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(2)

Prime Minister

To note.

MT

David  
16/12

PRIME MINISTER

LOCAL AUTHORITY HIGHER EDUCATION

This is to report progress on improving value for money in Local Authority Higher Education (LAHE).

When we took office in 1979, there was no curb on spending in LAHE: it was all pooled between local authorities without limit. Nor was there any machinery for promoting quality and efficiency, other than through the efforts of the hard-pressed HM Inspectorate. We acted quickly to remedy this. In 1980 we enacted legislation to limit the expenditure on LAHE that could be pooled, and to control its distribution. In 1982 I set up a body in partnership with the Local Authority Associations (LAAs) to advise me on how to get the best out of the money available.

This body - the National Advisory Body (NAB) - has now delivered a plan for LAHE in 1984-85. The plan is not perfect, but it is a real advance. It provides for the maintenance of the age participation rate of students nationally in HE - offsetting the effect of the reducing admissions to universities and elsewhere - and at the same time for a substantial shift of provision towards science and engineering and away from arts and social studies. It makes a start on streamlining LAHE by building up the strengths of its major institutions and bringing about the closure of a number of courses, in some cases leading to the closure or merger of whole colleges. The NAB's programme of future work holds out the prospect of further progress on all of these aspects in future years.

Some of the closure proposals have, understandably, aroused a good deal of local opposition. But they have been carefully debated, and have been endorsed by the LAAs, whose participation as our partners in this exercise is in my view a considerable success story.

I have decided to accept the NAB's proposals in their entirety, and to announce my decisions on Monday. I enclose a copy of the statement I propose to make to the House.

I am copying this minute to Nigel Lawson, George Younger, Nicholas Edwards, Patrick Jenkin, Norman Tebbit and Tom King.

KS.

16 December 1983

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DRAFT PQ ANNOUNCEMENT

To ask the Secretary of State for Education and Science if he is able to announce his decisions on local authority higher education provision in 1984-85 and the distribution of the 1984-85 capped advanced further education (AFE) pool in the light of the National Advisory Body's advice; and if he will make a statement.

SIR KEITH JOSEPH

I have today written to the Chairman of the Committee of the National Advisory Body (NAB) accepting their advice in its entirety on student numbers and programmes of academic work in local authority higher education (LAHE) in 1984-85. I have also accepted the NAB's advice on the associated financial allocations for local education authorities (LEAs) from the 1984-85 AFE quantum. Letters are today being sent to local education authorities and institutions notifying them of my decisions. Copies of my letter to the NAB Committee Chairman and of the NAB's report and detailed advice on individual local authorities' and institutions' academic plans, together with details of the 1984-85 pool allocations, have been placed in the libraries of both Houses.

The NAB's advice to me was in the context of the AFE quantum for 1984-85 of £580.5 m, which I announced in the House on 17th November. This figure represented a significant increase in expenditure compared with previous plans, intended both to allow local authority institutions to provide for more students in 1984-85 than the NAB Committee had earlier judged that they could reasonably admit, and to assist the NAB in facilitating effective rationalisation within LAHE in 1984-85 and later years. As I indicated then, this implies continuing reductions in lecturer numbers and unit costs across the LAHE sector.

Within this framework, the NAB recommended a slightly higher full-time and sandwich student intake in 1984-85 than in 1982-83 thereby providing for the age participation rate nationally to be maintained at around its present record level. A key feature of the NAB's recommendations is a significant shift in subject balance towards science, engineering and other areas of particular value to employers, together with a strengthening of technician level work. These measures represent a substantial redirection of the efforts of the sector, and of institutions within it to meet more closely the needs of industry, commerce and the professions. The recommendations also include a measure of

rationalisation, the need for which is reinforced by resource constraints and the prospective decline in student numbers. I endorse the further work relating to 1985-86 proposed by the NAB, with its continued emphasis on rationalisation.

The principles underlying the distribution of the capped AFE pool for 1984-85 in association with the target numbers of students proposed by the NAB, which I have now endorsed, represent a further refinement of the methods developed in recent years. The resulting allocations will place the greatest pressure for economies on the high spending institutions and afford a substantial measure of protection to the more economical institutions.



*file to*

10 DOWNING STREET

*From the Private Secretary*

19 December 1983

LOCAL AUTHORITY HIGHER EDUCATION

The Prime Minister was grateful for your Secretary of State's minute of 16 December about local authority higher education.

DAVID BARCLAY

Miss Elizabeth Hodkinson  
Department of Education and Science.

*RH*