

PREM 19/2960

confidential filing.

Tuition fees for overseas students.
Tempus financing.

EDUCATION.

June 1980.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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27.11.83							
June 1984							
31.7.90							

PREM 19/2960

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Confidential Final Revise [to be published as Command 8011 by Her Majesty's Stationery Office]

GOVERNMENT OBSERVATIONS ON THE FIRST REPORT
FROM THE EDUCATION, SCIENCE AND ARTS COMMITTEE
(HC522-I)

Published by HMSO – ISBN 0 10 180110 6

Signed

J. Gray

Date

20/8/2016

PREM Records Team

cc:pu



[Handwritten signature]

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Sir Geoffrey Howe QC MP
Lord President of the Council
Lord President's Office
68 Whitehall
LONDON
SW1A 2AT

2 August 1990

Dear Lord President,

TEMPUS

I have seen a copy of Douglas Hurd's minute to the Prime Minister of 30 July and of her Private Secretary's reply of 31 July, and am writing in Norman Lamont's absence on holiday.

I would like to add the Treasury's support to Douglas's plea for an early decision on whether FCO or DES should be responsible for the future funding of this scheme.

I should also like to comment on Douglas's suggestion that whichever department is ultimately deemed responsible for funding TEMPUS would seek additional funds in the Survey. I do not see why that will be necessary. At its meeting on 19 July, Cabinet agreed that Ministers should be asked to review their existing bids very carefully, as they were already at a level well beyond anything that could be afforded. To seek to add further bids at this stage would be the reverse of what Cabinet has agreed to be necessary. The sums involved are of a size that can easily be accommodated within either the DES or the FCO programme if Douglas and John attach real importance to TEMPUS. John's action in being able to offer £300,000 this year is a clear illustration of what can be done and, given the much greater room for manoeuvre between now and the 1991 academic year, Douglas too would have time to shift priorities amongst the existing scholarship schemes which the FCO operates for other foreign nationals and seek to bring into play funds from the £75 million Know How Fund which is specifically targeted at the needs of Eastern Europe. I hope that whichever department is ultimately deemed responsible for the scheme will make every effort to absorb any additional spending, and will not seek recourse in further Survey bids.

I am copying this letter to the Prime Minister, to Douglas Hurd and John MacGregor, and to Sir Robin Butler.

Yours Sincerely

[Handwritten signature]

RICHARD RYDER

(Approved by the Paymaster and signed in his absence)



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 July 1990

Dear Stephen,

TEMPUS

The Prime Minister has seen the Foreign Secretary's minute of 30 July about the issue of TEMPUS financing. She is content with the interim solution reached, and would be grateful if the Lord President could chair a meeting to resolve the question of future costs.

I am copying this letter (together with a copy of the Foreign Secretary's minute) to the Private Secretary to the Lord President: and on its own to the Private Secretaries to the Secretary of State for Education and Science, the Chief Secretary and Sir Robin Butler.

Yours sincerely,

C. D. POWELL

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

VB



Prime Minister

PM/90/051
PRIME MINISTER

Agree this
Temporary arrangement,
Will we try to
work out something
permanent? 28/7/90

TEMPUS

1. John MacGregor and I have now discussed the issue of TEMPUS financing set out in his letter of 9 July and my minute of 13 July (both attached).

2. We agreed that there was an urgent need to resolve the issue of HMG's contribution to the cost of fees liable to be paid in this financial year: the British Council have suggested that the realistic deadline for making practical arrangements for the coming term is 31 July, and we agreed that this was probably right. We also agreed that there would be no question of the UK not participating in the student mobility strand of the first year of the TEMPUS scheme, which has attracted considerable attention in this country, and considerable demand in Poland and Hungary.

3. John MacGregor was clear that he was unwilling to accept responsibility for TEMPUS. His view was that TEMPUS was essentially about giving aid to Eastern Europe. He did not have the vires to make payments for this purpose, which he regarded as comparable to other programmes for bringing non-EC students to this country; such programmes were the responsibility of the FCO. Within his limited room for manoeuvre, he could not

/justify



justify diverting to what he saw as foreign policy objectives the funds available to him for domestic education needs; he was currently having to allocate more money to the CTC programme.

4. I repeated my view that there was no prospect of the FCO being able to contribute to TEMPUS fees this year or in future years. Moreover, the practice whereby the relevant expert Whitehall Departments lead on sectoral assistance to Eastern Europe, as part of the Government's overall response to developments there, made practical sense. The DES had led on the TEMPUS negotiations in the Community; and TEMPUS was partly based on the Community's ERASMUS scheme, again DES-led.

5. John MacGregor indicated, however, that, without prejudice to the future, he would be ready to make available in the current year, by way of a PES transfer from DES to FCO Votes, £300,000 for TEMPUS fees. I told him that - equally without prejudice to the future - I would be willing to pass on this money to the British Council, making it clear that it represented an absolute cash limit on HMG's contribution to TEMPUS fees in the UK for the coming academic year. Provided Norman Lamont is content, we shall so proceed.

6. We agreed that responsibility for costs in future years would then have to be resolved urgently, if necessary with you, after which the responsible Department would seek additional funds during the course

/of the



of the Survey. Neither of us finds it satisfactory to take decisions for 1990-91 in advance of decisions about future years. But we see no alternative, given the imminence of the British Council deadline, and the damage that continuing doubt about UK participation in TEMPUS might do to the success of your visits to Eastern Europe in September.

7. I am copying this minute to the Secretary of State for Education and Science, the Chief Secretary and to Sir Robin Butler.

A handwritten signature in dark ink, appearing to be 'DH.', is written in a cursive style.

(DOUGLAS HURD)

Foreign and Commonwealth Office
30 July 1990



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

The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
LONDON
SW1

[Handwritten signature]

TEMPUS

Thank you for your minute of 3 July.

I share your view of the importance of ensuring that UK institutions are able to participate fully in the TEMPUS programme from the outset. I and my Department will continue to do our best to secure this.

However, neither I nor the other Ministers with higher education responsibilities - in Scotland, Wales and Northern Ireland - have any Departmental responsibility for decisions to help overseas students to come to this country for reasons of aid or foreign policy, or for the costs involved, nor, indeed, would I have any vires to make such payments. In keeping with established practice, therefore, I believe that the funding and administration of arrangements for bringing TEMPUS students to this country must be the Departmental responsibility of the FCO.

That said, however, I recognise the difficulties you may have in securing adequate funding for the current financial year. I am sure you will understand that, given the continuing financial implications, I could not consider offering any help for the current year until the question of overall Ministerial and funding responsibility for TEMPUS in the longer term had been resolved. Once that has been done, and in particular once it is agreed that my Department will not be expected to bear any financial responsibility for future years, then I should be prepared to consider whether, subject to Treasury approval, I could make available by way of a PES transfer to the FCO at least a substantial contribution to the costs of fees liable to be paid on behalf of TEMPUS students in the current financial year only.

I am sending a copy of this letter to the Chief Secretary and to Sir Robin Butler.

N. John Pamy

cc on Juggs

RS

- Ps/Mrs Cigarette 9/11*
- Ps/A. Widdowson*
- Ps/Mr. Mawkes*
- Ps/AUS*
- Ps/M. Lancaster 20/11*
- Mr. Kerr*
- Mr. Bayne*
- Miss Spenser*
- Mr. Tait*
- EED Mr. Ireland*
- CRU Mr. Kirby*
- JAU*
- RIW*
- Mr. Parker Cabinet Office*

11/1/91



FCS/90/134

SECRETARY OF STATE FOR EDUCATION AND SCIENCE

TEMPUS

1. Thank you for your letter of 9 July.
2. We agree about the importance of full UK participation in TEMPUS. This means that we need to cover the shortfall between the £750 per student provided by the European Commission and the level of fees to be levied by universities etc, be it at the third country rate of £4500 per student or the domestic/EC rate of some £1650. (It remains my view that the former would be better because it would help us to avoid real difficulties with other third countries, notably in the Commonwealth.)
3. I note your willingness to cover at least a substantial contribution to the cost of fees liable to be paid in this financial year, provided that it is agreed that your Department should not bear any financial responsibility in future years. My position remains as set out in my minute of 3 July. I see no prospect of the FCO being able to contribute to these fees in any of the years of the scheme. Nor do I accept that the funding and administration of arrangements for bringing TEMPUS students to the UK is an FCO responsibility. TEMPUS is based on ERASMUS and other EC educational schemes for which DES has responsibility. British higher education institutions will directly benefit from TEMPUS even though we might expect more East European students and trainers to come to the UK than vice versa in the early years.



4. I remain concerned at the likely domestic reaction if the UK plays no part in the first year of TEMPUS, rejecting all East European applicants seeking to come here. We would face criticism from UK business interests seeking new links with Eastern Europe, from the educational community, and from those interested in encouraging reform in Eastern Europe.

5. I suggest therefore that we meet as soon as possible to try to resolve these issues. My Private Office will be in touch with yours and the Chief Secretary's about possible dates.

6. I am sending a copy of this minute to members of CD(E), to the Chief Secretary to the Treasury and to Sir Robin Butler.

DH.

(DOUGLAS HURD)

Foreign and Commonwealth Office
13 July 1990

dti

cc/c

The Hon. Alan Clark MP
Minister for Trade

Price Mink 2
fccc
M1

Tim Eggar Esq MP
Parliamentary Under Secretary of
State
Foreign and Commonwealth Office
London SW1A 2AH

Department of
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fx

Direct line
Our ref
Your ref
Date

01-215 5144
W07AOI

11 January 1989

Dear Tim

mt

OVERSEAS STUDENT TRAINING

WILL REQUEST IF REQUIRED

Thank you for your letter of 28 November. I was very grateful for your offer of help in our further consideration of a joint DTI - industry funded scheme offering hands-on experience training for key individuals from specific countries.

Since your letter, officials here have met a broad selection of companies to discuss the practicalities of any such initiative, especially the firms' willingness to provide finance and to participate in identifying appropriate individuals to benefit. The reaction has been extremely positive. In addition, officials from DTI, FCO, the British Council and the Offshore Supplies Office have met to consider further how such a scheme could be best organised from the Government side to ensure that it neither conflicts with nor duplicates existing efforts. The general view is that a worthwhile initiative could be taken in 1989-90, and an announcement made when we unveil the Export Initiative on 17 January. I attach what I intend to say on this subject on that occasion.


I strongly believe that what we are now proposing will complement existing Government support for overseas student training. It will also fill a significant gap which, because of the longer term and general benefits being targetted, would remain unfilled without our involvement. I think it right, however, to ensure industry's active and substantial contribution.

Tim Eggar Esq MP

January 1989

For the benefit of colleagues who have not seen earlier correspondence, I attach also a short briefing note on this proposed new DTI initiative. The estimated public expenditure costs of £250,000 for 1989-90 will be from within existing DTI resources.

I am copying this letter to recipients of David Young's letter of 24 November on Export Promotion, and to Peter Morrison, Chris Patten and Robert Jackson.

2

ALAN CLARK

ENTERPRISE INITIATIVE: EXPORT INITIATIVE
Overseas Personnel - experience training
Passage for inclusion in Minister for Trade's section

- 5.15 Finally, I am pleased to announce today a new DTI move, in conjunction with companies, for experience training of overseas personnel. There is general recognition of the potential commercial benefits in the medium to longer term of overseas student training. Familiarity with British culture, technology, commercial practices, and continuing links with this country can all be highly influential in trade development once students have returned to their native countries and have begun to achieve positions of importance in companies and government bodies. Already, the Government spends many millions of pounds to support such training. And I know the private sector is similarly active.
- 5.16 But there is one area in which more can and ought to be done. We therefore intend, with companies, to identify individuals overseas who are already in positions of influence, or who can be expected to attain such positions in the future, and who would benefit from a short period acquiring experience with a British company. This "hands on", rather than academic experience, could be industrial or commercial, and could equally be legal or financial, as well as engineering. But the emphasis throughout will be on the potential longer term commercial benefit to the United Kingdom, and a flexible approach to accord with the individual's needs and preferences.
- 5.17 This initiative will be introduced under DTI auspices from 1 April next and we anticipate total expenditure of up to £0.5 million in 1989-90, being provided in equal parts by DTI and individual companies. Companies will take the lead in proposing suitable candidates. Final details of the new programme are now being worked out and discussions held with interested companies.

OVERSEAS STUDENT TRAINING

The Proposed DTI Initiative

Precise details remain to be worked out in conjunction with interested companies and Government Departments (including the British Council). But, broadly, the scheme which is now proposed will operate within the following parameters:

- hands-on training in participating companies for individuals from overseas who have, or seem likely in the future to have, important procurement responsibilities;
- lead role by participating companies in identifying individuals to benefit, but with involvement from Posts and British Council also;
- flexible period of training from a few weeks to perhaps a year or more;
- as wide a sectoral spread as is necessary to meet above objectives ie lawyers, accountants etc can be covered as well as engineers;
- at least initially a limited number of target countries* (as confirmed by participating companies);
- funding to be on shared cost basis between companies and DTI;
- scheme to operate from 1 April 1989 with total estimated expenditure of £0.5 million in 1989-90.

