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CONFIDENTIAL FILING

The Open College

EDUCATION

In attached folder: "The Open Book"

August 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~28.8.87.~~							
~~7.9.87~~							
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6.3.89.							

PREM 19/2647

PREM 19/2647

March 6. 1980

R6/3

CARLTON

Communications Plc

15 St. George Street, Hanover Square, London W1R 9DE Telephone: 01-499 8050 Fax: 01-895 9575 Telex: 28177

(2)

Dear Prime Minister,

As you stated, some institutions stat uncertainly, but may develop well, regards Michael Green.

pro

With the Compliments of Michael Green

Open and shut case for college

● The Open College, a vital element in the government's aim of retraining workers, is gaining support, reports DIANE HOFKINS

Simon Townsley

Using a new bench-mark: Sarah Austin, who works in investment management for a merchant bank, is learning supervisory skills with the Open College

THE Open College, set up nearly two years ago to help retrain Britain's workforce for the 1990s and beyond, is anxiously awaiting the government's verdict on its performance so far. Meanwhile, students and industry alike are at last giving Lord Young's venture the thumbs up.

When Krista Gowing trained as an opera singer with the Royal College of Music, she expected to spend her career behind the footlights. Instead, this mother of three finds herself behind a desk, discussing refrigerator valves with customers at her husband's import firm.

How does a failed opera singer cope with the alien world of engineering? Gowing took a course in pneumatics through the Open College.

Its self-study package was easy to understand, she says, and she could study the materials during her few spare moments. "I need something I can pick up and put down and get right into," she explains. Company sales are up "so I must be doing something good".

Sarah Austin, who works in investment management with a merchant bank in the City of London, is putting herself independently through a course in supervisory studies. "I am basically doing it for myself," she says. Austin spends four to five hours a week on the coursework, and believes that she is advancing more quickly than she would in a traditional evening class.

Gowing and Austin are two of the 70,000 students who have embarked on Open College courses since its launch in September 1987.

It was set up by Lord Young, then employment secretary, to provide mass vocational training through Open University-style materials — texts, exercises, video and audio cassettes — with students working at their own pace and with tutor back-up available.

It was hoped that a strong television presence (an hour each weekday lunchtime on Channel 4) would attract motivated individuals and employers, and provide a sense of community for its participants.

The infant college was given eight months to prepare itself for action. The official first year target was 50,000 students, with 100,000 in the second year and 1m hoped for within five years. It had only three years and £15m to become self-financing: an unrealistic aim.

Michael Green, its chairman, describes the launch as disastrous. By December only 1,000 students had joined, materials were not ready and the computer broke down.

Sheila Innes, its chief executive, says the college had to learn "to be very responsive" to survive. Within three months, a new strategy was adopted. Instead of trying to attract industrial sponsors (who proved to be unwilling) the college went flat out to persuade employers to test and develop courses in partnership with them. This seems to have succeeded: almost 700 companies are involved.

For example, two courses developed with the Construction Industry Training Board (on small business management and on safety) are to be launched next month. Dennis Maiden, the board's chief executive, believes that open learning is a good way to reach that fragmented industry.

Business began to pick up last summer, but it was clear the college could not become self-financing so soon. Alarmed, the Department of Employment set up a review to consider providing more money.

Its final report, expected "any day" since last November, is still awaited.

So what achievements can the Open College boast? Student numbers seem healthy enough; of the current 70,000 enrolments, 60,000 have come in the past 12 months and the college expects to reach 80,000 in its second year. It foresees booming business with the Commonwealth and the Middle East.

Despite straitened finances, the college is determined to help unemployed people to take its courses, and has set up an opportunity fund. Esso has already given enough to help 4,000 hard-up students, and TV-am plans to repeat Channel 4 Open College programmes early on Sundays. Repeat fees will go into the fund.

Recruitment comes mainly through 120 centres usually based in local authority colleges, which also provide the tutorial support. It is here that the Open College gets it most mixed reviews.

About a quarter of these centres successfully attract students and employers. Others have had a poor response. Several authorities have opted out altogether, and most feel the college's materials are too expensive for students without company sponsorship. Despite criticisms, they expect the college to succeed.

The college is sure it can become financially self-sufficient within five years. But it will need more government cash to pay for its television programmes, and to do more for unsponsored learners.

Imaginative investment now will pay dividends. Declining numbers of school leavers mean that government and industry alike must spend more on training adults who are already in work.

John Banham, director general of the Confederation of British Industry, says: "Training should be nearer the top of the business agenda. Investing to meet the skill needs of tomorrow has never been more important."

Michael Green, awaiting the review with determined optimism, is sure that the Open College is the way to do it.

"I am enjoying explaining to government ministers that the OC is now a very cost-effective way of improving training," he says.

Diane Hofkins is a journalist with The Times Educational Supplement

PREM 19/2647

PUBLIC APPOINTMENTS

SENIOR APPOINTMENT IN RESEARCH MANAGEMENT

The Medical Research Council wishes to appoint an experienced scientist or medical practitioner to the staff of its headquarters office in Central London, to play a major part in new arrangements for the central management of research funding. Reporting to the Head of Medical Division, and through him to the Secretary and Second Secretary of the Council, the new appointment would have two main areas of responsibility:

- the development and implementation of policy on a wide range of research topics which cross the boundaries of the MRC's individual research boards. Initially, this will include substantial involvement with the scientific planning of the New National Centre for Multispecialty Postgraduate Medical Education and Research which the Council is proposing to set up at Hammersmith in partnership with the Royal Postgraduate Medical School.

- management of the headquarters office Grants and Training Awards Group, which administers the Council's grants and training awards schemes for the support of research workers in universities, polytechnics, hospitals and independent research institutes. The person appointed will be expected to play a major role in reviewing and developing these scheme and in liaising with higher education and research institutions.

The post is likely to be of interest to scientists with a substantial track record in biomedical research together with significant managerial experience. The Council would be particularly interested to hear from clinically-qualified candidates but non-clinical scientists are equally encouraged to apply.

Appointments to the Council's headquarters staff are usually for a probationary period at the end of which they may be made permanent. In this case, the Council would also be prepared to consider a fixed term contract for someone interested in secondment from their present employer. The salary payable to non-clinical staff is on Civil Service Grade 6, **£21,633 - £32,826 (plus London Weighting £1,750 p.a.).** There is a separate salary scale for clinically-qualified candidates **rising to £36,786 (plus London Weighting £1,750).** In addition, a 4½% supplement is payable to members of the MRC Pension Scheme.

MRC
Medical Research Council

Application forms and further information about the post are available by telephoning or writing to Miss Kathryn Fenn in the Headquarters Office Staffing Group, Medical Research Council, 20 Park Crescent, London W1N 4AL (01-636 5422 x 404). The closing date for applications is 10 April 1989.

PROMOTING THE BEST IMAGE, FOR A NEW NATIONAL AUTHORITY

HEAD OF PUBLIC RELATIONS to £32,000

In the autumn of this year, subject to the enactment of the Water Bill currently before Parliament, a new National Rivers Authority will be formed with the general aim of improving and protecting our water environment.

The Authority will have a central policy unit based in London, with ten regional units spread across England and Wales. It will employ some 6,500 staff and have capital and revenue budgets of approximately £100m and £190m p.a. respectively.

The creation of this new body now gives rise to a challenging PR role, whose aim is to ensure that the NRA and its achievements are projected proactively, and that successful relations are established with the Press and Media.

As well as interfacing with a wide range of public bodies and other organisations, you will produce an in-house magazine and provide general information on the activities of the NRA.

A highly experienced PR professional, you must be aware of the sensitivity of the environmental issues involved. You should have wide ranging experience of dealing with press and media at the highest level, and excellent media communications skills.

Some graphic arts presentation knowledge, and journalistic experience would be an advantage, as would the ability to convey complex technical information in a concise and understandable way.

This is an exciting new development, which offers excellent career opportunities to any ambitious PR professional.

Send your CV and we shall send an information pack. Alternatively, telephone for a pack and application form from: David Burke, Austin Knight Selection, Kings House, Bond Street, Bristol BS1 3AE. Telephone (0272) 221891 (daytime) or (0272) 686185 (evenings/ weekends).
Closing date: 13th March 1989.

NATIONAL RIVERS AUTHORITY

ELMBRIDGE

DIRECT SERVICES MANAGER
(Chief Officer Post)

Up to £27,700 + Free Car/Essential User Car Allowance + Flexi-Time + Relocation Package + Mortgage Subsidy + Payment of Professional fees

A Direct Services Department has been created and a Manager is required to successfully provide contract services for the office cleaning, ground maintenance, refuse collection, catering, vehicle maintenance and street cleansing functions, and highways drainage.

The Manager appointed will have management and financial expertise, business acumen and be fully aware of local authority responsibilities.

Reporting to the Town Clerk and Chief Executive the prime purpose of the post is to:-

"establish, manage and organise the Direct Services Department to maintain and improve its operation as a viable and profitable contracting organisation."

If you would like to discuss this post informally please telephone: Mr A Dennis: Personnel & Management Services Officer on (0932) 228844 Ext. 2239 or Mr D. Jenkins: Town Clerk & Chief Executive on (0932) 228844 Ext. 2236

For Further information and an application form please contact the Personnel Department, Elmbridge Borough Council, New Zealand Avenue, Walton-on-Thames, Surrey. Telephone (0932) 253249 (24 Hour Ansaphone Service).

Closing Date: 22 March 1989.

