity inherent in the postgraduate scene: my preliminary judgment is that the addition of postgraduate awards would at least double the scale of the undertaking.

The concern expressed by our supporters has been about awards for mandatory award-holders (to use the English and Welsh term). I hope that on reflexion you will agree that we should concentrate our efforts here. Later, as a separate exercise, I would be prepared to consider a review of support for postgraduates. In the meantime I recognise that the implications for postgraduate awards may receive attention as the planned consultation proceeds.

We all want to make sound progress as far as we reasonably can. I am grateful for the promise of help from you and Peter Rees towards achieving this. The special Scottish - and Northern Ireland - dimension is something of which I am well seized. My officials are of course already talking to yours, and we must agree together on texts which take full account of it.

As to the timetable we are likely to be able to achieve, I think I ought to say this to Peter Rees. The Anderson Committee, which largely consolidated existing practice to provide the foundation

For the present awards system and which excluded postgraduate awards, took nearly two years to report. We must do better this time, but I believe it would be quite unrealistic to suppose that decisions will be reached in time to affect the 1985 PES. Considerable public interest and expectation has been aroused: if we do not allow ample time to consult fully in the way I have set out, or if we attract criticism that we are dealing with the issue in a perfunctory way, we may in the end lose time rather than gain it. Therefore I would not want to rule out the possibility of having to conduct a further, perhaps more limited, round of consultations later in the year, although I hope we can avoid this. We must I feel leave the later stages open for the present, until we see how we get on.

I welcome your support for an early announcement of the Review, the more so as I shall be answering Oral Questions next Tuesday. The text that I propose is:

"The terms of reference of the [Student Support] Review are to examine financial support for students in higher education other than at postgraduate level. In association with my right hon Friend(s) the Secretaries of State for Scotland [and Northern Ireland], I shall issue a Consultative Paper as soon as practicable. After an appropriate period of consultation, the Government will decide on any changes which it may wish to introduce and will publish proposals accordingly."

This assumes agreement to the exclusion of postgraduate awards: I must expect to be asked about this if I do not volunteer a statement which makes the position clear.

I am copying this letter to the Prime Minister, members of H Committee, the Minister without Portfolio and to Sir Robert Armstrong.

Concise,
Kearl.

Policy on Fees: EDUCATION Pt 4.

RECEIVED
12/12/1984

27 JAN 1985



SECRETARY OF STATE
FOR
NORTHERN IRELAND

NBSM
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CCAO

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

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

15 January 1985

Dear Secretary of State,

REVIEW OF STUDENT SUPPORT

I have read your letter of 21 December 1984 to Nigel Lawson.

I am content with the proposed terms of reference of the review and welcome your intention to take account of the specific Northern Ireland dimension. Officials in the Department of Education will co-operate fully with their opposite numbers in DES during the course of the review.

I am copying this letter to the Prime Minister, to Nigel Lawson, George Younger and other colleagues on 'H' Committee, to Tom King and David Young, and to Sir Robert Armstrong.

Yours sincerely
Nail Wood
Private Secretary

for DH
(Approved by the Secretary
of State and signed in
his absence in Belfast)

Education Expenditure A 4

15 JAN 1985

17 JAN 1985

15 JAN 1985

Prime Minister (2)
To note the Younger's comments

CCND

AT 10/1

NEW ST. ANDREWS HOUSE
EDINBURGH EH1 3SX



RESTRICTED

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

10 January 1985

Dear Keith,

REVIEW OF STUDENT SUPPORT

Thank you for copying to me your letter of 21 December to Nigel Lawson.

I agree that we should not lose any time in proceeding with this review, and I do not wish to propose a more relaxed timetable than that which you have in mind. But in view of the political sensitivities which this issue has aroused, it will be most important that we consider all aspects very thoroughly so that when our proposals are ready for consultation, we shall indeed be seen to have covered the interests of all those to whom you refer. We shall in particular have to demonstrate to our supporters that we have considered not only the important financial implications of the various options, but also the relationship of the system of student support to our policies for higher education in general and for access to it. The particular features of the Scottish higher education system will obviously have to be given due weight in this regard.

The terms of reference you propose limit the review to undergraduate support but allow discretionary awards for students on higher education courses to be considered. There are no "mandatory" awards as such in Scotland, but the remit you propose will cover their Scottish equivalent. I agree that discretionary awards should be included. I also agree that support for students in NAFE should be excluded, although it will have to be borne in mind that any new system of support for students on advanced courses is likely to have implications for support at non-advanced level.