2. Several major companies have already indicated their preparedness to participate in such a scheme which they regard as meeting a previously unfilled need. The direct company orientation and intended flexibility of both training periods and nature are regarded as particularly attractive features. The involvement of HMG is likely to be especially important in ensuring the scheme is favourably regarded in many of the target countries.

*NOTE

The following countries have so far been suggested by companies as potentially offering medium to longer term commercial benefit from the proposed scheme: China; Indonesia; India; Thailand; Taiwan; Brazil; Iraq; Iran; USSR; Greece; Spain; Portugal; Turkey; Zimbabwe; Kenya; Hungary; GDR; Pakistan; Korea; Burma.



STUDENTS FROM ABROAD IN GREAT BRITAIN IN 1982-83 AND PROVISIONAL INFORMATION FOR 1983-84

1. This Bulletin provides early estimates of enrolments of students from abroad at universities and maintained, assisted and grant-aided establishments of further education in Great Britain in 1983-84 together with definitive figures for 1982-83. Comparable information for the two previous years was published in Statistical Bulletins 9/83 and 7/82.
2. The Bulletin does not cover students in private sector colleges, such as language schools. Nor are the numbers in it directly comparable with those for students and trainees financed under the Overseas Development Administration's Aid Programmes. (For sources of information about such students see the References Section (1) and (2) at the end of this Bulletin).

Summary

3. It is provisionally estimated that in 1983-84 there were 52,500 students from abroad at universities and maintained, assisted and grant-aided establishments of further education in Great Britain. This was a 3 per cent reduction on the 1982-83 figure of 54,100. The 1983-84 figure for higher education, alone (universities and advanced further education) estimated at 44,800 was also 3 per cent down on the previous year. However, within this figure university numbers increased by 2 per cent and advanced further education enrolments declined by 12 per cent. Early figures indicate that the number of students from abroad on non-advanced courses of further education fell by 4 per cent from 8,100 in 1982-83 to 7,800 in 1983-84.
4. The other major finding as regards 1983-84 reported in this Bulletin is that the estimated figures for that year represent reductions of 24 and 72 per cent for higher education and non-advanced further education respectively, compared with the years of highest enrolments. However, enrolments of students from abroad in higher education in 1983-84 were still 70 per cent higher than in 1971-72 (table 1).
5. The major findings as regards 1982-83 are:
 - (i) The growth in entry of students from abroad to university courses of 3 per cent in 1981-82 was repeated in 1982-83 (table 4).
 - (ii) In advanced further education, the up-turn of 10 per cent in entry to first degree courses in 1981-82 was reversed in 1982-83 with a fall of 24 per cent (table 4).
 - (iii) The numbers of first year students from developing countries have continued to decline, although at a reduced rate, falling by 11 per cent in 1982-83 compared with almost 23 per cent in 1980-81 (table 2).
 - (iv) Although the numbers of first year students on non-advanced courses continued to fall in 1982-83, the reduction was considerably smaller than in the previous two years: a 15 per cent fall for 1982-83 over the previous year compared with 37 per cent in 1980-81 and 48 per cent in 1981-82 (table 4).
 - (v) 1982-83 saw a reversal in the downward trend in the number of first year students from certain countries. The number from Libya increased by 97 per cent; 52 per cent for higher education and 150 per cent for non-advanced further education (table 10).

Classification of students from abroad

6. The collection and presentation of statistics of students from abroad has been the subject of a recent report by an interdepartmental Working Group (3). This was set up following the submission to Ministers by the Overseas Students Trust of their study entitled "A Policy for Overseas Students" (4). The Working Group noted that the term 'overseas students' had, in the past, been applied inconsistently for definitional purposes. It recommended that although for generic purposes the term "students from abroad" should be used, specific reference should always be made to the types of student covered. To meet the requirements of Government for statistics of students from abroad the Working Group considered information would be required on 3 classifications viz:

- students by nationality
- students by domicile
- students by whether charged home or overseas rate of fee.

7. It will take some time for the information collected on students to reflect the recommendations of the Working Group. Until 1980, the definitions of students for statistical purposes were linked to their fee paying status. Since 1 September 1980, most students from the European Community and refugees have been charged the lower ("home") rate of fee, but other students from abroad have paid a fee designed to cover the full cost of their course. To maintain comparability with statistics for other years, the definition of a student from abroad used for statistical comparisons in this Bulletin is a student who is either:

- a. charged a fee at the overseas rate; or
- b. domiciled in a European Community country other than the United Kingdom and charged the home rate of fee.

Home students comprise all other students. Tables 8 and 9 show for universities information on students by nationality and by domicile. It is planned to present similar information for students at further education establishments in 1984-85.

8. The university data relate to full-time students studying at 31 December in each academic year. The further education data for England and Wales relate to full-time students at 1 November. The Scottish Education Department have provided from their Autumn count the information in respect of further education in Scotland. The figures for 1980-81 are not comparable with those for earlier years because, before then, a small number of students from the European Community qualified for the home rate of fees and were not classified as 'overseas'.

Early estimates for 1983-84 — Table 1

9. Provisional information in respect of the academic year 1983-84 is based on the October return of the University Grants Committee, on information from the Scottish Education Department, on a Department of Education and Science survey of all polytechnics and on a sample of other establishments of further and higher education in England and Wales. This information is given in Table 1. The percentage changes for students charged home fees are based upon small numbers and may need to be revised substantially.

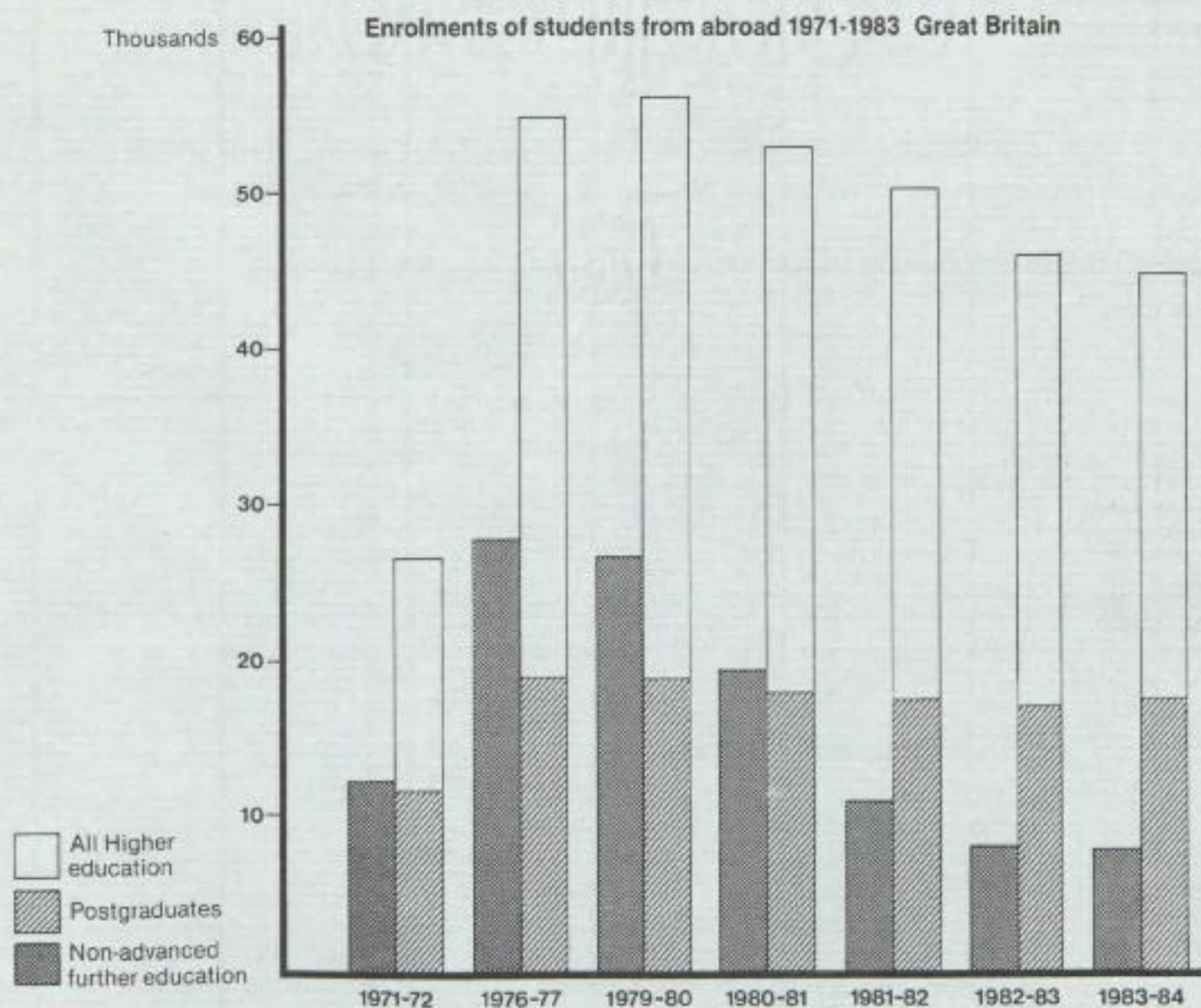
10. It is estimated that the total number of students from abroad in 1983-84 was 52,500, 3 per cent lower than the 1982-83 total figure of 54,000. However this fall was much less than the fall of 12 per cent between the 1982-83 total and the previous year's of 61,400. The 1983-84 higher education estimate of 44,800, also down by 3 per cent, was made up of a 2 per cent growth in university numbers and a decline of 12 per cent in advanced further education enrolments. The number on non-advanced courses has fallen by 4 per cent to 7,800. However, this fall is much less than the 27 per cent decline between 1981-82 and 1982-83.

11. The diagram illustrates the changes in numbers of students from abroad over the last 14 years. The peak year for higher education enrolments was 1978-79; that for non-advanced enrolments was 1976-77. The estimated figures for 1983-84 represent reductions of 24 and 72 per cent for higher education and non-advanced further education respectively, compared with the years of highest enrolments. However, enrolments of students from abroad in higher education in 1983-84 were still 70 per cent higher than in 1971-72.

Table 1 Enrolments of students from abroad in 1982-83 and 1983-84 (estimated)

Great Britain	First year enrolments			All enrolments		
	1982-83 000's	1983-84 000's	Percentage change 1982-83 to 1983-84	1982-83 000's	1983-84 000's	Percentage change 1982-83 to 1983-84
Universities						
Undergraduates	6.3	6.6	+5	15.0	15.1	+1
Postgraduates	10.6	10.6	—	15.9	16.3	+3
Total	16.9	17.1	+1	30.9	31.4	+2
Advanced further education	6.4	5.9	-8	15.3	13.4	-12
All higher education	23.3	23.0	-1	46.0	44.8	-3
Non-advanced further education	5.2	5.0	-4	8.1	7.8	-4
Total	28.5	28.1	-1	54.1	52.5	-3
<i>of which:</i>						
Charged fees at home rate (from the European Community)						
Higher education	3.0	2.8	-7	5.3	5.2	-2
Non-advanced further education	0.5	0.5	—	0.7	0.7	—
Total	3.5	3.3	-6	6.0	5.9	-2
Charged fees¹ at overseas rate						
Higher education	20.3	20.1	-1	40.7	39.4	-3
Non-advanced further education	4.7	4.6	-2	7.4	7.1	-4
Total	25.0	24.7	-2	48.1	46.5	-3

¹ Including students from the European Community charged fees at overseas rate e.g. because of an insufficient length of stay.



Selected groups of countries — Tables 2 and 3

12. The increased intake of students from the European Community in 1981-82 reflects the inclusion of Greece in the European Community with effect from 1 January 1981; taking account of Greek students the intake has been virtually constant since 1980-81. However, provisional 1983-84 estimates indicate that a slight fall in numbers has now occurred. In contrast, the numbers of first year students from Commonwealth countries have fallen by 14 per cent in 1982-83, the same rate of decline as in 1981-82. The decline in the flow of students from non-Commonwealth countries evened out in 1982-83 after falling by 14 per cent and 20 per cent in 1981-82 and 1980-81, respectively.

13. The numbers of first year students from developing countries have continued to decline, although at a reduced rate, falling by 11 per cent in 1982-83 compared with almost 23 per cent in 1980-81. The pattern for first year enrolments is reflected by overall enrolments: in 1982-83, the numbers coming from the European Community increased by 2 per cent, while those from Commonwealth, non-Commonwealth, and developing countries have fallen 15, 6 and 14 per cent respectively between 1981-82 and 1982-83.

Table 2 Enrolments of students from abroad on the first year of their course, by selected groups of countries¹

Great Britain	Enrolments (thousands)					Percentage change 1981-82 to 1982-83
	1978-79	1979-80	1980-81	1981-82	1982-83	
European Community ²	2.1	1.9	2.2	3.5	3.5	+4
Non-European Community ²	45.1	42.8	33.1	26.9	24.8	-8
Commonwealth	22.7	23.2	18.0	15.5	13.4	-14
Non-Commonwealth	24.5	21.5	17.2	14.9	14.8	-
Developing	40.1	37.9	29.3	24.3	22.9	-11

¹ Because some countries are included in more than one grouping, no column totals are given. United Kingdom first year students paying fees at the overseas rate have not been included in this table, but have been in tables 1, 4, 7 and 10. Their numbers were 930, 720, 690, 580 and 555 for the years 1978-79 to 1982-83 respectively.