CONFIDENTIAL

File
SKW

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 July 1988

Dear Nicholas

OPEN COLLEGE

The Prime Minister was grateful for your Secretary of State's minute of 29 June reporting on the developments at the Open College. She believes it is a pity that events have reached the point they have at the Open College since, as your Secretary of State knows, she believes that the Open College ultimately has at least the same potential for good as the Open University. She agrees, however, with the points made in the Chief Secretary's letter of 1 July that the whole project needs much more consideration and has said that there can be no question of the Government supplying a further £8 million on the basis of the limited information she has so far seen. She has noted that your Secretary of State and the Chief Secretary are planning to meet urgently to discuss the position and would be grateful for an early report in the light of the outcome of that meeting.

I am copying this letter to Jill Rutter (Chief Secretary's Office).

Yours sincerely

Dominic Morris

(DOMINIC MORRIS)

Nicholas Wilson, Esq.,
Department of Employment.

CONFIDENTIAL

file

PRIME MINISTER

OPEN COLLEGE

At Flag A is a minute from Norman Fowler warning you that, unless there is a further Government cash injection in the next fortnight, the Open College (which does for vocational education what the Open University does more generally) will become insolvent and will have to close. He seeks agreement for an £8 million injection to keep it going for a year while future options are pursued for the College.

John Major's letter at Flag B suggests that the problems are deeper seated than Norman Fowler suggests, questions whether a full £8 million is needed and proposes that Michael Green be asked whether he would be prepared to assume financial responsibility for the College. At Flag C is a minute from Professor Griffiths which takes essentially the same line as John Major.

It is a pity that the high hopes for the College have not yet been realised. Unless a decision is taken to close it now some cash is clearly needed but Mr Fowler does appear to be asking for a rather open hand which is unlikely to get the radical changes needed to restore the College successfully to its original concept. I suggest that:

- there should be a very quick review (ie a week) of the kind Brian Griffiths proposes to assess the depth of the problem and the minimum the college really needs to keep the Government's options open (probably much less than £8 million); while

- Michael Green is approached to take on the funding responsibility or, failing that, the new management team, objectives and business plan can be put together.

Agree?

DM.

DOMINIC MORRIS
1 July 1988

002/4206

CABG

CONFIDENTIAL

Treasury Chambers, Parliament Street, SWIP 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

1st July 1988

Dear Secretary of State,

OPEN COLLEGE

file with DM

You copied to me your minute of 29 June to the Prime Minister on this subject.

I entirely agree that we cannot go on making a series of cash payments to the College, and I share your dislike for making the College a permanent recipient of Government funding which, as you say, is not at all what we had in mind in setting it up. But I think that the questions raised by the present predicament of the College may go deeper than you suggest. The concept of an Open College needs to be more clearly defined, to establish whether there is a sufficient role for broadcasting in the provision of this kind of training, which could justify the high cost. If there is, we still need to ask whether the concept can be commercially viable. It may be that these questions are at least partly answered in the consultant's report which you have now received, and I think that it would be helpful if my officials could see that. But if not, it is important that they should figure prominently in the remit for the further professional advice which you propose to seek. We need clear answers to these questions before we address the issues of progress to self-sufficiency and to sale or franchise which you mention; and until we have this I think that it would be a mistake to commit ourselves to the continuation of an Open College. I quite see the difficulties of closure, but we will only make our problems

worse if we attempt to press ahead with a project which lacks inherent viability. If necessary, we should be prepared to acknowledge that this was an innovative and admittedly risky venture on which we have had to accept the judgement of the market.

Even if we concluded that the problems were essentially those of management and objectives which you mention, I think that we would need to do more to tackle them effectively than you suggest. The objectives would need to be clarified, and management changes would be needed in addition to the proposed appointment of a commercial and financial adviser to the Board. A clear framework for any further Government funding would also be needed, with a programmed reduction in the amount of funding and clear targets to be met at every stage, supported by full monitoring. As regards the £8 million which you identify as the likely requirement for the current year, we would need to be satisfied that this was the minimum required to achieve our objectives, and that no more was advanced than was necessary to keep our options open until we had answers to the questions which I have raised. We cannot at this stage rule out the possibility that any further expenditure on the College would be nugatory.

One option which you do not mention, which may be a variant on your (a), is that Mr Michael Green might himself be invited to assume financial responsibility for the College, and see it through to viability. If there is any possibility that he would be able and could be persuaded to do this I think that we should consider it seriously.

I agree that we should meet urgently to discuss all this, and my office will be in touch with yours about that.

I am copying this minute to the Prime Minister.

Yours sincerely,

for JOHN MAJOR

(Approved by the Chief Secretary and signed in his absence)

EDUCATION: Open College

August 87

PRIME MINISTER 1 July 1988

Open College

The Open College which started in January 1987 will be bankrupt by the end of this month, unless we provide it with extra cash. The options are (a) to close it (b) to restructure it and pump in extra cash.

Norman Fowler's preference is for the latter: it would involve a new business plan, the appointment of a commercial and financial adviser to the board and extra cash.

What has gone wrong?

Before agreeing to any course of action it is vital to get at the root of the problem and find out what has gone wrong. Norman Fowler's note is long on the merits of various options but short on facts and insights relevant to the problem: this is surprising in view of the fact that the Consultants' report gives a number of clues.

We might start with the following:-

(a) management has seriously over-estimated the sales potential of the College. The following is the original and the revised estimates of sales - with the "new plan" being drawn up on the most optimistic set of assumptions chosen.

The results are shown in Table 1. In the new plan sales are 50-60% below their original estimates.

The reason why is not clear but it does not reflect well on management.

(b) the College is proud that it has developed a national broadcasting presence with a regular daily slot on Channel 4 and co-production on BBC TV. In Year One the college spent £1.575m on live magazine programmes with a very high cost per broadcasting hour.

Instead of collecting off-the-shelf packages at low cost, one is left with the impression that the college is more interested in being an educational facet of Channel 4 rather than a lean and efficient operation.

(c) One wonders whether some of the courses are really necessary eg. in 1988/9, £75,000 is committed to "The Woman Manager" and for 1990/1 £100,000 is allocated to "Social Work".

(d) The College has a Research Unit, concerned with the assessment and awareness and market position (£130,000 per annum): and has based its headquarters in Wigmore Street: one wonders whether Michael Green would run a new business of his own in this way.

Assessment

While the idea of the College was an excellent one it has so far failed to realise its potential. It is not simply a question of a lack of up front cash: its business plans have proved unrealistic and its product seems rather fancy, designed by traditional media people and not earthed enough in the commercial world where investment in expected to show a return.

I suspect that the problems of the Open College are far more deep seated than Norman Fowler acknowledges. As a consequence the prescription most probably requires a major change of management (probably the replacement of the Chief Executive), a new conception of the Open College much closer to that set out when it was first proposed, and a much more commercial outlook by the Board.

Recommendation

Ask for, as a matter of urgency, a more detailed assessment by Norman Fowler of what has gone wrong. Diagnosis is essential before prescription. In particular press him to put forward proposals of what is needed for the College to become a commercial operation. The present option put forward by Norman Fowler is simply not radical enough.

Brian Griffiths

BRIAN GRIFFITHS

TABLE 1 - TOTAL OPTION

DRAFT INCOME AND EXPENDITURE ACCOUNTS

16-Jun	ORIGINAL PLAN 87/8 £000s	NEW PLAN 87/8 £000s	ORIGINAL PLAN 88/9 £000s	NEW PLAN 88/9 £000s	ORIGINAL PLAN 89/90 £000s	NEW PLAN 89/90 £000s	NEW PLAN 90/91 £000s	
SALES								
UK	3635.0	1308.8	7470.0	3721.0	11600.0	5742.0	7033.0	1
Overseas		0.0		75.0		225.0	400.0	2
Total Sales	3635.0	1308.8	7470.0	3796.0	11600.0	5967.0	7433.0	3
COST OF SALES								
Materials and Packaging	709.0	786.3	1390.0	2035.9	2126.0	2234.9	2578.5	4
Distribution	258.0	128.2	530.0	309.1	825.0	460.7	557.5	5
	967.0	914.5	1920.0	2345.0	2951.0	2695.6	3136.0	6
GROSS PROFIT	2668.0	394.3	5550.0	1451.0	8649.0	3271.5	4297.0	7
GROSS PROFIT PERCENTAGE	73.0	30.1	74.3	38.2	74.6	54.8	57.8	8
COURSES	2743.0	1823.2	1745.0	2050.2	1803.0	1625.4	1605.2	9
MARKETING	1765.0	2208.6	1491.0	2111.5	1713.0	1700.4	1735.1	10
RESEARCH	381.0	172.3	317.0	314.3	329.0	314.3	314.3	11
REGIONAL	0.0	605.4		1301.1		1325.5	1382.5	12
BROADCASTING	6440.0	3264.5	3293.0	1725.0	4140.0	1725.0	1725.0	13
CLIENT SERVICES	1726.0	1043.0	1501.0	734.0	1563.0	817.6	888.6	14
CENTRAL SERVICES	1026.0	1746.9	1147.0	1320.6	1433.0	1330.6	1275.6	15
CONTINGENCY	0.0	0.0	0.0	500.0	0.0	500.0	500.0	16
DEPRECIATION	312.0	399.9	373.0	437.9	404.0	158.3	143.5	17
	14393.0	11263.7	9867.0	10494.6	11385.0	9497.1	9569.8	18
OPERATING DEFICIT	-11725.0	-10869.4	-4317.0	-9043.5	-2736.0	-6225.6	-5272.8	19
OTHER INCOME								
Funding	2500.0	2500.0		0.0		0.0	0.0	20
Conversion of Loans		0.0	4334.0	4334.0	2603.0	2603.0	563.0	21
Sponsorship	2000.0	450.0	2500.0	1000.0	2750.0	1000.0	1000.0	22
Investment/Consultancy Income	270.0	280.5	161.0	80.0	131.0	110.0	160.0	23
	4770.0	3230.5	6995.0	5414.0	5484.0	3713.0	1723.0	24
DEFICIT before vat	-6955.0	-7962.5	2678.0	-3629.5	2748.0	-2512.6	-3549.8	25
VAT	-296.0	-452.4	-266.0	-615.5	-335.0	-596.8	-602.3	26
NET DEFICIT	-7251.0	-8414.9	2412.0	-4245.1	2413.0	-3109.4	-4152.1	27

NOTE :Amounts underspent in 1986/1987 have been added to the Plan for 1987/1988.