I do however have some reservations about the exclusion of postgraduate support from the review. I have no difficulty if the proposition is that support of the kind provided by the Research Councils for students studying for higher degrees should be left aside, but the case for excluding from the review the large number of

vocational postgraduate courses for which support is available does not appear to be made. I appreciate that in England and Wales such assistance is provided by a number of sources, but in Scotland the bulk of it is made available under my Department's Postgraduate Students Allowances Scheme, on the basis of rates and scales identical to those applicable to undergraduate support. On both sides of the border awards are made to prospective entrants to professions such as law, accountancy and architecture, and I believe that the review is our opportunity to consider whether it is right that what is to a large extent specific training for the private sector should be charged to public funds. Postgraduate support for teacher training and certain other public service employment is of course a different matter, but I think it would be appropriate to widen the terms of reference to bring support for vocational postgraduate courses generally within the scope of the review.

As you say, the consultative paper should display a range of costed options. These should cover both the cost to the taxpayer and the cost to students and their families. Such costs can be disproportionately high in Scotland, and the Scottish consequences will have to be set out.

Colleagues will, in due course, have an opportunity to consider the substance of the proposals which emerge. You are aware of the reservations I had about the loans scheme which was considered 2 years ago. I still have reservations, but I agree that the case for and against loans should be fully argued in the paper. Tuition fees will also have to be covered, but in view of recent events we must tread carefully. The financial implications make it difficult to envisage the discontinuation of the parental contribution, but is the principal source of discontent among parents and students alike, and we must look carefully at it. There may be a potential contradiction between the degree of students independence implied by a loans scheme and the lack of independence implied by the parental contribution, and if radical options are to be considered, this should be addressed.

I agree that an announcement of the terms of reference should be made as soon as possible. A joint statement would be appropriate, and I should be grateful if you would clear it with me in advance. My officials are in touch with yours on the draft of the consultative paper, and will of course provide the Scottish costs input.

I am copying this letter to the Prime Minister, Norman Fowler, Douglas Hurd and other colleagues in H Committee, to Tom King and David Young, and to Sir Robert Armstrong.

Yours ever,
George.

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Prime Minister ②

AT 3/1

cc NO



HOUSE OF LORDS,
SW1A 0PW
2 January 1985

My dear Keith,

Review of Student Support

in meeting folder
Thank you for copying to me your letter to Nigel Lawson of 21st December 1984 in which you propose a review of financial support for students in higher education.

I would like to place on record my support for out and out grants for students and my objections to student loans. In doing so I would acknowledge that the policy is followed in some other countries (I do not know for how long in each). I would also like to reaffirm my belief in our policies of strict financial control in various fields.

In the nature of things, however, student loans are unlikely to assist our finances in the short term. Recovery of them cannot be predicted, and the rate of recovery will depend upon the term of the loan. Enforceability is also unpredictable. My belief is that many loans will never be recovered, and that none will be recovered in the case of graduates who emigrate.

For those who do repay, I do not believe it is a good thing for young graduates to begin their adult lives some hundreds, or thousands, of pounds in debt. It will be a disincentive to marriage and procreation in the very classes we would most desire to marry and reproduce on eugenic grounds.

The Right Honourable

Sir Keith Joseph, Bt.

Secretary of State for Education and Science

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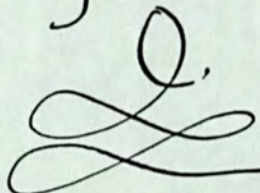
The advantages we will get in the form of taxation, whether direct or indirect, of those who subsequently succeed in life will more than outweigh the investment in grants. In the case of those who fail, the money wasted in their university education will have to be written off anyway.

Loans would also be a disincentive to those whom we would most like to enter universities to seek the advantages of higher education, precisely because, intending to repay, they will include the most conscientious.

Lastly, a loans scheme will be a political liability at the polls.

This letter is copied, like yours, to the Prime Minister, to Norman Fowler, George Younger, Douglas Hurd and other colleagues on H Committee, to Tom King and David Young; in addition to Grey Gowrie and John Gummer; and to Sir Robert Armstrong.

Yrs :

A handwritten signature in cursive script, appearing to be 'L. Q.', written in dark ink.

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