² In 1980-81, there were 1,300 first year students from Greece, but they have not been included in the European Community total for that year.

Table 3 Overall enrolments of students from abroad, by selected groups of countries¹

Great Britain	Enrolments (thousands)					Percentage change 1981-82 to 1982-83
	1978-79	1979-80	1980-81	1981-82	1982-83	
European Community ²	3.1	3.0	3.4	6.1	6.1	+2
Non-European Community ²	80.7	77.7	67.3	54.0	47.5	-12
Commonwealth	41.8	43.4	38.5	32.4	27.7	-15
Non-Commonwealth	42.1	37.3	32.2	27.7	25.9	-6
Developing	73.1	70.3	60.9	49.9	43.0	-14

¹ Because some countries are included in more than one grouping, no column totals are given. United Kingdom students paying fees at the overseas rate have not been included in this table, but have been in tables 1, 5, 6, 7 and 11. Their numbers were 1,870, 1,720, 1,630, 1,260 and 1,093 for the years 1978-79 to 1982-83 respectively.

² In 1980-81, there were 2,400 students from Greece, but they have not been included in the European Community total for that year.

Qualification aims — Tables 4 and 5

14. The growth of 3 per cent in 1981-82 in entry of students from abroad to university courses was repeated in 1982-83, but whereas, in 1981-82 this was due almost entirely to an increase in postgraduate intake, the 1982-83 increase was divided almost equally between postgraduate and first degree level courses.

15. In advanced further education, the up-turn of 10 per cent in entry to first degree courses in 1981-82 was reversed in 1982-83 with a fall of 24 per cent. This, coupled with falls of 11 per cent in postgraduate intake and 28 per cent in entry to other advanced courses, has led to first year

enrolments of students from abroad to advanced further education as a whole falling by 25 per cent compared with a 4 per cent reduction in 1981-82.

16. The overall result for higher education has been a drop of 6 per cent between 1981-82 and 1982-83 compared with the stability between the two previous years. Although the numbers of first year students on non-advanced courses continued to fall in 1982-83, the reduction was considerably smaller than in the previous two years: a 15 per cent fall for 1982-83 over the previous year compared with 37 per cent in 1980-81 and 48 per cent in 1981-82.

Table 4 Enrolments of students from abroad on the first year of their course, analysed by qualification aim

Great Britain	Enrolments (thousands)						Percentage change 1981-82 to 1982-83
	1972-73	1978-79	1979-80	1980-81	1981-82	1982-83	
Universities							
Postgraduate ¹	7.7	10.8	10.2	9.2	10.2	10.6	+4
First degree	3.0	5.7	5.1	4.6	4.6	4.8	+5
Other	1.4	2.2	1.8	1.6	1.5	1.4	-4
Total	12.0	18.7	17.1	15.3	16.3	16.9	+3
Advanced further education							
Postgraduate	..	1.2	1.1	1.0	1.0	0.9	-11
First degree	1.0	3.1	3.0	2.6	2.9	2.2	-24
Other	..	6.6	5.7	5.3	4.6	3.3	-28
Total	3.7	10.9	9.8	8.9	8.5	6.4	-25
Total higher education ¹	15.7	29.5	26.9	24.2	24.8	23.3	-6
Non-advanced further education							
GCE, CSE and SCE	4.8	8.6	9.0	5.1	2.6	1.9	-26
Other specified	..	6.5	6.4	4.7	3.4	3.2	-6
Unspecified	..	3.5	3.1	1.9	0.1	0.1	-27
Total	10.6	18.6	18.5	11.7	6.1	5.2	-15
Total all levels	26.4	48.1	45.4	35.9	31.0	28.5	-8

¹ The university postgraduate figures for 1981-82 and 1982-83 are based on the new practice of counting students who enrolled during the whole year, whereas the figure for the preceding year covered enrolments only for the period September to December. Figures not available.

Table 5 Overall enrolments of students from abroad, analysed by qualification aim

Great Britain	Enrolments (thousands)						Percentage change 1981-82 to 1982-83
	1972-73	1978-79	1979-80	1980-81	1981-82	1982-83	
Universities							
Postgraduate	13.1	18.5	17.5	16.5	16.1	15.9	-3
First degree	7.4	15.8	15.4	15.1	14.1	13.6	-4
Other	1.4	2.3	2.0	1.7	1.6	1.5	-6
Total	21.9	36.5	34.9	33.2	31.8	30.9	-3
Advanced further education							
Postgraduate	..	1.5	1.4	1.4	1.4	1.3	-8
First degree	2.4	9.8	9.9	9.4	9.1	7.5	-18
Other	..	10.8	9.6	8.9	8.1	6.4	-21
Total	7.2	22.1	20.9	19.7	18.6	15.1	-18
Total higher education	29.2	58.6	55.8	52.9	50.3	46.0	-8
Non-advanced further education							
GCE, CSE and SCE	7.1	13.1	13.4	9.4	4.8	3.1	-36
Other specified	..	10.2	9.8	8.0	6.2	4.9	-20
Unspecified	..	3.8	3.4	2.1	0.1	0.1	-28
Total	15.0	27.1	26.6	19.5	11.1	8.1	-27
Total all levels	44.1	85.8	82.4	72.4	61.4	54.1	-12

.. Figures not available

Table 6 Overall enrolments of students from abroad analysed by subject group of study

	Great Britain													
	University enrolments				Advanced further education enrolments				Non-advanced further education enrolments				All enrolments	
	(thousands)				(thousands)				(thousands)				percentage change	
	1977-78	1981-82	1982-83	Percentage change 1981-82 to 1982-83	1977-78	1981-82	1982-83	Percentage change 1981-82 to 1982-83	1977-78	1981-82	1982-83	Percentage change 1981-82 to 1982-83	1981-82	1982-83
1. Education	1.5	1.9	1.7	-10	1.1	0.9	0.5	-37	-	-	-	-	-	-16
2. Medicine, dentistry and health	2.5	2.8	2.7	-3	0.4	0.3	0.3	-21	0.1	-	-	-	-	-5
3. Engineering and technology	11.3	8.8	8.2	-7	8.5	7.7	6.4	-17	5.2	3.0	2.4	-20	-	-13
4. Agriculture, forestry and veterinary science	0.7	0.7	0.7	-	-	-	-	-	0.1	0.1	0.1	-	-	-5
5. Science	7.0	6.0	5.6	-6	2.4	2.0	1.6	-20	0.5	0.4	0.2	-50	-	-11
6. Social, administrative and business studies	7.2	7.4	7.8	+5	7.6	5.1	4.2	-18	3.2	1.1	0.8	-27	-	-6
7. Architecture and other professional and vocational studies	0.8	1.0	1.0	+5	1.5	1.4	1.3	-9	1.6	0.7	0.7	-	-	-4
8. Language, literature and area studies	2.2	1.8	1.8	+2	0.2	0.2	0.2	-3	1.9	0.2	0.3	+50	-	+4
9. Arts, other than languages	2.0	1.5	1.5	+3	0.9	0.9	0.8	-6	1.3	0.5	0.4	-20	-	-6
10. GCE, CSE and SCE	-	-	-	-	-	-	-	-	13.4	4.8	3.1	-36	-	-36
11. Unspecified	-	-	-	-	-	-	-	-	0.2	0.1	0.1	-26	-	-28
Total	35.2	31.8	30.9	-3	22.5	18.6	15.1	-18	27.5	11.1	8.1	-27	-	-12

Subject group of study — Table 6

17. Engineering and technology, followed by social, administrative and business studies, and then by the sciences, were still the most frequent subject groups of choice of study among students from abroad in 1982-83. Nevertheless, enrolments in engineering subjects fell by 13 per cent (the largest share of the fall being in advanced further education), and those in science by 11 per cent. The percentage decrease for social, administrative and business studies was 6 per cent made up of a fall of 18 per cent in advanced further education, a fall of 27 per cent in non-advanced further education and an increase of 5 per cent in university enrolments.

The number of men and women — Table 7

18. The proportion of students from abroad who are women is generally about half that of their home counterparts. For all enrolments, the women's share has remained virtually constant since 1979-80 at around a quarter. Among first year students the proportion of women, also constant since 1979-80, has been around 27 per cent. These figures compare with all full-time and sandwich home student percentages of 43 for higher education and 55 for non-advanced further education.

Table 7 Enrolments of male and female students from abroad

Great Britain	Enrolments (thousands)					Percentage change	
	1978-79	1979-80	1980-81	1981-82	1982-83	1978-79 to 1982-83	1981-82 to 1982-83
First year students							
Men	35.8	33.2	26.2	22.9	20.9	-42	-9
Women	12.3	12.2	9.7	8.1	7.7	-37	-5
Women as a percentage of the total	25.6	26.9	27.0	26.1	27.0	-	-
All students							
Men	65.9	62.3	54.6	46.1	40.2	-39	-13
Women	20.0	20.1	18.0	15.2	13.9	-31	-9
Women as a percentage of the total	23.3	24.4	24.7	24.8	25.7	-	-

Level of fees, domicile and nationality — Tables 8 and 9

19. Paragraph 6 drew attention to the classification of students by nationality, domicile and level of fee recommended for future use by the Working Group on overseas student statistics. This section of the Bulletin presents the information which is currently available (for university students only) on the 3 bases of classification and the classification of students used in previous Bulletins and in the rest of this Bulletin.

20. Table 8 shows that between 1978-79 and 1982-83 the changes in students from abroad, as defined in this Bulletin and as defined by country of domicile, were fairly similar to each other in contrast to that relating to nationality. The disparity was greatest in 1980-81, but the gap had closed considerably by 1982-83 because of the steeper decline in numbers when measured according to nationality (11 per cent), compared with reductions of 5 per cent under the Bulletin definition, and 4 per cent on the basis of domicile.

21. Table 9 analyses the 38,000 university students of non UK nationality by selected countries, fees charged and whether or not domiciled in the UK. The table shows that 10,800 (28 per cent) of those with non UK nationality were nevertheless domiciled in UK, the proportions showing considerable variations between countries. Two thirds of students with Indian nationality were domiciled in the UK, compared with relatively few from Malaysia, the Sudan or Greece. 14,900 (40 per cent) students with non UK nationality were charged home fees; this figure includes 3824 eligible because of European Community domicile.

Table 8 Enrolments of full-time university students by nationality, domicile, and home/overseas status

Great Britain	Enrolments (thousands)					Percentage change	
	1978-79	1979-80	1980-81	1981-82	1982-83	1978-79 to 1982-83	1981-82 to 1982-83
Bulletin definition							
Home	251.9	257.9	265.4	268.4	264.5	+5	-1
Overseas	36.5	34.9	33.2	31.8	30.9	-15	-3
Country of domicile							
United Kingdom	249.8	255.0	262.8	265.6	262.1	+5	-1
Overseas	38.5	37.7	35.8	34.6	33.3	-14	-4
Nationality							
United Kingdom	241.7	245.2	252.6	256.9	256.8	+6	-
Other	46.7	47.5	46.0	43.3	38.6	-17	-11
Total students	288.4	292.7	298.7	300.2	295.4	+2	-2

Selected countries of domicile — Tables 10 and 11

22. Hong Kong, Nigeria and Malaysia remained the largest contributors to student numbers from abroad. Hong Kong showed an increase of one per cent in first year enrolments but Nigeria and Malaysia displayed losses of 16 and 31 per cent respectively. The largest falls were for Iran (48 per cent) and Zimbabwe (54 per cent).

23. 1982-83 saw a reversal in the downward trend in the number of first year students from certain countries. The number from Libya increased by 97 per cent; 52 per cent for higher education and 150 per cent for non-advanced further education. The corresponding percentage changes between 1980-81 and 1981-82 were -18, +17 and -40 respectively. Table 10 also shows an overall increase of 35 per cent for Iraq compared with a fall of 4 per cent in 1981-82.

24. Overall enrolments from Libya and Iraq increased by 37 and 10 per cent respectively. Of the remaining countries selected only West Germany and the USA showed an increase (both 6 per cent), while the others showed falls ranging from 44 per cent in the case of Turkey to 2 per cent in the case of Hong Kong.

References

- (1) *Statistics of Overseas Students in the United Kingdom* (price £5.75; available from the British Council, Spring Gardens, London SW1A 2BN).
- (2) *British Aid Statistics 1977-81* (ISBN 0-903500-09-0 price £5; available from the Library of the Overseas Development Administration, Eland House, Stag Place, London SW1E 5DH).
- (3) *The report of the Sub-group on Statistics to the Interdepartmental Group on Overseas Student Policy*. DES.
- (4) *A Policy for Overseas Students*. Overseas Students Trust, 177 Vauxhall Bridge Road, London SW1V 1ER.