Rec

cc ha

There can be no question of handing out £m on such flimsy information. Personally I think the Open College would ultimately do more good than the Open University - on which we spend a lot of money! But I think the whole proposal needs much more consideration and I doubt whether it could be agreed now.

PRIME MINISTER

OPEN COLLEGE

There have been substantial developments on the Open College.

My minute of ~~23~~ 1st February explained how I proposed to respond to your request that Michael Green's ideas about new Open College initiatives be treated sympathetically. I said then that I would need to review urgently the basis of the College's funding to see how it could best contribute in future to our training objectives. The Chief Secretary's letter of 11 March recorded his agreement to part of my proposals and set out his views on a possible way forward on the rest.

In early March, however, press reports suggested that the College was virtually bankrupt. These reports were vigorously denied by the College at the time. Nevertheless, with the agreement of the Chief Secretary and Michael Green, I thought it prudent to commission accountants to establish quickly the College's precise financial position.

The accountants' report showed that although press speculation was exaggerated at that time, the College's financial position was much less secure than we had been led to believe. Its systems of financial and administrative control were also found to be less than adequate. I asked for the necessary improvements and, with the agreement of the Chief Secretary, I agreed that, instead of making new funds available to the College for further initiatives, I would immediately authorise early payment of the £3 million remaining from the £15 million that David Young agreed was needed over a 3-year period to start up the College.

Both the Chief Secretary and I agreed that we could not go on like this. I therefore asked the College to prepare urgently a submission on its future development and I commissioned a review from Consultants reporting direct to me so that we could have a firm basis for any future decisions.

Future of the College

I received both these documents last week. The message from both is stark and uncompromising:

(a) the College's income from the sale of training and from sponsorship by industry and commerce has still not increased sufficiently to cover its expenditure;

(b) the College is operating at a substantial deficit and will become insolvent by the end of July unless there is a further injection of funds;

(c) there is no realistic prospect of the organisation becoming self-financing in the near future;

(d) in part, this is because the objectives set for the College at the outset were over-ambitious and, in some ways, clashed with each other. Thus the College was required to use broadcasting, to provide a wide range of courses, to stimulate general awareness of open learning, but also to become self-financing within a year of coming into effective existence;

(e) the consultants' report to me makes it clear that the College's approach and management style is far from that of a commercial organisation and far from what we had in mind when the College was established;

(f) whilst the consultants recognise fully the difficulties facing a new body in a highly innovative field, they make serious criticisms of the present College's management, systems, efficiency and effectiveness.

The Options

Time is very short. If we do nothing, the College will be insolvent by end July at the latest and will have to cease operations. The Directors have already been warned formally by their auditors. In my view, this would be unthinkable. The College has an important contribution to make to our overall objectives if it is properly managed. Its closure now would be seen as a signal failure of our policies and a direct result of conflicting objectives imposed on the College by Government (eg high visibility through broadcasting but commercial viability within a very short period of time). It would be a messy and highly visible affair.

On the other hand, we clearly cannot go on as we are - a sequence of cash injections at intervals, stretching away into the indefinite future. Nor can we or should we contemplate bringing the work within the public sector. That too, would be seen as manifest failure on the part of Government and would in no way contribute to our overall policies and objectives.

The position is complicated by the fact that the Open College is a company limited by guarantee and registered as a charity. We have no direct formal control over it. So whatever is to be done has to be done with the agreement of the Chairman and, no doubt, the non-executive Directors seen last week by John Cope on my behalf.

We need an approach which leads to the College being commercially viable as soon as possible while still achieving the Government's overall goals and objectives.

Two options present themselves:

(a) **dispose of the College as soon as possible.** We would invite bids to take over the College from organisations interested in its development potential. We could do this either on the basis of a once for all and permanent sale or a franchise for a period of time which would be renewable at

intervals ahead. We would make clear that no further grant from Government could be expected after this financial year but that the College might win business on merit from Government in competition with other providers. Clearly this option needs a great deal of work and some urgent financial advice both as to the detail of how to proceed and the nature and identity of prospective purchasers;

(b) **continue to support the College but recognise that more time and more Exchequer money are needed to achieve self-sufficiency.** The essential difference between this and the first option is that instead of disposing of the College now we would be accepting that time was needed - perhaps several years - to prepare the College as a viable and attractive purchase on a full privatisation basis.

These two options are not, of course, mutually exclusive. Both require a revision of the College's objectives. Both require a new and realistic business plan. Both require the College to take swift action on the criticisms made in the two reports about management structure, administration, financial controls, marketing strategy and use of resources. And both require, because of the technicalities, the agreement of Michael Green and his Board - which cannot be taken for granted.

Conclusion

The College is rapidly approaching a position of insolvency. Within a matter of days rather than weeks that will become apparent and the College will have to take a number of steps (perhaps including precautionary redundancy notices) which will rapidly become known.

I recommend, therefore, that we take an early decision along the following lines:

(a) we agree that as a Government we wish to see the continuation of an Open College;

(b) we wish to see that College established as rapidly as possible on a sound and self-financing commercial basis;

(c) we therefore need to inject the right style and approach, starting from the top;

(d) we need a new and realistic business plan, based this time on well-founded forecasts, with a clear path to self-sufficiency;

(e) we pursue both the options I have described above simultaneously and, in particular, I secure professional and specialised advice at the earliest possible moment about the possibilities of a sale or franchise not later than the end of the present financial year;

(f) I urge both Michael Green and his non-executive Directors to support this line of approach and in particular to agree;

(g) that I appoint a commercial and financial advisor to the College's Board of Directors with the duty of overseeing the process and making regular reports to me.

Meantime, we must recognise that further funds are urgently needed by the College. My best estimate is that they will need about £8 million in the current financial year both to keep going and to shape up the College for a sale or a franchise. I will need to get a recommendation from the Training Commission about how that money is to be found within their present programme budgets.

If all this is agreed I would require the Training Commission to make funds available monthly and to improve all significant proposed commitments to ensure that they are consistent with the revised objectives for the College. The precise sums needed will depend upon the College's cashflow.

I hope that you will agree that the College is worthwhile as a new and potentially very efficient way of moving towards our longer term objectives. I hope you will also agree with the general proposals that I am now making both as to the directions in which we should move and to the next steps required.

I shall want to discuss this with John Major and I am seeking to agree the detail of the package very urgently with him. I repeat that we must agree what we are to do and act within the next couple of weeks.

I am copying this minute to John Major.

N F

29 June 1988

EDUCATION: Open College Awards

002/4211

CONFIDENTIAL

cc PSG
nbpm

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

11th March 1988

Dear Secretary of State

OPEN COLLEGE FUNDING

Thank you for sending me a copy of your minute of ~~23~~ 1 Mar February to the Prime Minister. I have also seen Mr Bearpark's letter of ~~29~~ February reporting the Prime Minister's response.

I too very much support the concept of the Open College - it offers an exciting prospect of a valuable contribution to training. We decided last year that it should be set up as a commercial organisation run at arms length from the Government by people of the highest professional and commercial calibre; and that in line with this there should be a guarantee of a significant initial Government funding along with firm commitment to achieve self-financing status by a given date. It was agreed from the start that there should be no further Government subsidy beyond that agreed last year. Your letter of 29 October 1987 to Kenneth Baker said that "the MSC will in particular be ensuring that we are not moving away from the concept that the Open College should become self-supporting".

I hoped that the College would prove to offer highly cost-effective training so that those providing training under Government programmes would buy much of it from the College. Your new Training for Employment Programme for the long term unemployed could contribute to this market. There seems to

be scope in such ways for the Government to contribute to the income of the College and improve its financial position without undermining the financial discipline inherent in the agreed concept.

Your proposal, to use money from the new training programme to buy from the College courses for the long-term unemployed in the months before the new programme gets fully under way, is one such way. If your Accounting Officer is satisfied that this offers a cost-effective way of meeting the Government's objectives for training for the long-term unemployed, I would not want to stand in the way of your proposal, provided that the £2 million which you propose is spent before the end of 1988-89, is financed from identified offsetting savings elsewhere within your programme, and is used by the MSC as consumer to buy appropriate training from the College rather than provided as a direct subsidy to the College as producer.

I can also imagine that there may be a case for the Open College using more air time, and for marketing to employers. But even if there is a commercial case for these there is a separate question whether the Government should finance them through a new direct subsidy - which may simply allow the College to maintain other activities where it would otherwise have made offsetting savings. In this light, I am sure you will understand that a difficulty arises from the implication at the end of your minute that there is little if any prospect of the College meeting the financial or volume targets set for it so recently <u>even after</u> the additional injection of money which you propose. Part of the original agreement between the Treasury and DE was that the College would have ready a contingency plan for retrenchment if it looked likely to run into such difficulties. But I am not clear from your minute whether the proposals you make are consistent with the implementation of such a plan, nor what contribution they would make to alleviating the difficulties implied in your letter. I gather that your officials have just sent over the College's justification of its proposals. This addresses some of these questions but requires further discussion.