Further information

This Bulletin is issued with the agreement of the Scottish Office, the Welsh Office, the University Grants Committee and the Universities' Statistical Record.

Extra copies of the Bulletin and of earlier ones may be obtained, free, from the Statistics Branch, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH (telephone number 01-928-9222, extension 2776). Enquiries about statistics in this Bulletin should be addressed (preferably in writing) to the Statistics Division at the same address. Press enquiries should be addressed to the Departmental Press Office (extensions 3501-9). Requests for further university statistics should be addressed (again, preferably in writing) to the Universities' Statistical Record, Central Record Office, P.O. Box 130, Cheltenham, Gloucestershire GL50 1JW (telephone number: Cheltenham (0242)-519091, extension 235).

Table 9 Enrolments of full-time university students of foreign nationality according to domicile and fee status, by selected countries of nationality 1982-83

Great Britain	United Kingdom domicile			Overseas domicile			Total students		
	Home fees	Overseas fees	Total	Home fees	Overseas fees	Total	Home fees	Overseas fees	Total
Total	9924	850	10774	4981	22860	27841	14905	23710	38615
of which									
Canada	219	17	236	30	381	411	249	388	647
Cyprus	78	7	85	46	455	501	124	462	586
Germany, Federal Republic of	199	-	199	561	20	581	760	20	780
Greece	66	2	68	1394	58	1450	1460	58	1518
India	969	17	1006	50	457	507	1039	474	1513
Iran	340	90	430	319	581	900	659	671	1330
Iraq	63	65	128	38	1373	1411	101	1438	1539
Jordan	18	19	37	78	420	498	96	439	535
Kenya	106	5	111	14	288	302	120	283	413
Libya	6	11	17	9	224	233	15	235	250
Malaysia	174	116	290	367	3786	4153	541	3902	4443
Nigeria	191	99	290	70	1789	1859	261	1888	2149
Pakistan	123	14	137	19	340	359	142	354	496
Singapore	19	6	25	18	705	723	37	711	748
Sri Lanka	188	20	208	34	231	265	222	251	473
Sudan	3	6	9	11	404	415	14	410	424
Turkey	22	5	27	15	151	166	37	156	193
USA	495	25	520	265	1396	1661	760	1421	2181
Zimbabwe	31	15	46	14	228	242	45	243	288
Others (excluding UK)	6594	311	6905	1529	9675	11204	6223	9886	18109

Table 10 Enrolments of students from abroad on the first year of their course, by selected countries of domicile

Great Britain

	Higher Education enrolments				Non-advanced further education enrolments				Total enrolments			
	1980-81	1981-82	1982-83	Percentage change	1980-81	1981-82	1982-83	Percentage change	1980-81	1981-82	1982-83	Percentage change
				1981-82 to 1982-83				1981-82 to 1982-83				1981-82 to 1982-83
Total	24254	24844	23299	-6	11689	6131	5201	-15	35943	30975	28500	-8
<i>of which</i>												
Canada	323	255	301	+18	12	9	12	+33	335	264	313	+19
Cyprus	443	358	323	-10	164	88	56	-36	607	446	379	-15
Germany, Federal Republic of ¹	953	752	781	+4	140	57	48	-16	1093	809	829	+2
Greece ²	839	1126	1180	+5	194	196	231	+17	1033	1322	1411	+7
Hong Kong	502	1750	2015	+15	1921	1087	856	-21	3423	2837	2871	+1
India	351	338	352	+4	107	51	52	+2	458	389	404	+4
Iran	1160	1498	859	-43	2131	700	276	-61	3291	2198	1135	-48
Iraq	650	716	964	+35	274	168	228	+36	924	884	1192	+35
Jordan	306	240	203	-15	183	84	92	+10	489	324	295	-9
Kenya	382	346	323	-7	113	98	83	-15	495	444	406	-9
Libya	169	198	301	+52	277	166	416	+150	446	364	717	+97
Malaysia	3250	2859	2026	-29	1255	550	322	-41	4505	3409	2348	-31
Nigeria	2488	2896	2273	-16	651	518	420	-19	3139	3214	2693	-16
Pakistan	272	275	242	-12	102	61	55	-10	374	336	297	-12
Singapore	491	396	471	+19	57	40	19	-53	548	436	490	+12
Sri Lanka	261	235	229	-3	129	56	52	-7	390	291	281	-3
Sudan	446	447	235	-47	103	57	33	-42	549	504	268	-47
Turkey	225	171	103	-40	95	42	22	-48	320	213	125	-41
USA	1504	1481	1679	+13	264	90	108	+20	1768	1571	1787	+14
Zimbabwe	272	340	141	-59	181	44	35	-20	453	384	176	-54
Others	7967	8367	8298	-1	3336	1969	1785	-9	11303	10336	10083	-2

1. The figures include students charged fees at the home rate.

2. The figures for 1981-82 and 1982-83 include students charged fees at the home rate.

Table 11 Overall enrolments of students from abroad by selected countries of domicile

Great Britain

	Higher Education enrolments				Non-advanced further education enrolments				Total enrolments			
	1980-81	1981-82	1982-83	Percentage change	1980-81	1981-82	1982-83	Percentage change	1980-81	1981-82	1982-83	Percentage change
				1981-82 to 1982-83				1981-82 to 1982-83				1981-82 to 1982-83
Total	52899	50288	46019	-8	19468	11064	8107	-27	72367	61352	54126	-12
<i>of which</i>												
Canada	659	529	507	-4	26	14	15	+7	685	543	522	-4
Cyprus	1060	960	805	-18	325	175	101	-42	1385	1135	906	-20
Germany, Federal Republic of ¹	1088	1087	1169	+8	155	87	70	-20	1243	1174	1239	+6
Greece ²	1992	2161	2089	-3	351	283	344	+22	2343	2444	2433	-
Hong Kong	3306	3768	4218	+12	2998	1958	1416	-28	6304	5726	5634	-2
India	670	600	562	-6	167	87	72	-17	837	687	634	-8
Iran	2936	2948	2255	-24	3362	1716	521	-70	6298	4664	2776	-40
Iraq	1716	1695	1895	+12	474	323	330	+2	2190	2018	2225	+10
Jordan	724	719	588	-18	438	216	140	-35	1162	935	728	-22
Kenya	790	737	569	-21	179	141	131	-7	969	878	714	-19
Libya	341	382	454	+19	356	322	510	+58	697	704	964	+37
Malaysia	8884	8011	6518	-19	2946	1151	631	-45	11830	9162	7149	-22
Nigeria	4124	4291	3819	-11	1004	801	660	-18	5128	5092	4479	-12
Pakistan	581	511	436	-15	156	89	74	-17	737	600	510	-15
Singapore	1447	1130	986	-13	124	66	38	-42	1571	1196	1024	-14
Sri Lanka	855	675	471	-30	292	120	82	-32	1147	795	553	-30
Sudan	800	790	528	-33	158	100	51	-49	958	890	579	-35
Turkey	699	484	274	-43	164	78	41	-47	863	562	315	-44
USA	2169	2024	2126	+5	298	118	148	+25	2467	2142	2274	+6
Zimbabwe	909	799	542	-32	761	71	50	-30	1670	870	592	-32
Others	17149	15967	15194	-5	4734	3148	2682	-15	21883	19135	17876	-7

1. The figures include students charged fees at the home rate.

2. The figures for 1981-82 and 1982-83 include students charged fees at the home rate.

Digest of Education Statistics

The DES publishes annually a 'Digest of Statistics' of education in England, priced £2. The main features of the publication are its handy size, easy reference and that it contains the latest figures available (usually 1982-83 in the current edition), in around 30 simple tables, showing time series of the most sought after statistics in educational finance, school pupils, teachers, school leavers, 16-19 year olds, further and higher education, and overseas students. Enquiries relating to the digest should be directed to the DES Statistics Branch (Tel 01-928 9222 Extn 2157) but orders for copies of the current edition of the 'Digest of Statistics' (published December 1983) should be sent to Room 337, Department of Education and Science, Mowden Hall, Staindrop Road, Darlington DL3 9DG.

Education Statistics Data Sets

Schools (England)	£10
School Leavers, CSE and GCE (England)	£10
Further Education (England)	£12
Teachers in Service (England and Wales)	£10
Finance and Awards (England and Wales)	£10
Digest of Statistics (England)	£2

DES produces these detailed education statistics, including time series and regional data, annually. The Digest of Statistics provides summary time series data for all sectors.

DES data sets are available from:

Room 337
Department of Education and Science
Mowden Hall
Staindrop Road
Darlington DL3 9BG

Education Statistics for the United Kingdom £7.95

An HMSO publication available from Government Bookshops.

Prices are inclusive of Postage and Packing.

Further copies of this bulletin and of earlier issues can be obtained from the Department's Statistics Branch, Elizabeth House, York Road, London SE1 7PH (Tel 01-928 9222 Extn 2776).

Titles published over the last year are:

- 6/83 Projections of School Leavers to 1990—91 with an estimate for 1995—96
- 7/83 Enrolments on Advanced Further Education Courses 1982—83
- 8/83 Pupils under Five Years in each Local Education Authority in England — January 1982
- 9/83 Overseas Students in Great Britain in 1981—82 and provisional information for 1982—83
- 10/83 Finance
- 11/83 Education Statistics for the United Kingdom 1980-81
- 12/83 Participation in Education by the 16 to 19 Age Group and its Association with the Socio-Economic Characteristics of an Area
- 13/83 Employment of Newly-Trained Teachers
- 14/83 Teachers in Service and Teacher Vacancies 1982—83
- 15/83 Statistics of Further Education Students in England 1982—83
- 16/83 School Standards and Spending: Statistical Analysis
- 17/83 Higher Education in Great Britain
- 1/84 Pupil/Teacher Ratios for each Local Education Authority in England — January 1983
- 2/84 Education Statistics for the United Kingdom, 1983 Edition
- 3/84 Student Awards — Figures for 1981—82
- 4/84 Pupils under Five Years in each Local Education Authority in England — January 1983
- 5/84 Enrolments on Non-Advanced courses in Further Education
- 6/84 Statistics of Schools in England — January 1983

Tale due to later.

A.F.C. $\frac{29}{11}$

John Coles Esq
cc: High Commissioner

From: Education Adviser
(British Council Representative)

h.a.
M 29/11

Overseas Students' Fees

The High Commissioner has asked me to comment to you on the interview given by the Prime Minister to Mrs Zakaria as reported in today's 'Times of India'; and in particular on the question of overseas students' fees.

The announcement by HMG of the provision of £46 m (over three years) was made in February 1983. It was the intention to use this money to bridge the gap between the fees chargeable to overseas students and those chargeable to home (and EC) students. In India, however, the Government insists that all foreign scholarships should be all-inclusive (travel, fees and subsistence), which reduces the number of beneficiaries for any given sum. For India, the amount allocated is £100,000 per year. This will pay for only some 12 - 15 students in one-year postgraduate courses. Moreover the Government of India insists that these scholarships must be administered by them (but with the participation of the foreign agency). The procedure will be exactly the same as for British Council and Commonwealth Scholarships, and this demands public advertisement by December, at the latest, of the preceding year. We were nevertheless able to award three of the 'new' scholarships to good candidates who failed to be selected for British Council Scholarships.

Thus there are now three Indian beneficiaries in Britain; we expect to have some 12-15 in each of the next two years. India will benefit appreciably less than Malaysia for example, or Hong Kong where I believe a cost-sharing scheme has been negotiated. At the same time, however, there has been a very large increase in the number of training places available to India under the Technical Cooperation Training Programme, financed by ODA and administered by the British Council. In 1982 - 83 the number was 594. In the current year the outturn will be about 850; and in 1984-5 this will rise to 1100.

The announcement of the new provision was publicised in the BIS Press Release of 10 February. I attach a copy. This was picked up, reported and commented upon widely and in terms of approbation by the Indian Press.

James M. Ure

JAMES M URE

27 November 1983



British Information Services

British High Commission in India

BIS.B 61

BRITAIN INCREASES SUPPORT FOR OVERSEAS STUDENTS

By Gary Hicks
our Special Correspondent

LONDON, February 10 — Britain is to increase its support for overseas students by £46 million over the next three years. This will mean some extra 5,000-6,000 scholarships and awards each year.

Commonwealth countries will particularly benefit from the move, which the Foreign and Commonwealth Secretary, Mr. Francis Pym, announced in the House of Commons on February 8. "It is right and in our interests to encourage students from abroad," he declared amid cheers.

The new measures, widely welcomed by M.P.s, are based on the more important recommendations of the study by the Overseas Students Trust published last June.

There is to be an increase in awards under the prestigious Commonwealth Scholarship and Fellowship Plan, which enables young, very able people to study subjects of importance to developing Commonwealth countries.

New awards plan

Mr. Pym also announced an expansion of the technical co-operation programme of the Overseas Development Administration which is expected to aid poorer developing countries of the Commonwealth. In addition,

....Commonwealth countries

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Tel: 445171

British Deputy High Commission,
24, Anderson Road,
Madras 600006. Tel: 83136
Telex: MS7169

Commonwealth countries will benefit from a new discretionary awards plan designed to attract students whose studies will not only help themselves but also Britain. This will be built upon the British Council's scholarship scheme, providing for both fully and partially funded awards and also for awards to undergraduates.

The British Council is to receive extra money to help British institutions in attracting fee-paying students from overseas and forging stronger academic links. It is also hoped to broaden the scope of the overseas research students award scheme to ensure that the full quota of awards is taken up.

Other recommendations to be implemented include those which do not involve additional public money, such as spreading funds available for awards in order to benefit more students.

The numbers of new awards and scholarships will be announced once talks are completed with the governments involved. It is too early to say how the sum of £46 million — involving an additional £25 million from the contingency reserve and a £21 million re-allocation of overseas aid programme resources — will be distributed.



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

A R Rawsthorne Esq
Private Secretary to the Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

25 May 1983

Her Tony

*PA
25/5*

"ORDINARY RESIDENCE": STUDENT AWARDS

I have been asked by the Secretary to the Election Business Committee to inform members of H Committee of Regulations signed by my Secretary of State yesterday and which came into operation today.

The Students' Allowances (Scotland) Amendment Regulations 1983 have restored the position on overseas students' eligibility for awards under the Scottish Education Department's Students' Allowances Scheme which obtained prior to last December's ruling by the House of Lords on the meaning of "ordinary residence". Similar regulations in respect of mandatory awards in England and Wales were made by the Secretary of State for Education and Science on 30 March. Differences between the legislative backgrounds in this field in Scotland and in England and Wales have meant that it has taken some time to harmonise the policy and practice to be followed.

The Regulations will be laid before Parliament in accordance with the customary procedure in due course but will have immediate effect. The Lord Chancellor is being informed as required in such cases, and my Secretary of State is making an announcement today.

I am copying this letter to Tim Flesher (No 10), to the Private Secretaries to the members of H Committee and to Sir Robert Armstrong.

A Muir Russell
A MUIR-RUSSELL
Private Secretary



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

CHIEF SECRETARY	
REC.	10 MAY 1983
ACTION	MR Faulkner
COPIES TO	PPS
	Mr Widding
	Mr Bailey
	Miss Kelly

Mr Maunfield
 10 May 1983
 Mrs Thoms.

Leon Leon.

STUDENT AWARDS 1983-84: GENERAL ELECTION

One matter which must be settled before Parliament is dissolved is the rate of student awards for 1983/84. We are already well past the normal date by which the new rates of grant are announced and authorities and institutions are protesting at the operational difficulties this is causing. Students and parents also need to know where they stand. An announcement cannot be delayed until after the Election.

You will recall that in last year's PES round I undertook to make savings of £4m in 1983/84 on student awards by means of a change in the method by which travelling expenses are reimbursed. My intention was to substitute for the present system of individual claims an increased flat-rate element for travel in the award. Our officials have made progress in discussion of this and other details of the proposed awards settlement but have not been able to reach final agreement.

I think you will agree that it would be a mistake to announce this week a change in the travel arrangements; George Younger's letter of 5 May draws attention to the political problems. I therefore propose, subject to your agreement, to announce at once the new rates of grant resulting from the 4% uplift announced in November and to say that there will otherwise be no changes with significant financial implications in the Awards Regulations for 1983/84. This will mean abandoning for this year my proposed increase in the extra weeks allowance and other changes designed to secure savings, as well as the changed travel arrangements; these will now have to be left for 1984/85. But because of the

/savings

The Rt Hon Leon Brittan QC MP
 Chief Secretary
 Treasury
 Parliament Street
 London
 SW1P 3AG

savings (some £6m in 1983/84) resulting from higher parental contributions, to which I referred in my letter of 9 May, my revised proposals will not mean any net increase in public expenditure.

I attach a draft Answer on these lines, which I should like to give on Thursday. A minimum announcement of this kind would be similar to what our predecessors did, with our agreement, in 1979. I should be glad of your approval to its terms very early tomorrow.

I am copying this letter and enclosure to George Younger, Nicholas Edwards, Jim Prior and Cecil Parkinson.

Encl. / Kin

To ask the Secretary of State for Education and Science, if he will make a statement about the rates of mandatory awards for the academic year 1983-84.

SIR KEITH JOSEPH

I announced on 8 November 1982 that the main rates of grant would be increased by 4% for the academic year 1983-84 and the parental contribution scale would be adjusted upwards by 8%. My right hon. Friend The Secretary of State for Scotland and I have therefore agreed that the main rates of grant for 1983-84 should be increased as follows. For students:-

- i living away from home and attending an establishment in London:
from £1,900 to £1,975;
- ii living away from home and attending an establishment outside London:
from £1,595 to £1,660;
- iii living in the parental home: from £1,225 to £1,275

The minimum maintenance payment will remain at the same level as for 1982-83, £410.

There will be no changes of substance in the Awards Regulations for 1983-84. Further consideration will be given to the method of reimbursement of students' travel costs, which will remain unchanged for 1983-84.



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

CHIEF SECRETARY	
REC.	-8 MAY 1983
ACTION	Mr Faulkner
COPIES TO	PPS FST EST
	MJT(C) MSC(R)
	Mr Middleton
	Mr Bailey

The Rt Hon Leon Brittan QC MP
 Chief Secretary
 Treasury
 Parliament Street
 LONDON SW1P 3AG

9 May 1983

Mr Wilding.
 Miss Kelley
 Mr Muntzfeld
 Mr Kemp
 Mr Carey
 Mr Beasdale
 Mrs Diggle

Leon Brittan

SCARMAN JUDGEMENT ON ORDINARY RESIDENCE: AWARDS

I have been considering what scope there is within my programme for covering the costs after 1983-84 of the Scarman judgement on ordinary residence. As you know, our current expectation, provided that our legislation on fees and discretionary awards is passed, is that those costs should be limited to awards for students who were on courses or promised awards before we amended the Awards Regulations. I have therefore been looking closely at my existing provision for awards.

It has very recently become clear that the average parental contribution in 1981-82 was higher (because of higher earnings) than we were forecasting. This means in turn that our forecasts of future expenditure should be reduced. The result is that, allowing for the transfer to my programme of the savings to the social security programme as a result of the recent increase in forecast student numbers, there is some spare provision after 1983-84. The costs of the judgement are very difficult to quantify, but on our best estimates of the numbers involved this surplus should be sufficient to cover them in 1984-85 and 1985-86. If you are content to proceed on this basis I shall not submit an additional bid for these costs in the Public Expenditure Survey. Officials here will be happy to explain the detailed figures to yours.

You will appreciate that this does not affect the need for additional resources in 1983-84, both to compensate universities and other direct grant institutions, as we have promised, for lost fee income and to cover the cost of extra awards. It will be some months before we can put figures to these two items.

I am copying this letter to George Younger and to Norman Fowler,
who will note that we have assumed that the social security
savings in 1986-87 will be the same as in 1985-86.

Lucas,

Kevin.

WJ
AJ

Education



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: K/PSO/12101/83
Your ref:

La Keith,

28 April 83

ORDINARY RESIDENCE: LOCAL AUTHORITIES AND GRANT HOLDBACK

Thank you for your letter of 5 April. You will also have seen Leon Brittan's letter to me of 11 April.

I agree with Leon's arguments against making the kind of announcement which you have in mind. I have had representations from local authorities and their associations to exempt some 30 categories of expenditure in 1983/84. With the exemption of some expenditure on the Urban Programme (where there was a well-established precedent) and on Civil Defence (which colleagues recently considered to be an essential aspect of the new package which Willie Whitelaw is putting forward) I have replied to them all by saying we shall consider the case for disregards in due course. I am afraid that the sort of case you make for an ordinary residence disregard could be made for a number of other disregards put to me. We must surely try to avoid giving piecemeal concessions so early in 1983-84. Giving way now on ordinary residence would create a most awkward precedent for me.

As Leon says, announcing a disregard now has no effect on grant payment, since we are in no position to implement the disregard. I am sure it would be better for us to consider all the representations for disregards which I get for 1983-84 together, later in the year.

I am sending copies of this letter to the recipients of yours.

TOM KING

The Rt Hon Sir Keith Joseph MP

Education
Tune '80
Tuition fees
For Overseas Students

1/2

11 APR 1981



Education

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

M Maclean Esq
Private Secretary to
the Chief Whip
12 Downing Street
London SW1

Dr
21/4

21 April 1983

Dear Murdo,

EDUCATION (FEES AND AWARDS) BILL

As requested I enclose six copies of the Written Answer that will be given by my Secretary of State today announcing his decision to introduce this Bill.

I am also sending a copy to Willie Rickett (No 10) and David Heyhoe (Lord President's Office).

Yours sincerely,
Mrs I Wilde

MRS I WILDE
Private Secretary

*PS Six photocopied copies of the Bill may
also be enclosed.*

Mr John Townend (Bridlington):

To ask the Secretary of State for Education and Science, if he is yet able to make the further announcement about fees for overseas students that he promised on 30 March.

[Official Report Col 347]

SIR KEITH JOSEPH

In my statement of 30 March I said that it was the Government's intention to maintain the well-established position concerning the payment of higher fees by overseas students and that I would make a further announcement as soon as possible as to how this should be done. To ensure that the position is clear for the next academic year the Government intend to legislate and I have today introduced the Education (Fees and Awards) Bill to that end. This Bill also covers the similar needs which exist in relation to the eligibility rules adopted by a variety of award-making bodies for certain discretionary student awards.



ENO
WA
2/4

Treasury Chambers, Parliament Street, SW1P 3AG

Sir Keith Joseph
Department of Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

21 April 1983

Dear Keith

EDUCATION (FEES AND AWARDS) BILL

I have seen a copy of your letter of 20 April to John Biffen.

I am very glad that it has proved possible for you to introduce a Bill this week. There would be serious consequences for public expenditure if it were not passed by the summer recess. I see no difficulty in the draft enclosed with your letter.

You say that on introduction you will be making a statement of policy towards students affected by the Scarman judgement who have paid the overseas fees in the current year. No doubt you will clear this in draft with Leon Brittan. It will have a significant bearing on the cost of the judgement for the academic year 1982-83.

I am copying this letter to the recipients of yours.

Nicholas
Ridley

NICHOLAS RIDLEY

CONFIDENTIAL



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

CCNO 11
Prime Minister
The Lord President and
Chief Whip have agreed
with the Secretary of
State that this Bill
should be introduced
tomorrow, accompanied
by a written
statement.

20 April 1983

John Biffen

[Handwritten signature]

*WM
20/4*

EDUCATION (FEES AND AWARDS) BILL

Cabinet last Thursday discussed the need for legislation to legitimate the practice of discriminating between students to determine their liability for fees and their eligibility for various student awards, on the basis of the nature of their residence here. (Because of the House of Lords ruling on 16 December 1982 on the meaning of "ordinary residence" such discrimination can no longer be authorised by arrangements made under section 41(2) of the Race Relations Act 1976.) There was general agreement that legislation was desirable to enable the Government's existing policy in relation to overseas students to be maintained. It was recognised that a Bill would need to be passed before the Summer Recess if universities and other institutions were to be able to charge higher fees to some students in the academic year starting in the autumn. The income foregone if they were not able to do so was estimated to be between £30 million and £40 million per year.

Cabinet invited me to consider further with you, the Lord Privy Seal and the Chief Whip the possibility of passing a Bill in the current Session. When we met yesterday evening we agreed that I should proceed to introduce a Bill as quickly as possible and that, given the need for haste, I should clear the matter with colleagues on L Committee by correspondence.

I now enclose the latest draft of the Bill. Its provisions are as follows:

/Clause 1

The Rt Hon W John Biffen MP
Lord President of the Council
68 Whitehall
LONDON SW1A 2AT

CONFIDENTIAL

Clause 1 enables the Secretary of State to make regulations requiring or authorising the charging of higher fees to some students than to others on the basis of their connection with the United Kingdom.

Clause 2 enables the Secretary of State to make regulations authorising award making bodies (eg local authorities and Research Councils) to adopt rules which confine eligibility for discretionary awards to students having specified connections with the United Kingdom (or part of it, as some schemes operate exclusively in relation to Scotland or to England and Wales).

Clause 3 makes provision for short title and extent. The Bill extends to Scotland. It does not extend to Northern Ireland because the Race Relations Act 1976 which has made the Bill necessary does not apply there either.

No provision is made to delay commencement: the Bill will thus come into force with Royal Assent. This is acceptable because the Bill creates only the power to make regulations.

Regulations to be made under the Bill will continue the existing policy of allowing EC students to be treated as home students for fee purposes and of treating the children of European migrant workers as home students for the purposes of eligibility for discretionary awards, thus taking account of Article 12 of EEC Regulation 1612/68.

The Bill will be welcomed by local authorities and educational institutions as putting an end to uncertainty in this area. The Bill itself merely allows Ministers to restore the situation believed to obtain before the December judgement. It should not be intrinsically controversial. Opposition parties will try to exploit it to mount a further attack on the Government's policy towards overseas students, but the extra £46 million package announced by the Foreign Secretary in February means we are well placed to defend ourselves here.