Perhaps the best way forward would be for you to review the College's achievements, prospects and, as you propose, new business plan; and for our officials then to discuss how we can best ensure that the original aims for the college (including the financial aims) can be kept in view. The merits of an extra Government contribution of up to at most the £2.5 million you propose could be looked at in that context

along with alternative course of action (including other forms of finance and other savings measures for the College). In the meantime, we could handle the proposal to spend £2 million on courses for the long-term unemployed as in paragraph 4 above.

I am sending a copy of this letter to the Prime Minister, Peter Walker, David Young, Kenneth Baker and to Malcolm Rifkind.

Yours sincerely,

Zoë Evans

JOHN MAJOR

(Approved by the Chief Secretary and signed in his absence)

EDUCATION: Open College Aug 77

RESTRICTED

free DTS
bc: BG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 February 1988

The Prime Minister has seen your Secretary of State's minute of 23 February about funding for the Open College. She was very pleased indeed that it had proved possible to help in this way.

I am copying this letter to Jill Clements (Welsh Office), Stephen Ratcliffe (Department of Trade and Industry), Chris de Grouchy (Department of Education and Science), Andy Rinning (Scottish Office) and Max Felstead (Chief Secretary's Office).

P A BEARPARK

Ms. Beverley Evans
Department of Employment

RESTRICTED

Good news - thanks on very much. Things are really moving with new ideas. MT

PRIME MINISTER

PB 26/2

OPEN COLLEGE FUNDING

When we met Michael Green in September, you asked me to consider sympathetically the request he then made for an extra £5 million funding on specific and important new initiatives. I asked Michael for a detailed case in support of his proposal.

The Open College took some time to make up their detailed proposals, but they have now done so, and they have been discussed with my officials. They are proposing three new areas of work.

First, a new initiative with ITV and BBC, through which the College and BBC/ITV would co-produce programmes to reach a much larger audience nearer peak hours than the existing Channel 4 broadcasts. The co-productions (of which ITV/BBC would bear a substantial share of the cost) would be aligned to Open College courses, to attract students to sign up and so help promote training. The College plan up to 15 such co-productions: the estimated cost over the next 18 months is £2 million.

Second, a fund to subsidise the cost of courses for unemployed people, costing £2 million. This money would be placed in a special account used only to provide courses for the unemployed, and the College propose to attract matching funds from the private sector. The College estimate that the £2 million would provide 20,000 courses for unemployed people. I see this imaginative proposal as closely linked to the initiatives I announced in my White Paper last week, and indeed to our inner cities policies.

Third, additional expenditure on marketing to the corporate sector. The College consider that there is substantial potential income in a direct marketing drive to companies, and have proposed setting up a separate corporate marketing unit at a cost of £1 million. This initiative, which will help promote the importance of training to employers, will break even within a year.

I believe that these three initiatives are worth funding. David Young is currently considering the possibility of making up to £500,000 available to the College in the context of DTI objectives. As I originally proposed to colleagues, this money would form part of the additional £5 million we should make available. I would propose to provide the Open College with the balance of £4½ million, from within the existing resources of my Department.

Discussions with the Open College have also suggested to me, however, that targets of the College - becoming self-financing by April 1990 and advising 1 million students within 5 years - may be difficult if not impossible to reach. I regard open learning as a most important element in our future strategy for training and the Open College is potentially a most significant force.

The College are due to produce their Business Plan in the spring, and I therefore propose to review urgently the basis of the College's funding to see how they can best contribute to our training objectives.

Copies go to Peter Walker, David Young, Kenneth Baker, Malcolm Rifkind and John Major.

NF

23 February 1988

EDUCATION: Open College. Aug 87

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 February 1988

You will recall that I wrote about the Prime Minister's meeting with Michael Green and your Secretary of State on 10 September. I know that the Prime Minister would be grateful for a short note explaining what progress has been made since then. Could you please let me have a letter which I may show her by Tuesday 16 February.

P. A. Bearpark

Ms. Beverley Evans,
Department of Employment.

se BG
nbpm

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NF

22 January 1988

Dear Norman

You wrote to me on 29 October suggesting that David Young and I each contribute £500,000 next year to the Open College. Since then I have seen David's letter of 16 December.

2. I am of course pleased to hear that the College now has access to additional air time. This is welcome evidence of further interest and involvement on the part of broadcasters and I hope that, with this additional publicity, the College will be able to make substantial headway towards achieving its target of 50,000 learners by August 1988.

3. I know that the College has experienced some difficulties in getting into its stride and that enrolments to date have been somewhat disappointing. The next few months will no doubt be used to consolidate what has so far been achieved and to lay the foundations for a successful second year of operation. The key, as Michael Green is aware, is sound market research and effective marketing directed at particular target groups.

4. As you may know, I have already committed significant funds through the Education Support Grant mechanisms. I estimate that rather more than £300,000 of the £1m of expenditure on open learning to be supported next year will be used by local authorities to develop Open College provision and to strengthen College activity at the local level. I expect to commit a slightly larger sum in the following year. I must make clear, however, that my Department's resources are otherwise fully committed in 1988-89, and I see no likelihood of being able to find an additional sum in that year which could be transferred to the College.

5. You refer in your letter to the Open University. I know that the University has, from the earliest days of the College, made many offers of collaboration. I am sure that such collaboration is essential if the best use is to be made of existing resources and expertise. Each has a distinctive role to play in the provision of distance education and training. In a number of areas, including management education and foreign languages where good progress is already being made, there are excellent prospects for the development of complementary patterns of provision, with Open College students progressing to higher level University courses, and with each institution drawing strength from the partnership. The need to avoid wasteful duplication and overlap is now fully accepted on both sides.

6. The University is anxious to assist the College over a difficult initial period, and indeed in the longer term. To this end, following discussions with my officials, it has come up with the following propositions:

i. The University is willing to make many of its existing course materials, including video, available to the College free of charge. These materials are in areas in which the College plans to offer courses in 1988-89. The College will thus be able to develop agreed derivatives for its own use without meeting any of the up-front costs incurred by the University in developing the products: I understand that these materials in fact represent a production investment of some £750,000. It is also the case that, to an extent, the use of these materials will limit the University's capacity to generate income itself from them. (The cost to the University of any further services the College might require in taking up this offer would of course be a matter for negotiation between them.)

ii. I understand that the College has now asked the University whether it might assume responsibility for the warehousing and despatch of learning materials for direct sales and for the registration of students enrolled through local access centres. In principle the University would be willing to enter into a contract to undertake this work if the College were able to pay for the lease of the additional warehousing that would be required. I understand that the University would hope to take a warehouse close to the University's own in Milton Keynes to ensure that the benefits of the University's management experience in this area can be best realised.

iii. The University has also been asked by the College to consider extending the services offered by the National Distance Learning Centre to take account of a possible new approach to local access centres, which at present are for the most part run by local authorities. This is another area where the experienced staff of the University can benefit the College by applying their skills in the management and operation of distance learning to the needs of the College.

I am sure you will agree that these propositions represent a generous offer which will be of immediate assistance to the College.

7. The University also firmly believes that joint use of the OU/BBC Production Centre might be of real benefit to the College. My officials have raised this with Sheila Innes, Chief Executive of the College, and have also invited her to outline other ways in which the University might assist the College. I have repeated this invitation to Michael Green. I look forward to hearing from them, and will pursue any further suggestions they have with the University.

8. We might also give some thought to the use that could be made of Open College courses in Departmental training programmes. My own Department is considering this possibility. Indeed, my Permanent Secretary was one of the first to enrol with the College.

9. I am copying this letter to the Prime Minister, Peter Walker, Tom King, David Young, Malcolm Rifkind and John Major.

Yours ever

Kenneth

Education. Ope
College
August 87

CC BG

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

16 December 1987

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NF

Prime Minister

Dear Norman,

OPEN COLLEGE

Thank you for copying me your letter of 29 October to Kenneth Baker asking him and me whether we are able to find additional funds for the Open College.

I am pleased to say that I am in a position to make up to £500,000 available from my budget for next year. These monies have been set aside for the support of training and management development projects and we would wish to see them used by the Open College in ways which reflect our objectives. My offer is therefore made in principle only and actual payment will depend on the outcome of discussions between my Department and the Open College on the production of DTI funded training material.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, Peter Walker, Malcolm Rifkind, Tom King and John Major.

Yours,

David

LORD YOUNG OF GRAFFHAM

JG6ATD

The Open College

101 Wigmore Street
London
W1H 9AA
01-935-8088

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON SW1A 2AA

15 September 1987

2

Dear Prime Minister,

My colleagues and I are extremely grateful to you for managing to carve out, in the course of a hectic morning, an oasis of time, during which you made The Open College your main concern.

The interview was splendid and covered some important ground. It will certainly give a major boost to our launch next week.

The small, central staff of the new College are a dedicated and enthusiastic group of people drawn from a variety of backgrounds in industry, education and broadcasting that facilitate our collaborative links with a vast range of organisations and agencies in both the public and private sectors.

We believe that the concept of skills training via the mass media accompanied by attractive, relevant, cost-effective and high quality learning materials will make a significant contribution towards increasing the skills of the British workforce, with courses that range from literacy and numeracy to professional updating.