We agreed that I should plan to introduce the Bill this week with a view to the earliest possible Second Reading. I shall aim to introduce and publish the Bill on Friday, and shall be glad to know that you and colleagues are content.

Introduction of the Bill will need to be accompanied by a statement of the Government's policy towards students who have paid the overseas fees in the current year. My office will be in touch with yours about the nature and timing of this.

I am copying this letter to the Prime Minister, the Foreign and Commonwealth Secretary, other members of L Committee, the Solicitor General and Sir Robert Armstrong.

Emmerson Kent

/for the
future

26/11

EDUCATION (FEES AND AWARDS) BILL

D R A F T

O F A

B I L L

T O

Make provision with respect to the fees charged by universities and other institutions to students not having the requisite connection with the United Kingdom and the exclusion of such students from eligibility for certain discretionary awards.

Be it enacted, etc.

Fees at
universities
and
further
education
establish-
ments.

1.-(1) The Secretary of State may, as respects any institutions to which this section applies, make regulations requiring or authorising the charging of fees which are higher in the case of students not having such connection with the United Kingdom or any part of it as may be specified in the regulations than in the case of students having such a connection.

(2) The regulations may provide for exceptions and make different provision for different cases or purposes.

(3) This section applies to -

- (a) any university, university college or college, school or hall of a university;

- (b) any further education establishment provided by a local education authority or, in Scotland, an education authority; and
- (c) any other further education establishment which is substantially dependent for its maintenance on public funds and is specified in the regulations.

(4) In this section "fees" includes charges however described (including charges for board and lodging) and "public funds" means assistance from a local education authority or, in Scotland, an education authority or grants under section 100(1)(b) of the Education Act 1944 or section 73 of the Education (Scotland) Act 1980.

1944 c.31.
1980 c.44.

(5) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

(6) This section is without prejudice to section 27(6) of the Education Act 1980 (regulations as to fees for courses of further education).

1980 c.20.

Discretionary awards.

2.-(1) The Secretary of State may, as respects any awards to which this section applies, make regulations authorising the adoption of rules of eligibility which confine the awards to persons having such connection with the United Kingdom or any part of it as may be specified in the regulations.

(2) The regulations may provide for exceptions and make different provision for different cases or purposes.

(3) This section applies to -

- (a) any award under section 1(6) or 2 of the Education Act 1962 (discretionary awards by local education authorities); and

1962 c.12.

(b) such other awards (however described) as may be specified by the regulations, being awards in connection with courses of education or training or the undertaking of research.

(4) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

Short title
and extent.

3.-(1) This Act may be cited as the Education (Fees and Awards) Act 1983.

(2) This Act does not extend to Northern Ireland.

Volume June 80
Tuition fees for overseas
students

20 APR 1985



CONFIDENTIAL*CP Parliament
legislative Prof
A1a*

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

T Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

13 April 1983

Dear Tom,

... I enclose a copy of the Solicitor General's opinion on fees for overseas students in universities and FE establishments, since this will bear on the Cabinet's discussion of the legislative programme tomorrow. You will see that the Solicitor advises that primary legislation is urgently required.

I am sending a copy of this letter and its enclosures to the Private Secretaries to other members of the Cabinet and to Sir Robert Armstrong.

*Yours ever,**Inogen Wilde*

MRS I WILDE
Private Secretary

CONFIDENTIAL



Department of Education and Science
Elizabeth House York Road
London SE1 7PH
Telegrams Aristides London SE1
Telephone 01-928 9222 ext 2720

Henry Steel Esq
Law Officers' Department
Attorney General's Chambers
Royal Courts of Justice
Strand
London WC2A 2LL

30 March 1983

Dear Henry,

OVERSEAS STUDENTS - FEES AND DISCRETIONARY AWARDS

1. As Laurence Oates already knows, the Secretary of State would be grateful for further advice from the Law Officers; in view of my exchanges with him and the discussions I have had with the Solicitor General, I have judged it unnecessary to write a full and self-contained letter and have left a number of things unsaid.
2. Following the meeting at No. 10 on Monday evening, the Secretary of State is to-day making a statement in the Commons relating to eligibility for mandatory awards. As respects fees he will merely say that it is the government's intention to retain for 1983/84 onwards the system of higher fees for overseas students which has operated for some years and that he will be making a further statement about this following the Easter recess. We shall by then have to have decided how this objective is to be achieved, in particular, whether it will require primary legislation this session.
3. Though it may not have been more than touched on at Monday's ministerial meeting, we shall on the same time scale have to decide how to secure that eligibility rules for discretionary awards which discriminate against overseas students can be safeguarded against challenge under the Race Relations Act 1976.
4. Both on the fees and discretionary award fronts we have, up to now, relied upon approvals given by the Secretary of State for the purposes of section 41(2) of the 1976 Act. Approved arrangements have been ones which discriminated on the basis of 3 years' ordinary residence which (pace the period being questionable) is one of the bases mentioned in section 41(2). But, for the future, the

discrimination would be against students who either -

(a) lacked 3 years' ordinary residence, or

(b) had such ordinary residence but the period included residence wholly or mainly for the purposes of receiving full-time education.

This appears to go beyond what could be approved for the purposes of section 41(2).

5. The relevant discrimination would not fall within paragraph (a) of section 1(1) of the 1976 Act but could only fall within paragraph (b). It is submitted that it would not be possible to satisfy a court that the discrimination was objectively justifiable within the meaning of section 1(1)(b)(ii), certainly consistency with government policy does not render something objectively justifiable. But even if the Law Officers were inclined to take the opposite view, it would not be a view on which the Secretary of State would be likely to consider it expedient to rely. First, universities and other establishments might, as a result of advice they themselves took, not be prepared to take and act upon this view. If it were acted upon, it would almost certainly lead to further litigation, and whatever the outcome might be, this is something which the Secretary of State is, in this field, anxious to avoid.

6. On differential fees, there is not only the problem of deciding how best to preserve the substance of the present arrangements but also the question of what advice the Secretary of State should give to universities etc and local education authorities as respects the partial refund of fees paid at the overseas rate by students on the assumption that they lacked 3 years' ordinary residence but who, on the Scarman criteria, had that ordinary residence. It would not be feasible to avoid giving advice in this regard; a significant number of individual requests for such advice have been received over the last month or so.

7. So far as the level of fees depends upon an express or implied term of a contract, it would seem that the overseas fees would have been paid under a mistake of law and the excess over the home fees would not be recoverable.

8.-(1) There remains the possibility of an aggrieved student bringing proceedings for unlawful discrimination under section 57 of the 1976 Act. By reason of section 68(2)(b) such proceedings could relate only to fees in respect of the current academic year (it is considered that a court would be unlikely to allow out-of-time proceedings under section 68(6) for reasons of which Oates and the Solicitor General are aware). Section 57(3) would preclude any award of damages to the student.

(2) It might be argued that a refund of excess fees is analogous to damages and that, accordingly, there would be no moral or political obligation to make a refund if a student obtained a declaration in section 57 proceedings relating to the current academic year's fees. It is submitted, however, that there is a distinction between a moral and political obligation and a legal liability and that Parliament intended no more than that a defendant found to have committed indirect discrimination should be left to do that which, in all the circumstances, appeared to him appropriate and should not be held liable in damages. It seems arguable that government, and establishments largely funded by government, might politically be expected to draw the conclusion from a declaration that it was appropriate to rectify discrimination held to be unlawful and, in the present context, to refund excess fees which had been paid. In so far as there is any such moral and/or political obligation, it would seem virtually as strong in a case in which an institution judged that a student would get a declaration as in the case of a student who brought proceedings and got a declaration. Students should not be forced to go to, and take up the time of, the courts unnecessarily. If the view were taken that there is some such moral and/or political obligation, it could be argued that it was somewhat artificial to confine it to fees in respect of the current academic year by applying cy pres the limitation

provisions of section 68(2)(b). The wholly different approach canvassed in the following paragraph would, however, lead to that result.

9. The House of Lords judgment was, in effect, towards the end of the first term of the current academic year and therefore comparatively early in that year. Arrangements for the payment of fees will vary from institution to institution, they might be payable on a terminal or on an annual basis. While advance payment may commonly be required in the case of overseas students, there may be cases in which fees are paid terminally in arrears. DES has little detailed information. Presumably any fees charged since the House of Lords judgment have, in appropriate cases, been charged at the home rate. It would be highly anomalous if the aggregate fees for the current academic year required of a student depended upon the administrative arrangements at the institution he attended and how far they were paid in the first term (at the overseas rate) and how far in the second or third term (at the home rate). Good public administration arguably requires that a student's fees for the academic year should not depend upon accidents of administration but be determined at the same rate for the year as a whole. This suggests that any excess fees paid for the current academic year before account had been taken of the House of Lords judgment should be refunded.

10. The advice the Secretary of State seeks therefore relates to the following matters:-

(a) by what means can the system of differential fees and eligibility rules for discretionary awards be continued without running a real risk of further litigation and, in particular, is primary legislation either necessary or desirable for this purpose;

(b) what advice should be given to local education authorities, universities etc as respects the refund of excess fees and, in particular, should they be advised to refund

excess fees for the current academic year and/or not to do so for any earlier year;

(c) other questions or considerations which appear to the Law Officers to be relevant to, or have some bearing on or connection with, the above matters.

Sincerely,

Peter Harvey

Peter Harvey

Communications on this subject should
be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

13 April, 1983

Peter Harvey, Esq., CB,
Legal Adviser,
Department of Education & Science,
Elizabeth House,
York Road,
London SE1 7PH.

Dear Peter,

OVERSEAS STUDENTS: FEES AND DISCRETIONARY AWARDS

(attached) The Solicitor General has asked me to respond to your letter of 30 March indicating his views on the questions you raise in paragraph 10 of that letter.

2. In answer to your first question (your para 10(a)) his view is that without primary legislation there is no way in which a system of differential fees and eligibility rules for discretionary awards can be operated without there being a risk of legal challenge if that system is in reality based upon distinctions in the nature or quality of residence here (i.e. whether or not students were resident here wholly or mainly for the purposes of education).
3. Such a challenge would be mounted upon the basis that such arrangements were indirectly racially discriminatory. Up until now it has been thought that universities and other institutions, in discriminating upon the basis of ordinary residence, have been covered by an approval given by the Secretary of State under Section 41(2) of the Race Relations Act, so that, whether or not their action was racially discriminatory, no action under the Act could lie. In so far as the wrong test of ordinary residence was applied, the student in question would not be caught within the terms of the approved arrangements, and we consider some of the implications of this below. What is clear is that it is outside the scope of section 41(2) for the Secretary of State now to approve arrangements for discrimination based upon whether or not a student was resident here for a particular purpose.
4. Accordingly, it is not possible for him to provide cover under Section 41(2) for universities operating the new arrangements. And it is the Solicitor General's view that if it is desired to restore the cover which was thought to exist - or provide any other "fireproof" cover for them - that can be achieved only by primary legislation.

/5. It is

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

2.

5. It is also his view that if such legislation is to be enacted it should be introduced at the very earliest possible moment. He has in mind not only the necessity to have the legislation in force as quickly as possible but also the danger that if proceedings were brought on the grounds of racial discrimination before the legislation was introduced, an inevitably controversial matter might so easily become even more controversial.
6. Though the Solicitor General is of the opinion that it by no means follows that the legal challenge of which there is a risk would inevitably succeed, as it seems from your letter (paragraph 5) that the Secretary of State would not wish to leave the Institutions exposed to any such risk, and in view of the urgency, he has considered the form which such legislation should take.
7. Of the two possibilities, amendment of the Race Relations Act or an Act enabling the Secretary of State to make regulations, as you propose, the latter would appear to be by far the best. But the Solicitor General asks me to alert you to one point which occurs to him and which he would like you and your Ministers to have in mind from the outset.
8. The purpose of legislating in the form proposed would be to enable the Secretary of State to make regulations which would give the institutions the same cover under Section 41(1) of the Race Relations Act as they were thought to have under Section 41(2). The question which should be considered is whether the Secretary of State would be content to make orders "requiring" rather than "allowing" differentiation and if not, whether orders simply "allowing" differentiation would afford the cover of Section 41(1) and serve his purpose. We have not had time to pursue the legal side of this. If you think it material please let us know - and let us have your views on it - as quickly as possible.
9. I turn now to your paragraph 10(b).
10. There are of course two entirely different sets of considerations relevant to this question - those of law and those of policy.
11. It may be that in view of what you say in your paragraph 5 et seq this part of the matter must be dealt with purely on grounds of policy but our views as to the questions of law arising are as follows.
12. Although there is a risk of legal challenge we do not think it should be conceded expressly or by implication that that challenge would necessarily succeed.
13. We think that any claim would be based on Section 57 of the

/Race

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

3.

Race Relations Act 1976. First, of course, the claimant would have to establish discrimination as defined in that Act. We agree that the relevant discrimination would not fall within para (a) of Section 1(1) of the Act but very likely would be held to fall within para (b) unless the Institution was able to substantiate the defence provided by subpara (ii) of para (b). The Solicitor General does not take so pessimistic a view on this as you expressed in your letter. He feels that an Institution might have substantial grounds for saying that the differentiation can be shown to be "justifiable irrespective of the colour, race, nationality or ethnic or national origins of the person to whom it is applied." He further considers that even if that defence failed the Institution would have a reasonable chance of establishing the defence provided by Subsection (3) of s 57 and of avoiding having any award of damages made against it.

14. Accordingly:-

- (a) he would not like to see anything said or done which amounted to a concession that there is any obligation in law to repay any of the fees paid; and
- (b) he would hope that if proceedings were to be taken the Institution against whom they were taken would plead those defences; and
- (c) he can see no legal basis upon which Institutions should be advised that they are obliged to make any refunds in respect of fees already paid.

15. It follows that if your Secretary of State decides as a matter of policy that it is right that the Institutions should repay some specified part of the fees and that he should so recommend to them, the Solicitor General would hope that it would be made clear at every stage that such payments were to be made ex gratia, not under any legal obligation.

16. I understand that :

- (a) MAFF has been relying on s 41(2) in respect of certain grants, and
- (b) DHSS has been recovering NHS charges on the basis of ordinary residence.

As we have no details about these matters and have not been concerned with them nothing in the above should be taken as relating to them, but I am copying this letter for information to Gordon Gammie and Henry Knorpel.

Yours sincerely
Laurence Oates
(LAURENCE OATES)



✓ NO.

Prime Minister ²

MS 11/4

: Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Tom King MP
 Secretary of State
 Department of the Environment
 2 Marsham Street
 London SW1P 3EB

11 April 1983

ORDINARY RESIDENCE: LOCAL AUTHORITIES AND GRANT HOLDBACK

I have a copy of Keith Joseph's letter to you of 5 April which proposes an immediate announcement that extra spending arising from the House of Lords' judgment should be disregarded in assessing expenditure for the purpose of calculating grant holdback. I cannot agree to this weakening in the discipline of targets. In any case, I do not believe an immediate announcement would be appropriate.

Only in the most exceptional circumstances should we interfere with the operation of holdback once the rules for it have been published. You will recall that last November I was only able to agree to the new rates about targets on the clear condition that the holdback regime should not be weakened save in cases of completely insuperable legal or Parliamentary difficulties. I see neither in this case. If we are seen to be ready to loosen the rules, announcements about holdback in the settlements will not provide the proper incentives to prudent budgetting. Authorities will presume that relaxation will follow.

In any case, this is not the right time to make a decision. I believe that additions to spending on this account will not affect holdback in the first Supplementary Report, which will be based on budget returns; so grants to the authorities which Keith mentions will not be immediately affected. By the time we are ready to implement holdback on the basis of outturn, conditions for those authorities may have changed: they may be falling short of their budgetting spend.

Our best course is to hold our public posture that requests for exemptions will be considered in due course, whilst continuing to presume against any. I fear that emergency action of the sort Keith proposes would do more damage than good.

I am sending copies of this letter to Keith Joseph and those who had his letter.

Leon Brittan
 LEON BRITTAN

TP7

Education: Overseas Students
June 80

APR 1 1983

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✓ CCNO
B. Deveraux



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

N. S. P. N. policy

= Mr. King's reply.

W. 6
4.

5 April 1983

Dear Secretary of State,

ORDINARY RESIDENCE: LOCAL AUTHORITIES AND GRANT HOLDBACK

Your private secretary wrote to mine about this on 28 March.

I met the local authority associations on 30 March to explain to them the decisions which I had just announced in the House. I told them that there would be no adjustments to the pool or RSG in 1983-84 on account of the reduction in fee income which some of their members will face. I pointed out that local authorities generally had gained substantial benefits from the lower levels of inflation, and that some of them had also made a windfall gain from your announcement to the CCLGF on 28 March about the results of close ending of grant.

The associations pressed me particularly hard on the impact of additional expenditure on grant holdback. The total sum involved may not be large - perhaps of the order of £10m; but much of it will fall on the ILEA (which of course has no grant to lose) and on a few other authorities. These include several Conservative-controlled Outer London Boroughs (eg Barnet, Croydon, Ealing and Kingston), with polytechnics and other colleges containing large numbers of overseas students, which have budgeted to spend almost exactly at target.

In reply, I said - in accordance with your private secretary's letter - that you would be willing to consider representations on this point. But I believe that we must go further than this. These authorities, as well as some shire counties also budgeting to spend at target, stand both to incur extra expenditure and to

/lose grant

The Rt Hon Tom King MP
Secretary of State for the
Environment
2 Marsham Street
London SW1

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lose grant as a result of the House of Lords' judgment and our decision not to reverse it retrospectively. It would help our relations with local government and reinforce our reputation for fair dealing if - at small cost - we were to give an immediate assurance that clearly identifiable expenditure arising from the judgment would be exempted from calculations about grant holdback. I hope that you will agree to this, in the same way as we agreed to exclude additional expenditure in 1981-82 by a few authorities as a result of riots and by others because of the severe winter.

I am sending copies of this letter to the Prime Minister, other members of H Committee and Sir Robert Armstrong.

Yours sincerely,

S.R. Williams.

Approved by the Secretary
of State and signed in his
absence

CONFIDENTIAL

Edmc : June 80
Tuition fees for overseas
students

APR 1980



2

PRIME MINISTER

Statement on Overseas Students

Sir Keith Joseph made his statement on overseas students today along the lines that had been agreed at the meeting on Monday. The statement was very low-key and Sir Keith completely avoided giving specific figures for the likely cost of the extra entitlement to awards and fees created by the House of Lords judgement. He had a relatively easy passage. Neil Kinnock completely lost the sympathy of even his own side of the House by his response which was three times as long as Sir Keith's statement and he received no support. Sir Keith stressed in his response to questions that it was Labour who had invented the differential between home and overseas fees and that this government had merely continued that policy.

Most of the questioning was on specific points which Sir Keith was able to answer. William van Straubenzee warmly welcomed the statement and in particular both its rejection of retrospection and the decision to return to the former position on awards and fees. The only real life in the proceedings was provided by Dennis Skinner who asked if any of the awards under Sir Keith's statement would be as great as that made to the well-known overseas student of deep mining, Ian MacGregor; Sir Keith replied that as the original importer of Mr. MacGregor he was delighted with his performance so far.

ms

IF

30 March 1983



✓ cc W.R.

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

T Flesher Esq
Private Secretary
10 Downing Street
London SW1

PT
3/13

30 March 1983

Dear Jim,

ORDINARY RESIDENCE

I enclose a copy of the statement in the form in which the Secretary of State will make it in the Commons and Lord Swinton in the Lords this afternoon. This has been cleared with the Chief Secretary and takes account of comments from others on the previous version.

I am copying this to those who had my letter of yesterday.

Yours ever,

Imogen Wilde

MRS I WILDE
Private Secretary

CONFIDENTIAL

ORDINARY RESIDENCE

Oral statement : Wednesday, 30 March

With permission, Mr Speaker, I should like to make a statement about awards to overseas students.

2 On 16 December last the House of Lords ruled on the meaning of "ordinary residence" in relation to the entitlement of students from overseas to mandatory awards. The main effect is that students who were in this country during the three years before their period of higher education essentially for the purpose of taking a lower-level course of education may have been eligible for a mandatory award, subject to a means test on their parents' income. They were not so eligible under the "real home" test which formed the basis of the previous advice to local authorities by this and the previous Administration.

3 The cost to the taxpayers and ratepayers of this ruling could be substantial. Much of the benefit will go to students from overseas who have come here with no expectation of receiving support from British public funds. The Government's policy is to support selected students and countries under the aid programme and the programme announced by my rt. hon. Friend the Foreign and Commonwealth Secretary on 8 February. Other overseas students are welcome but are expected to pay their own way.

4 There will be no retrospective legislation. But the Government have decided to restore the position on mandatory awards to that which successive Governments thought and intended it to be. I have today laid before Parliament amendments to the 1982 Awards Regulations which will come into force tomorrow. Their effect will be that local authorities in England and Wales will not be obliged to make new awards after today to overseas students who have been resident here wholly or mainly for the purposes of education. I am also today issuing guidance to local authorities. My rt. hon. Friend the Secretary of State for Scotland is making similar arrangements.

5 Our intention on fees for overseas students for 1983-84 onwards is to retain the differential arrangements which have in fact existed for many years. I shall make a further announcement as soon as possible as to how this should be done.

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6 Local authorities in England and Wales receive 90 per cent Exchequer grant on their expenditure on mandatory awards, which in Scotland are paid direct by my rt. hon. Friend the Secretary of State. Universities and other institutions in Great Britain directly funded by the Exchequer will be compensated for any unavoidable loss of fee income.

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ORDINARY RESIDENCE

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223

30 March 1983

Thank you for your letter of 29 March with which you enclosed a copy of the statement which Your Secretary of State proposes to make today on ordinary residence. The Prime Minister has, as I have told you on the telephone, agreed to the draft subject to the Chief Secretary's comments.

Timothy Flesher

Mrs. Imogen Wilde,
Department of Education and Science.

Sy



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

T Flesher Esq
 Private Secretary
 10 Downing Street
 LONDON SW1

- 1) Mr Rickett
- 2) Pmc Munter

This follows the lines agreed at yesterday's meetings. Agree subject to any Treasury comment on the final paragraph.

29 March 1983

29/3

Dear Jim,

ORDINARY RESIDENCE

Following the Prime Minister's meeting last night, the Secretary of State has approved the attached draft of an oral statement which he would make tomorrow. (He does not think that a Written Answer would be appropriate, given the controversial issues involved). The final sentence, in square brackets, has been discussed with the Treasury but remains to be cleared with the Chief Secretary. Subject to this point, and to comments from other Ministers, I should be glad to know whether the Prime Minister is content with the draft.

I am copying this letter to the Private Secretaries to other Ministers present last night and also to the Private Secretaries to the Foreign and Commonwealth Secretary, the Secretaries of State for Scotland and Wales and the Chief Whips in both Houses.. and to the Chief Press Secretary at No 10.

Yours ever,

Inogen Wilde

MRS I WILDE
 Private Secretary

CONFIDENTIAL

ORDINARY RESIDENCE

Draft statement : Wednesday, 30 March

With permission, Mr Speaker, I should like to make a statement about awards to overseas students.

2 On 16 December last the House of Lords ruled on the meaning of "ordinary residence" in relation to the entitlement of students from overseas to mandatory awards. The main effect is that students who were in this country during the three years before their period of higher education essentially for the purpose of taking a lower-level course of education may have been eligible for a mandatory award, subject to a means test on their parents' income. They were not so eligible under the "real home" test which formed the basis of the previous advice to local authorities by this and the previous Administration.

3 The cost to the taxpayers and ratepayers of this ruling will be substantial. Much of the benefit will go to students from overseas who have shown that they can finance themselves and in the absence of action by the Government would continue to do so. This would be contrary to the Government's policy, which is to support selected students and countries under the aid programme and the programme announced by my rt hon Friend the Foreign and Commonwealth Secretary on 8 February. Other overseas students are welcome but are expected to pay their own way.

4 There will be no retrospective legislation, but I have laid before Parliament amendments to the 1982 Awards Regulations, to come into force tomorrow. Their effect will be that local authorities in England and Wales will not be obliged to make new awards after today to overseas students who have been resident here wholly or mainly for the purposes of education. In other words the position in this respect will be restored to that which successive Governments thought it to be. I am issuing guidance today to local authorities. My rt hon Friend the Secretary of State for Scotland is making similar arrangements.

5 Our intention on fees for overseas students for 1983-84 onwards is to retain the differential arrangements which have in fact existed for many years and I shall make a further announcement as soon as possible.

/6 ...

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6 Local authorities in England and Wales receive 90 per cent Exchequer grant on their expenditure on mandatory awards, which in Scotland are paid direct by my rt hon Friend the Secretary of State. Universities and other institutions in Great Britain directly funded by the Exchequer will be compensated for any unavoidable loss of fee income. [The Government will consider how the present public expenditure planning totals can accommodate these additional costs to the Exchequer without the need for offsetting reductions elsewhere in the education programmes.]



CONFIDENTIAL

subject

✓cc MASTER



file

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10 DOWNING STREET

From the Private Secretary

28 March 1983

Dear Tony,

The Prime Minister had a meeting today to discuss Colin Walters' letter of 25 March on overseas students: definition of ordinary residence. The Home Secretary, the Secretary of State for Education and Science, the Lord President, the Chief Secretary, the Lord Privy Seal, the Solicitor General, Mr. Sparrow and Mr. Hilary were present. The Secretary of State for Education and Science said that as a result of the House of Lords ruling on the definition of ordinary residence a large number of overseas students had become eligible for mandatory awards and the home rate of fees. A number of assumptions had been made about the likely take-up rate for the new entitlements but the figures quoted in the exchanges between the Department of Education and Science and the Treasury were a safe maximum and took into account that many overseas students would be entitled only to the minimum award, given their parents' income.