We look forward to being able to report back to you in a few years' time that we have captured not only the public imagination but also our first million students!

Our warmest thanks for your support.

Yours sincerely,

Sheila Innes

SHEILA INNES
Chief Executive

CC B/CP

PRIME MINISTER

We have allowed an hour tomorrow morning at 1145 for the video recording of the interview for the Open College. The recording is to be made by Yorkshire TV, and the interviewer will be Limbert Spencer.

The papers you saw last week are all in this folder. In addition to those I have attached the questions which the Open College have submitted along with draft answers provided by the Department of Employment.

A make-up girl will be available before the recording, which will be in the White Room.

PRB

M

P.A. Bearpark

14 September 1987

MJ2BIF

QUESTION NO. 6

Will Open College students be eligible for training grants under Government schemes?

ANSWER

That will depend on the student, and the course he or she wishes to undertake. Many employed people can expect their employers to pay for them to learn new skills or update existing ones. Many employed and self-employed people will want to invest themselves in their own training. Unemployed people may qualify for help from the local education authority, or may be eligible for support under a wide range of Government-funded training programmes which will be making use of the Open College courses. But in every case it will be up to the College to convince the employer, the employee, the self-employed or unemployed person, or the managing agents of the training programme that its courses offer the best value for money.

cc 15/9

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

P A Bearpark Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

14 September 1987

Dear Andy

THE OPEN COLLEGE

You have already received a copy of the proposed questions and answers which the Open College intend to use in its interview with the Prime Minister on 15 September. The revised questions and answers attached contain some changes which officials in my Department suggest the Prime Minister may wish to take on board. I also enclose a short background note on the Open College which may be helpful.

Please let me know if there is any further information which you require before the interview.

Sincerely
Beverley

BEVERLEY EVANS
Private Secretary

QUESTIONS FOR THE PRIME MINISTER'S INTERVIEW 15 September 1987

1 QUESTION

Why did the Government sponsor the start-up of The Open College?

ANSWER

Because we recognised the need for Britain to reskill herself to face the challenge of new technologies, new competitors and new markets. Research in the last few years has shown that British industry - and British individuals - all too often fall behind our competitors in the training stakes. We saw the proposal for an Open College as an imaginative and forward looking way of helping to close that gap, and of capitalising on the educational innovations which this country has always been good at.

2 QUESTION

Does the Prime Minister feel that satisfactory progress has been made?

ANSWER

Only a year has passed since The College was first announced but I find progress so far encouraging. The College is opening its doors right on time with a wide range of practical, relevant training programmes. It has got co-operation from different suppliers, from the majority of the Local Education authorities and from all the broadcasters. It will be the first time they have acted together on an educational venture of this scale. But of course, the true test starts now as students join The College.

3 QUESTION

Why is it necessary to place such an increased emphasis on training now?

ANSWER

Because we are living through such a period of change. Whole industries are changing their production processes, their structures and their marketplaces. This poses employers in those industries a massive task of re-training their employees in new skills. And those who are currently out of work urgently need to gain relevant new skills which will fit them for the jobs being created in the new expanding industries or enable them to start up in business for themselves.

4 QUESTION

How does The Open College fit into the Government's overall policy on need for training and the unemployed?

ANSWER

Our particular concern in Government is to encourage employers and individuals to take personal responsibility for training, and help them to do so as cost-effectively as possible; and to help the unemployed get the skills they need to compete for jobs. The Open College should enable training to be undertaken at a lower per capita cost and in a more flexible way than ever before. So it should have a great deal to offer everyone - employers, employees, the self employed and unemployed people.

5 QUESTION

Why is Open learning such an important tool in the training policy?

ANSWER

We already know about the advantages of open learning in terms of flexibility. What I think the Open College has to offer in addition is impact - the impact that television and radio can help to make in reaching a potentially vast audience, quickly, flexibly, and with consistently high quality material.

6 QUESTION

Will Open College students be eligible for training grants under Government schemes?

ANSWER

The Government is supporting a wide range of training schemes, particularly to help reskill the unemployed. The guidelines for these schemes have been clearly laid down. Where Open College courses fit within these schemes, the students will of course be eligible for support.

7 QUESTION

Does the Prime Minister see a trend towards the acceptance of individual responsibility for learning and development and what will the Government be doing to support this?

ANSWER

Personal responsibility is a keynote of Government social policy. More and more people are recognising that they must take charge of their own futures and develop their own abilities. Training is no longer something that is done to you but something you seek out and control yourself. There is also a growing recognition that education is not something that finishes when you leave school. It continues for the whole of your life. The Government has already done a good deal to promote responsibility for training - for example with the testing out of personal career development loans: and the Open College will do more still.

8 QUESTION

In addition to helping UK industry and commerce to meet their training needs, and individuals to gain new skills, does the Prime Minister feel that ventures like The Open College offer an opportunity for educational export?

ANSWER

Traditionally people have travelled from all over the world to benefit from the British education and training system. With Open Learning there is an opportunity to take the training to them. There is potentially a huge overseas market for ventures like the Open College, especially in the English speaking world.

9 QUESTION

It is often said that women are the most under-valued and under-used resource in the United Kingdom. Do you feel that The College has something special to offer women?

ANSWER

I am sure that the sort of home-based, flexible training offered by the College will be valued by many women. I note that one of the College's first programmes is aimed at helping women to find new interests, activities and jobs.

10 QUESTION

Harold Wilson claimed that one of his best achievements was the creation of The Open University, does the Prime Minister view The Open College in the same way?

ANSWER

If The College achieves its aim of providing training for a million people in the next five years, that would certainly be a remarkable achievement. That would make it one of the most successful and fast-growing educational enterprises in history. But I think we must wait and see.

11 QUESTION

This interview is being shown on the first edition of "Open Exchange", the magazine programme for Open College learners. Has the Prime Minister a particular message for them?

ANSWER

I would merely like to wish them success as they embark on the first of their courses with The Open College and to encourage them not to give up too easily. Training can be hard work: but one of the great benefits of this type of training is that you can take as long as you need to achieve the personal goals you set yourself. That is what personal responsibility is all about.

OPEN COLLEGE

BACKGROUND NOTE

1 The intention to establish an Open College, using the broadcasting media to extend open learning opportunities to a wider audience, was announced to Parliament on 18 July last year; Michael Green, who is head of Europe's largest television and video services company, Carlton Communications, was appointed Chairman on 10 September; and the formal launch of the College's outline Prospectus took place on 7 April 1987. The full Prospectus was published on 27 August.

2 The Open College is designed to build on the experience of the Open University and MSC's Open Tech Programme by using television and radio, together with packages of material and the support of tutors from colleges and elsewhere to provide vocationally focussed open or distance programmes at sub-degree level. The College's stated aim is to help up to 1 million students in its first five years.

3 Some fifty courses will be on offer in the first year, covering a wide range of subject areas and skill levels, from basic literacy and numeracy and job-seeking skills, through hotel and catering and marketing and selling skills, to robotics and computer - aided design. An agreement for regular air-time has been reached with Channel 4, and the first courses go live on 21 September.

4 The College is a company limited by guarantee, registered as a charity and independent of Government, though MSC will be appointing Geoffrey Holland, currently the MSC Director, as a Director to its Board. The College will operate as a small central collaborative unit developing and marketing courses and providing administration support for about 120 open access centres throughout the country, co-ordinating some 500 student support centres in the field.

5 The Treasury has agreed that MSC may make up to £15 million available for pump-priming in the first three years on condition that satisfactory Business Plans are produced: but thereafter the College must become self-sufficient through broadcasting company and commercial sponsorship, and sales of courses and materials to employers and individuals.

CF

Per pol off file.
Ch expects D. Emp brief on Monday
PB
14/9

FAX TRANSMISSION

THE OPEN COLLEGE

101 WIGMORE STREET

LONDON W1H 9AA

FAX NUMBER: (01) 637 4872

TELEPHONE: (01) 935 8088

IMMEDIATE BY HAND ON ARRIVAL

FROM:	TO:
PROFESSOR ALDWYN J R COOPER THE OPEN COLLEGE 101 WIGMORE STREET LONDON W1H 9AA	MR ANDY BEARPARK 10 Downing Street Fax No: 3188

Pages to follow: 4

Date: 11 September 1987

MESSAGE:

Follows questions for Prime Minister's interview 15 September 1987.

Yours sincerely

ALDWYN COOPER

11.9.87

QUESTIONS FOR THE PRIME MINISTER'S INTERVIEW 15 September 1987

1. QUESTION

Why did the Government sponsor the start up of The Open College: -

ANSWER

There was a need for co-ordinated action for Britain to acquire the skills needed to face the challenge of new technologies, new competitors and new markets. Research in the last few years has shown that Britain has fallen behind in the provision of training. The Open College offers an opportunity not only to close the gap but to overtake other nations by capitalising on the educational innovations developed in Britain.

2. QUESTION

Does the Prime Minister feel that satisfactory progress has been made?

ANSWER

Only a year has passed since The College was first announced and tremendous progress has been made. The College is opening its doors on time with a wide range of programmes delivered to several hundred Centres. The real progress has been made in gaining the co-operation of many different suppliers of learning materials, the majority of the Local Education Authorities and all of the broadcasters acting together for the first time on an educational venture of this scale. Of course, the true test starts now as learners join The College.

3. QUESTION

Why is it necessary to place such an increased emphasis on training now?

ANSWER

There has never been such a period of change in industry and commerce as we are currently experiencing. Whole industries are changing their production processes, their structures and even their marketplaces. This poses a massive task of re-training to develop new skills. In addition, those who are currently out of employment need to gain new appropriate skills which will fit them for jobs in the rapidly developing industries or enable them to start businesses for themselves.

4. QUESTION

How does The Open College fit into the Government's overall policy on need for training and the unemployed?

ANSWER

The Government has initiated a wide range of programmes for the unemployed, from re-skilling those in employment and for stimulating enterprise in self-employment. The Open College provides a means whereby training through these schemes can be provided at a lower per capita cost and in a more flexible way than has been possible before.

5. QUESTION

Why is Open Learning such an important tool in this training policy?

ANSWER

Perhaps one of the most important factors about Open Learning is that it can deliver a consistent, high-quality message to a large audience quickly. It can provide a quantum leap in training provision.

6. QUESTION

Will Open College students be eligible for training grants under Government schemes?

ANSWER

The guidelines for grant schemes have been clearly laid down. Where Open College courses fit within these schemes, the students will of course be eligible for support. The Government is committed both to re-skilling the unemployed and Open Learning.

7. QUESTION

Does the Prime Minister see a trend towards the acceptance of individual responsibility for learning and development and what will the Government be doing to support this?

ANSWER

Personal responsibility is a keynote of Government social policy. More and more people are recognising that they must take charge of their own futures and develop their own abilities. Training is no longer something that is done to you but something you seek out and control yourself. There is also a growing recognition that education is not something that finishes when you leave school. It continues for the whole of your life. The Government has many schemes to promote these concepts and The Open College fits well within them.

8. QUESTION

In addition to helping UK industry and commerce gain new skills, does the Prime Minister feel that ventures like The Open College offer an opportunity for educational export?

ANSWER

Traditionally people have travelled from all over the world to benefit from the British education system. With Open Learning there is an opportunity to take the training to them. There is potentially a huge overseas market for The Open College especially in the English speaking world.

9. QUESTION

It is often said that women are the most under-valued and under-used resource in the United Kingdom. Do you feel that The College has something special to offer women?

ANSWER

Until now it has often been difficult for women to obtain the training that they need to re-enter the job market after raising a family or to get the right training to enable them to advance in their careers. Home-based, flexible learning provides new opportunities and I am delighted to see that one of The College's first programmes is aimed at helping women to find new interests, activities and jobs.

10. QUESTION

Harold Wilson claimed that one of his best achievements was the creation of The Open University, does the Prime Minister view The Open College in the same way?

ANSWER

This question really needs to be asked in a few years time. However, if The College's aims of providing training for a million people in the next five years comes to fruition, it will certainly be a remarkable achievement, making it one of the most successful and fast-growing educational enterprises in history.

11. QUESTION

This interview is being shown on the first edition of "Open Exchange", the magazine programme for Open College learners. Has the Prime Minister a particular message for them?

ANSWER

I would merely like to congratulate them on embarking on the first of their courses with The Open College and to encourage them to continue. They should not let any temporary set-backs put them off. One of the great benefits of this type of learning is that they can start again and take as long as needed to achieve their goals. I want to wish them every success with this first course and hope they continue to maintain their interest in learning throughout the rest of their lives.

CF

Pse put on file.

We expect D. Imp brief on Monday

PB 11/9

FAX TRANSMISSION

THE OPEN COLLEGE

101 WIGMORE STREET

LONDON W1H 9AA

FAX NUMBER: (01) 637 4872

TELEPHONE: (01) 935 8088

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PROFESSOR ALDWYN J R COOPER THE OPEN COLLEGE 101 WIGMORE STREET LONDON W1H 9AA	MR ANDY SEARPARK 10 Downing Street Fax No: 3188

Pages to follow: 4

Date: 11 September 1987

MESSAGE:

Follows questions for Prime Minister's interview 15 September 1987.

AlcByatt

for ALDWYN COOPER

11.9.87

QUESTIONS FOR THE PRIME MINISTER'S INTERVIEW 15 September 1987

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ANSWER

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Why is it necessary to place such an increased emphasis on training now?

ANSWER

There has never been such a period of change in industry and commerce as we are currently experiencing. Whole industries are changing their production processes, their structures and even their marketplaces. This poses a massive task of re-training to develop new skills. In addition, those who are currently out of employment need to gain new appropriate skills which will fit them for jobs in the rapidly developing industries or enable them to start businesses for themselves.

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ANSWER

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Does the Prime Minister see a trend towards the acceptance of individual responsibility for learning and development and what will the Government be doing to support this?

ANSWER

Personal responsibility is a keynote of Government social policy. More and more people are recognising that they must take charge of their own futures and develop their own abilities. Training is no longer something that is done to you but something you seek out and control yourself. There is also a growing recognition that education is not something that finishes when you leave school. It continues for the whole of your life. The Government has many schemes to promote these concepts and The Open College fits well within them.

8. QUESTION

In addition to helping UK industry and commerce gain new skills, does the Prime Minister feel that ventures like The Open College offer an opportunity for educational export?

ANSWER

Traditionally people have travelled from all over the world to benefit from the British education system. With Open Learning there is an opportunity to take the training to them. There is potentially a huge overseas market for The Open College especially in the English speaking world.

9. QUESTION

It is often said that women are the most under-valued and under-used resource in the United Kingdom. Do you feel that The College has something special to offer women?

ANSWER

Until now it has often been difficult for women to obtain the training that they need to re-enter the job market after raising a family or to get the right training to enable them to advance in their careers. Home-based, flexible learning provides new opportunities and I am delighted to see that one of The College's first programmes is aimed at helping women to find new interests, activities and jobs.

10. QUESTION

Harold Wilson claimed that one of his best achievements was the creation of The Open University, does the Prime Minister view The Open College in the same way?

ANSWER

This question really needs to be asked in a few years time. However, if The College's aims of providing training for a million people in the next five years comes to fruition, it will certainly be a remarkable achievement, making it one of the most successful and fast-growing educational enterprises in history.

11. QUESTION

This interview is being shown on the first edition of "Open Exchange", the magazine programme for Open College learners. Has the Prime Minister a particular message for them?

ANSWER

I would merely like to congratulate them on embarking on the first of their courses with The Open College and to encourage them to continue. They should not let any temporary set-backs put them off. One of the great benefits of this type of learning is that they can start again and take as long as needed to achieve their goals. I want to wish them every success with this first course and hope they continue to maintain their interest in learning throughout the rest of their lives.

JA ≥ ATS1
cc Press Office.

SUBJECT
cc MASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

10 September 1987

THE OPEN COLLEGE

The Prime Minister held a meeting this afternoon with your Secretary of State and Michael Green of the Open College to discuss its forthcoming launch.

Mr. Green pressed his case for more funding for the College, particularly during the early stages. He felt that there was substantial potential for the College which was evidenced by the 10,000 enquiries they had received in one week following their initial advertisement. Broadcasting time had been offered by TV-AM and the BBC as well as Channel 4. But it was important to have sufficient funding to make quality TV programmes at the start rather than to have to rely on the extensive use of repeats. There was no need for substantial infrastructure, as appeared to be enjoyed by the Open University. But there was a need for more money. The Prime Minister was sympathetic towards this case, and contrasted the potential of the Open College and its initial Government funding with the 6,500 graduates per year coming out of the Open University at an operating cost in excess of £50 million per annum. She suggested that further funding for the Open College might come from one of two sources. The first of these was by switching money from MSC programmes. The second was by allowing the Open College access to some of the Open University's funding, perhaps through the sharing of facilities. There was no commitment to assist with either of these, but it was agreed that your Secretary of State would consider the possibilities, and in particular discuss them with the Secretary for Education.

With regard to the launch of the Open College the Prime Minister confirmed that she was content to be interviewed on Tuesday next. Mr. Green explained that the interviewer would be Lindbert Spencer of Project Full Employ and would be made by Yorkshire TV. He agreed to provide a list of questions in advance. Our Press Office are already in touch with Yorkshire TV about the technical arrangements. Could you please ensure that we have Michael Green's questions, and briefing on them, by Monday of next week.

MW

I think that the Prime Minister would also be grateful to see a report in due course on the funding of the College and the results of your Secretary of State's deliberations.

I am copying this letter to Chris de Grouchy (Department of Education and Science), Tim Walker (Department of Trade and Industry), Robert Gordon (Scottish Office), John Shortridge (Welsh Office) and to David Watkins (Northern Ireland Office).

(P. A. BEARPARK)

Ms. Beverley Evans,
Department of Employment.

010.

CC/35

New Roman House, 10 East Road, London, N1 6AJ
Tel: 01 251 1533 Fax: 01 608 2244

The Rt. Hon. Margaret Thatcher, MP.,
10 Downing Street,
London SW1A 2AA.

Thursday
10th September
1987

Dear Prime Minister.

I thoroughly enjoyed our meeting today.

I confirm that the interview will take place at 11.15 a.m. at No. 10 on Tuesday, 15th September.

Linbert Spencer, Chief Executive of Project Fullemploy and one of The Open College's presenters will be the interviewer. I have arranged for possible questions to be sent to you by 5.30 p.m. tomorrow (Friday, 11th September).

I hope the enclosed one page brief reinforces the main points we discussed.

Yours Sincerely

Michael Green

Enc.

The Open College

New Roman House, 10 East Road, London, N1 6AJ
Tel: 01 251 1533 Fax: 01 608 2244

(A) What does The Open College aim to do?

1) To enable people to acquire new skills, particularly geared to new jobs. This is our main task, and we aim at everybody from individuals seeking to enter or re-enter the job market to small and large companies needing programmes to re-train their workforce.

2) To help people acquire the minimum skills needed for even unskilled jobs by remedial basic teaching.

(B) How will we do this?

By using new "Open Learning" methods which depend on television and radio broadcasting. These relatively new techniques will let Britain, which is at the forefront of open learning and television technology, leapfrog over decades of fragmented and sometimes irrelevant training for industry and commerce. We can, literally overnight, provide basic skill training as good as anyone else. We don't need to train thousands of teachers or build expensive buildings.

(C) What is the Market, who are our Customers?

Millions of ordinary people. We have had a massive response to our first trials. Jammed switchboards, thousands of replies in a single television area (Yorkshire). Ordinary people want to acquire skills. Research shows a potential audience of six million students.

(D) What is the Benefit to the Nation?

1) Open College can both help people acquire specific skills for which there is a demand, and start people on the road to making a habit of acquiring new skills. Such people will lean towards "Independence", not "State support". They will accept change, rather than fear it and indulge in Luddism. And the Property Owning Democracy must give people a property possibly more important than shares or houses: the ability to acquire new skills as jobs change during their working lives.

2) Skill shortages make us all poorer, and are a limiting factor on Economic Growth.

(E) What is now needed?

1) Steady publicity through the Government Machine, so that people get to hear about The Open College regularly, and get the idea that it is for them. We'll get "customers", and sponsors too.

2) £3 million more in the first year and £2 million in the second year committed now so that we can cover a wider variety of skill training requirements. Only 60% of our courses currently have television content. We have an embarrassment of air-time and not enough funds. In relation to what The Open College can do for the Economy in the next two to three years, this must be the Government's best ever investment.

10th September 1987

PRIME MINISTER

Tomorrow afternoon Mr. Fowler is coming in with Michael Green of the Open College. The intention is that they should brief you on recent developments with the Open College prior to your recording a message for its opening. This is pencilled in the diary for next Tuesday.

The original note from Mr. Fowler's Office is in the folder, together with a background note by DES on the Open University. You will see from this that funding for the Open University is running at £60 million plus per year. This is of course substantially more than has been offered to the Open College, but the functions are very different.

Although the purpose of the meeting is the briefing for the recording, I understand that Michael Green may well take the opportunity to lobby for more funding. I understand both Lord Young and David Wolfson have spoken to you about this.

PPB

ANDY BEARPARK

9 September 1987

L04AMA

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

Mark Addison Esq
Private Secretary
10 Downing Street
London
SW1

9 September 1987

Dear Mark

OPEN UNIVERSITY

Your letter of 26 August to Beverley Evans about the Open College launch asked for details of Government funding for the Open University and of the numbers of students who have studied there.

The attached table gives the figures you requested. You will see that the annual output of graduates is now some 6,500, which is comparable to the combined output of several conventional universities. The scale of the University's operation means that expansion is very cost-effective at the margins, and a modest addition to the recurrent grant agreed last year will enable student numbers to rise by over 3,000 by 1990. Indeed the University has recently estimated that the undergraduate student population could be raised to 83,000 at an annual recurrent cost of only £350 per additional student. This cost-effectiveness was brought out in the independent efficiency study carried out for the University in 1985, and emphasised subsequently by Sir Robin Ibbs who also warmly endorsed the response the University was making to the study's recommendations. It is now a well-managed institution.

Open University students are highly motivated. Mandatory awards are not available for part-time study and, whilst employers will often recognise the value of Open University study by providing assistance with fees, many individuals must meet tuition fees - £166 per course per year - and summer school costs from their own pockets. Roughly half of all Open University students are on mathematics, science or technology courses. Some 80% are in full time employment, and the majority of graduates report that job performance or career prospects have improved as a result of their studies. Much the same may well prove to be true of those completing Open College courses. Where the institutions differ is in the level and source of provision. The College will offer sub-degree courses requiring, on average, 30 hours of study and its offerings will derive from existing material produced elsewhere, or from specially commissioned material. The University's full credit undergraduate courses demand some 450 hours of work, an ordinary degree requiring the successful completion of six such courses, and all its courses have been generated

from within. Both the Open University and the Open College have declared their readiness to collaborate in areas where resources and expertise can usefully be shared, for example in management education and training

The Open University's high reputation, in this country and overseas, is based in the first instance on the quality of its undergraduate course materials and on the standing of its degrees. The University also carries out a range of other activities appropriate to an institution of higher education. It undertakes some excellent research, for example in the earth sciences area, and has a good record in attracting external research grants and contracts. Income from all non-government sources has increased as a proportion of the University's total income from 21% in 1981 to 29% in 1986, and now stands at some £25m. A particular success in recent years has been the rapidly expanding continuing education programme. This has been developed on a self-financing basis, and has been made possible by Government funding of the undergraduate side, from which many of the CE materials have been taken. It offers short courses and packs in a wide range of subjects, including management education and scientific updating for people in industry with specific training needs, and nearly 90,000 students are likely to study through this programme in 1987.

The University is indeed funded directly by the Department. The arrangement brings real benefit to the Secretary of State because it enables him to use the University to achieve policy objectives quickly and cost-effectively. The increase in undergraduate mathematics, science and technology places, the programme of action to combat teacher shortages, and the expansion of the continuing education programme are three recent examples.

I am copying this letter to Beverley Evans (Department of Employment), Tim Walker (Department of Trade and Industry), Robert Gordon (Scottish Office), Jon Shortridge (Welsh Office) and David Watkins (Northern Ireland Office).

Yours sincerely

Tom Jeffery

T B JEFFERY
Private Secretary

ANNEX

	New Undergraduate Registrations	Total Undergraduate Population (thousands)	Graduates[1] (cumulative)	Continuing Education Students[2] (thousands)	Recurrent and Capital Grants (£m)
1971	19.6	19.6			7.5
1972	15.7	31.9	0.9		9.1
1973	12.7	38.4	4.5	1.9	11.2
1974	11.3	42.6	9.7	2.9	14.1
1975	14.8	49.4	15.2	6.0	17.6
1980	14.0	61.0	44.9	33.2	47.7
1985	13.9	67.4	76.0	65.8	60.6
1986	14.5	66.2	82.6[3]	82.5[3]	61.5
1987	16.6[3]	68.0[3]	89.1[4]	87.8[4]	62.6

(1) Ordinary degree graduates. Some 20% now progress to a BA Honours degree.

(2) Figures include the number of packs of teaching materials sold.

(3) Provisional (4) Estimate

10 DOWNING STREET

Note for the File

Spoke to Beverley at DoEnvp
to offer 11.45 - 12.45
on Tuesday 15th Sept
for Recording.
She will get back to us
with details.
(e.g. Is this to be done
in a Press Bus -?
If so we must clear
with P. Taylor).

TL 7/9

10 DOWNING STREET

AB
Fine, thanks.
DRN

MR. NORGROVE - on return 1/9.

CEA
fi.

You will want to see the attached papers. I am very happy to look after this.

PBB

(P.A. BEARPARK)

28 August 1987

FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 August 1987

THE OPEN COLLEGE

Further to Mark Addison's letter of 26 August I confirm that we have fixed a slot at 1530 on 10 September for your Secretary of State and Mr. Green to come and brief the Prime Minister.

I am copying this letter to Chris de Grouchy (Department of Education and Science), Tim Walker (Department of Trade and Industry), Robert Gordon (Scottish Office), Jon Shortridge (Welsh Office) and David Watkins (Northern Ireland Office).

(P.A. BEARPARK)

Ms. Beverley Evans,
Department of Employment.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 August 1987

This is just to acknowledge receipt of your letter of 26 August with the enclosed papers on the Open College. I know the Prime Minister will be interested to see them.

(P.A. BEARPARK)

Michael Green, Esq.

File

DCA
bc Andy.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 August 1987

Dear Beverley

1530
A/9

THE OPEN COLLEGE

The Prime Minister has seen your letter to David Norgrove here, and the attachments. She has expressed a considerable amount of interest in the launch of the college, and would like to help in some way.

I am afraid it may well not be possible for her to attend a reception on 21 September, because this clashes with an engagement already in her diary. She may however be able to look in for a short while, and we can consider this nearer the time. I should add that, in any case, it would not be possible for the obvious security reasons for you to announce her intention to be there until very shortly beforehand.

On the other proposal in your letter, the Prime Minister would be willing to record an interview for inclusion in the programme to be broadcast on 21 September. Before doing so she would I think find it helpful to have a short briefing meeting with your Secretary of State and with Mr. Green, the Chairman of the Open College. Andy Bearpark is returning to the office today, and I will ask him to get in touch with you to take this forward. I doubt if any further briefing is needed for that meeting. I should have thought it would be sensible to allow a little time then before the recording of the interview, to give an opportunity to obtain any further information the Prime Minister requests.

The Prime Minister has also made one or two general comments on your letter. She has noted that the Government support for the Open College is to be £15 million over three years, with the aim being to help one million students in its first five years. She has asked for comparative figures for the Open University, including the amount of grant it receives at present, the numbers of students helped, and the extent of support it was given in its early years. Her understanding is that Government support for the OU is provided outside of the UGC mechanisms; I should also be grateful if that could be confirmed. These points are of course for the DES, and I should be grateful if Chris de Grouchy would let me have a note on them.

GA.

I am copying this letter to Chris de Grouchy (Department of Education and Science), Tim Walker (Department of Trade and Industry), Robert Gordon (Scottish Office), Jon Shortridge (Welsh Office) and David Watkins (Northern Ireland Office).

Yours ever

Mark Addison

(MARK ADDISON)

Ms. Beverley Evans,
Department of Employment.

The Open College

Pol Office?

New Roman House
10 East Road
London N1 6AJ
Telephone 01-251 1533
Fax 01-608 2244

The Rt. Hon. Margaret Thatcher, MP..
10 Downing Street,
London SW1A 2AA.

Wednesday
26th August
1987

Dear Prime Minister,

Further to my letter of 13th May, I hope the enclosed makes interesting reading.

I know that David Wolfson has mentioned The Open College to you and if you would like any further information, please let me know.

Yours sincerely,

Michael Green

Chairman

Enc.

PRIME MINISTER

THE OPEN COLLEGE

The Department of Employment's letter attached conveys Norman Fowler's invitation to you to play a part in the launch of the Open College. He asks if you would:

(i) record a short interview to be included in the first programme to be broadcast on Channel 4 on 21 September and

(ii) attend a reception that evening.

So far as (ii) is concerned you are already committed to a newspaper press fund engagement.

On (i) it is of course true that these things take longer than expected. But the Open College is an enterprising use of new technology in the training field with the objective of becoming self-financing after three years. Lord Young announced the plans in 1986, when he was Chairman of the MSC.

Would you be prepared to set aside some time for this (I should have thought half an hour would be enough); or prefer to leave it to Norman Fowler?

Yes - I will inevitably take about 1½ hours with preparation etc.

MCA

MARK ADDISON

24 August 1987

SLH/84

THE OPEN COLLEGE: PROPOSED COURSES FOR OFFER IN YEAR I

Basic Skills

Introduction to Study

Notetaking

Memorising

Preparing for Exams

Communication

Inside Information

IT for the Terrified

Make it Count

Service Industries

Tourism

Customer Care

Catering Hygiene

Could you Sell

Step Into Selling

The Marketing Mix

Carers

Manufacturing Industries

Basic Electricity

Basic Electronics

Design

Business & Office Skills

Negotiation Skills

Effective Presentation

Managing Change

Managing Stress

Business of Excellence

Is Self Employment Right for Me?

Starting a Business

Pub Management

Keyboarding

Business German Part I

Business German Part II

China: Business Guide

Employment & Practical Skills

Finding a Job

Women Working it Out

Car Maintenance

Home Electricity

Home Plumbing

Training for Skills

The College will initially offer courses aimed at training those involved in supporting open learning.

In addition the College will promote and make available a number of existing open learning materials.

MC/D32

CLBG
cc B/UP

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

D Norgrove Esq
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1A 2AA

21st August 1987

Dear David

THE OPEN COLLEGE

You may be aware that The Open College, a major new initiative to increase opportunities for vocational education and training through open learning, through the broadcasting media is to be launched next month. The Open College is planning a series of events to mark its launch and my Secretary of State has asked me to write to enquire whether the Prime Minister would be prepared to be involved in two of the these events.

Plans for an independent Open College were announced on 18 July 1986 by the then Secretary of State for Employment Lord Young. A background note about the College and the initial prospectus launched earlier this year are enclosed. The Department of Employment is providing pump-priming funding of up to £15m over the College's first three years, from when the aim of the College is to become self-financing.

The first Open College programme will be broadcast on 21 September at 1.00 pm on Channel 4. It will be a live programme lasting one hour and will provide information on the College to students. As part of that programme the College would like to include a short pre-recorded interview with the Prime Minister on the theme of "The Learning Society" concentrating on personal responsibility and individual opportunity in vocational education and training.

If the Prime Minister agrees to be interviewed, I understand that the Open College Bus can be used as a venue for the interview to fit in with the Prime Minister's own timetable.

On the evening of 21 September, The Open College is holding a reception at the Institute of Comtemporary Arts, 12 Carlton House Terrace, London W1 from 18.30 - 20.30 for major industrialists, educationalists and senior representatives of television, radio and the press. The aim of the reception is to encourage organisations to become associated with and sponsor The Open College. It would be greatly appreciated if the Prime Minister could attend the reception at some time during the evening as Guest of Honour. My Secretary of State will be speaking at the reception and I understand that the Secretaries of State for Education and Science, Trade and Industry, Scotland, Wales and Northern Ireland will also be invited.

The Secretary of State hopes that the Prime Minister can participate in the launch of The Open College in these ways. I look forward to hearing from you.

I am copying this letter to Private Secretaries to the Secretaries of State for Education & Science, Trade and Industry, Scotland, Wales and Northern Ireland.

Yours sincerely

Peter Baldwin

for BEVERLEY EVANS
Private Secretary

OPEN COLLEGE

BACKGROUND NOTE

1 The intention to establish an Open College, using the broadcasting media to extend open learning opportunities to a wider audience, was announced to Parliament on 18 July last year; Michael Green, who is head of Europe's largest television an video services company - Carlton Communications, was appointed Chairman on 10 September; and the formal launch of the College's first Prospectus took place on 7 April 1987 (copy of the Prospectus attached).

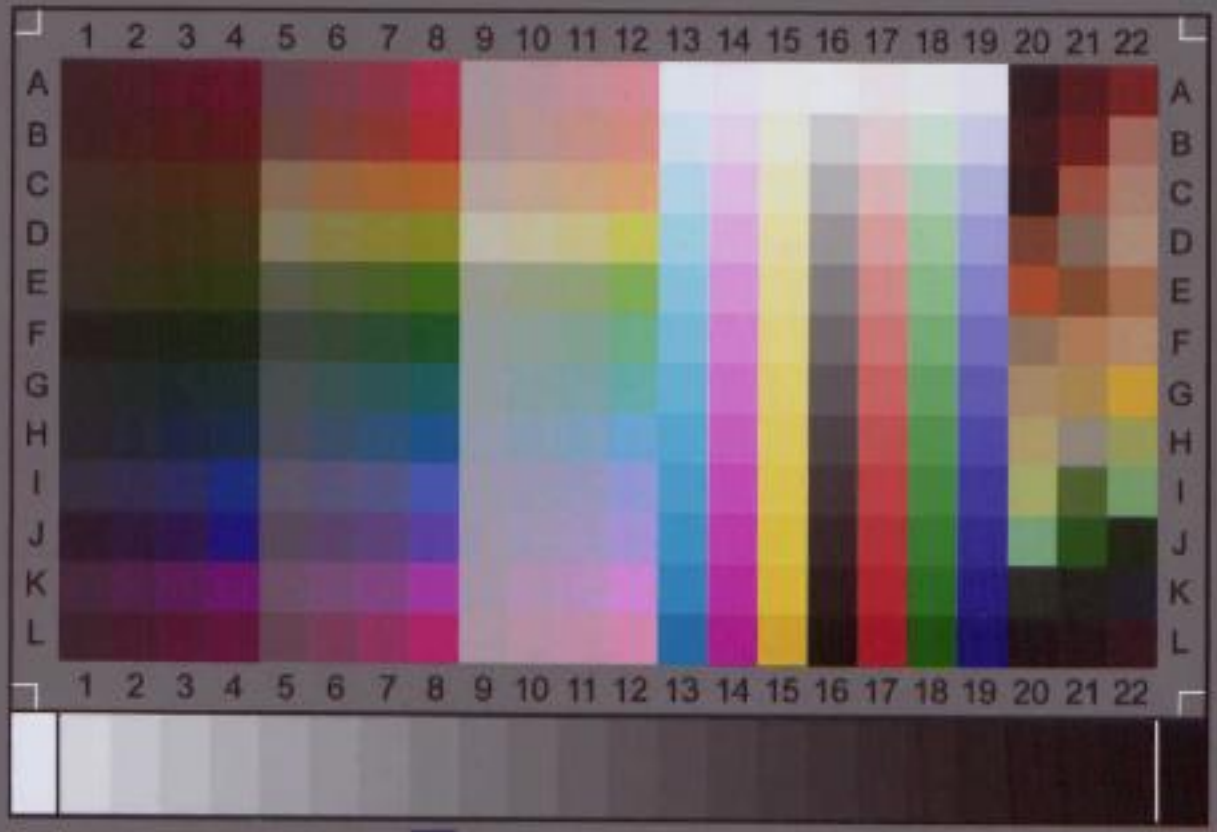
2 The Open College is designed to build on the experience of the Open University and MSC's Open Tech Programme by using television and radio, together with packages of material and the support of tutors from colleges and elsewhere to provide vocationally focussed open or distance programmes at sub-degree level. The College's stated aim is to help up to 1 million students in its first five years.

3 Some fifty courses will be on offer in the first year, covering a wide range of subject areas and skill levels, from basic literacy and numeracy and job-seeking skills, through hotel and catering and marketing and selling skills, to robotics and computer - aided design. An agreement for regular air-time has been reached with Channel 4, and the first courses go live on 21 September.

4 The College is a company limited by guarantee, registered as a charity and independent of Government, though MSC will be appointing Geoffrey Holland, currently the MSC Director, as a Director to its four-man Board. It will operate as a small central collaboration unit developing and marketing courses and providing administration support for up to 100 student support centres throughout the country.

5 The Treasury has agreed that MSC may make up to £15 million available for pump-priming in the first three years on condition that satisfactory Business Plans are produced: but thereafter the College must become self-sufficient through broadcasting company and commercial sponsorship, and sales of courses and materials to employers and individuals.

6 The Open College is aware of the need to provide a wide range of opportunities. Discussions are currently taking place with MSC, DES and others about the availability of grants to assist unemployed students. Studies are also taking place to assess how the College might accommodate the needs of the disabled, ex-offenders, ethnic minorities and other special groups and decisions will be taken in the light of these.



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