In discussion of the possible remedies it was agreed that the retrospective legislation which would be required to avoid the payment of fees for courses beginning in 1979/80 up to 1983/84 might well not pass the House of Commons. The problem was therefore to minimise the cost of the extension of entitlement. One possibility was to remove the entitlement of students already on courses to mandatory awards for 1983/84 onwards; it was noted, however, that students already receiving awards had a statutory entitlement to such awards for the duration of their course which would require primary legislation to remove. It was however possible to restore, by amending regulations, the former position in relation to students beginning courses in 1983/84. It was agreed that the Secretary of State for Education should make an announcement of his intention to do so during the course of this week. The meeting noted that the position on fees was more complex and it was possible that primary legislation would be needed to restore the position before the House of Lords ruling. There was not however the same urgency for an announcement on the means of so doing as for mandatory awards; the statement therefore should simply refer to the Government's intention of taking parallel action on fees to that on mandatory awards. An announcement as to the method could be made after Easter.

/In further

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In further discussion of the likely cost it was noted that the Government's own approach would determine to a large extent the take-up rate. While the Government was obliged to assist those who applied to gain their entitlement it was under no obligation in the circumstances to seek to encourage applicants. Thus, for example, while British posts abroad should be adequately supplied with information and forms for applicants they need not publicise their availability. The proposed statement itself should be as low-key as possible and should avoid, for example, references to specific costings.

The meeting further noted that since the likely extra cost would depend on take-up it was premature to announce firm financing arrangements. In particular, the statement should not give a commitment that additional costs would be met from the Contingency Reserve. It was possible, for example, that local authorities might be expected to meet some costs from within the Rate Support Grant and that off-setting savings might be found; it was recognised, however, that the Department of Education and Science budget and that of the universities were already under considerable pressure.

Summing up the discussion, the Prime Minister said that the Secretary of State for Education should make a statement on Wednesday along the lines discussed at the meeting. The statement and in particular those sections on financial arrangements should be agreed with the Chief Secretary.

I am sending copies of this to the Private Secretaries to Members of H Committee, the Foreign and Commonwealth Secretary, the Solicitor General and to Richard Hatfield (Cabinet Office).

Yours ever,

Tim Fisher.

A.R. Rawsthorne, Esq.,
Home Office.

CONFIDENTIAL

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Qa 06309

To: PRIME MINISTER

28 March 1983

From: JOHN SPARROW

Overseas Students: Definition of "Ordinary Residence"

1. You are having a meeting this evening to resolve the difficulties set out in the Home Office letter to Tim Flesher dated 25 March. Everyone is, I think, agreed that urgent action is needed to put matters right for 1984/85 and thereafter. The difficulties concern students entering the system prior to 1984/85.

attached — 2. As I said in my letter of the same date to Willie Whitelaw I would prefer to see full retrospective legislation. Both policy and cost considerations point that way. But I recognise the practical Parliamentary problems, and the philosophical doubts about retrospective legislation. I therefore see advantages in dividing those who would benefit in the absence of retrospective legislation into two classes.

3. These are:

(a) Those students, nearly all of whom cannot have expected any benefit, but who came here nevertheless for courses starting up to 1982/83.

(b) Those students who had been seeking places or awards for courses starting in 1983/84 and of whom many may well have applied here in the legitimate expectation of benefit following the December 1982 judgement in the House of Lords.

4. If we made retrospective legislation apply only to all of the former class and to none of the latter we would achieve:

(a) A defensible position which might conceivably appeal to many MPs, especially those for whom windfall gains to past graduates would be repugnant.

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- (b) Less risk of adverse foreign reaction.
- (c) Public expenditure benefits - this approach would for Great Britain cost £60m over 3 years if awards and fees were paid and only about £20m over 3 years if it were confined to awards only.
- (d) Less inconsistency with the Government's decision of a few weeks ago that it could afford a package worth no more than £46m over 3 years for overseas students.

5. I am sending copies of this minute to Willie Whitelaw, Keith Joseph, Leon Brittan and Sir Robert Armstrong.

B.

CONFIDENTIAL



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref: K/PSO/11805/83

28 March 1983

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28/3

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ORDINARY RESIDENCE

The Secretary of State is on Teeside today but has asked me to write with his comments on the letter from your Secretary of State of 24 March to the Home Secretary. Mr King has also seen the Chief Secretary's letter of the same date, and John Sparrow's of 25 March. As I mentioned by phone this morning, my Secretary of State is not happy with the Statement as now drafted.

He is in complete agreement with the Chief Secretary and Mr Sparrow that we cannot possibly justify over half the cost of the Scarman judgement being an immediate burden on public funds. Moreover, since a share of this burden would fall on local education authorities he would, as the DES has already foreseen, come under immediate pressure to allow an exemption for this additional expenditure in 1983-4. He is not prepared to give a blanket assurance on this. He feels bound to say that, against other claims that he has already received, he does not believe that this one would be particularly strong. It remains, of course, open to any local authority to make a representation for an exemption.

My Secretary of State believes that the point of consulting Mr Kinnock was not to see whether the Opposition would agree to retrospective legislation but whether they would facilitate its passage. The fact that they have declined does not, he feels, mean that the Government should not go ahead. He appreciates the problems of legislation which is retrospective and feels that great care would therefore need to be taken in the way a decision was announced and the legislation presented.

I am sending a copy of this to the Private Secretaries to the Prime Minister, other members of H Committee, the Foreign Secretary, the Lord Advocate, the Solicitor General and to Sir Robert Armstrong.

for me
DA Edmonds

D A EDMONDS
Private Secretary

CONFIDENTIAL

Mrs Imogen Wilde - PS/Secretary of State, DES



Foreign and Commonwealth Office

London SW1A 2AH

28 March 1983

Dear Tim,

Ordinary Residence

I understand that the Prime Minister is holding a meeting at 1800 today. Mr Pym cannot be there, but he has asked me to register his concern that the action we take to deal with the House of Lords ruling should not undermine the goodwill which our recently announced decision on the provision of scholarships and other awards to overseas students has earned us abroad. The reaction, particularly in the Commonwealth but also in other countries, has been of warm welcome. This is likely to spill over into our broader relations with several countries. There is no doubt that our decision contributed to the repair to our relations with Malaysia and Dr Mahathir's successful visit to London. Whatever the eventual decision about action, clearly presentation, particularly overseas, will be very important.

Mr Pym will be writing separately to comment on Sir Keith Joseph's letter to Mr Whitelaw enclosing a draft statement to use in the House on 29 March, but he was anxious that this point should be fully in the minds of those attending this evening's meeting.

I am copying this to the Private Secretaries to the Home Secretary, the Secretary of State for Education and Science, the Chief Secretary, the Lord President of the Council, the Lord Privy Seal, the Solicitor General and to Sir Robert Armstrong.

Yours ever
J E Holmes

(J E Holmes)
Private Secretary

Tim Flesher Esq
10 Downing Street

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PRIME MINISTER

Overseas Students: Definition of "Ordinary Residence"

You will recall this issue which was discussed by H Committee last week. As you will see from the Home Secretary's letter attached, the issue could not be resolved there. Of the three options in the Home Secretary's paper Option II is that recommended by the Education Secretary, and Option III that recommended by the Chief Secretary. H Committee agreed on Option II if the Opposition would not agree to Option III (retrospective legislation). Predictably, they have not. The Chief Secretary nevertheless continues to take the view that retrospective legislation is better than paying the £95 m which only such legislation could save.

An urgent decision is needed. Do you wish:-

- I To confirm the conclusions of H Committee that retrospective legislation should now be ruled out; or
- II To discuss the issue at a meeting which we have provisionally arranged for Monday at 1800?

You might also wish to look at:-

Flag A The H minutes

Flag B The Chief Secretary's latest letter, and

Flag C The Education Secretary's letter setting out the statement he would like to make next Tuesday if Option II was agreed.

25 March, 1983.

JF.

CONFIDENTIAL



HOME OFFICE
 QUEEN ANNE'S GATE
 LONDON SW1H 9AT

25 March 1983

Dear Tim,

OVERSEAS STUDENTS: DEFINITION OF "ORDINARY RESIDENCE"

The Home and Social Affairs Committee considered last Wednesday the situation which has arisen following the judgment by the House of Lords under Lord Scarman in December 1982 on the definition of "ordinary residence" in this country for the purposes of determining the eligibility of overseas students for mandatory awards and the home rate of fees. Under the interpretation previously applied by the Department of Education and Science, students were only regarded as eligible if their "real homes" were in the United Kingdom. The Scarman judgment greatly increases the number of those eligible for mandatory awards by establishing that students are ordinarily resident if they have lived in the British Isles for the three years preceding the start of their courses. Subsequent legal advice is that similar considerations must be assumed to apply to determining eligibility for the home rate of fees.

The Committee readily accepted that there is no reason in principle why overseas students, most of whom never supposed until last December that they would qualify for mandatory awards and reduced fees, should continue to benefit from the Scarman judgment. There are three options. The first would be to restore what was generally believed to be the position prior to last December, but to restore it only in relation to courses starting in the academic year 1984-85 and subsequently. This would stop, from 1984-85 onwards, the continuing additional cost of around £60 million a year without involving the difficult problems of retrospective legislation or treating students who have already been notified of their awards and fees for 1983-84 differently from those whose applications have yet to be processed. But it would leave untouched the additional cost of paying awards and determining fees on the Scarman basis to students and former students in respect of courses starting in 1983-84 and earlier years.

The second option would be for the Secretary of State for Education to lay amending Regulations to come into force next Wednesday to restore the former position in relation to students who had not yet been granted awards for 1983-84. At the same time, he would take administrative action to restore the former

Tim Flesher, Esq

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position on fees. There is some disagreement between the Treasury and the Department of Education and Science about the financial effects of this, but on the revised figures contained in the Chief Secretary's letter of 24 March, it would save about £90 million of the £185 million which would be the total cost of the House of Lords judgment for courses beginning before 1984-85.

The third option would be to recoup the remaining cost of £95 million (again on the basis of the Chief Secretary's figures) by retrospective legislation to prevent payment on the Scarman criteria of awards and fees already notified and paid for 1983-84 and earlier years. H Committee recognised that legislation of this kind would be fiercely attacked in both Houses, and that there would be little hope of carrying it in the remaining weeks of the current session unless the Opposition could be persuaded to give it a fair wind, on the grounds that the cost would otherwise have to be met by savings in other areas to which they attach importance. Deferring retrospective legislation until next Session would, in the Solicitor General's view, make it of doubtful propriety, and would create further confusion and uncertainty among potential students and local education authorities.

The Committee therefore agreed that if the Secretary of State for Education could secure the co-operation of the Opposition further consideration would be given to bringing forward urgent retrospective legislation. In the absence of an understanding with the Opposition, the Secretary of State for Education would be free to tell the local authority associations, whom he is seeing next Tuesday, that the Government were going down the regulation/administrative action route, and were not contemplating retrospective legislation. A Parliamentary statement to the same effect would also be made on Tuesday.

The Secretary of State for Education's letter of 24 March reports, not unexpectedly, that Mr Kimock and his colleagues would oppose any retrospective legislation. The Secretary of State therefore proposes to announce the Government's intention to proceed by way of regulations and administrative action, as agreed by H Committee. We understand, however, that the Chief Secretary is still not convinced that retrospective legislation this Session, even in the face of Opposition resistance, would not be the better course (and we imagine that the Treasury may have reservations about the manner in which the draft statement attached to the Secretary of State for Education's letter deals with the way in which the residual cost is to be met). The Home Secretary does not think that there is any hope that a further meeting of H Committee could take this issue much further, and the Prime Minister may therefore wish to consider whether the conclusions of H(83) 8th Meeting should be allowed to stand, or whether she would find it helpful to arrange a meeting with the Home Secretary, the Secretary of State for Education, the Chief Secretary and the Leaders of both Houses

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to review the position reached before a final decision is taken. Because of the Secretary of State for Education's meeting with the local authority associations on Tuesday, the issue needs to be settled one way or the other by Monday evening at the very latest.

I am copying this letter to Private Secretaries to members of H, the Foreign and Commonwealth Secretary, and the Solicitor General, and to Richard Hatfield (Cabinet Office).

However

C J Walters

C J WALTERS

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01-405 7641 Ext.

Communications on this subject should
be addressed to

THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

25 March 1983

Peter Harvey Esq CB
Department of Education and Science
Elizabeth House
York Road
London SE1

Dear Peter,

ORDINARY RESIDENCE: AWARDS AND FEES

This letter relates to the position should there be no retrospective legislation this Session.

We have discussed with the Solicitor General various possibilities for the prospective mandatory awards Regulations and have agreed a solution to exclude from entitlement students who have been resident here wholly or mainly for the purpose of receiving full-time education. It would operate in relation to awards not yet made.

The Solicitor General considers that what has been agreed is the simplest means of achieving for the future the desired objective. In relation to awards, no further legislative action next Session would be required. Any discriminatory effect of the Regulations themselves is covered by s41(1)(b) of the Race Relations Act 1976.

The solution adopted highlights the difficulty of bringing the arrangements for fees into line without legislation because of the problem of bringing those arrangements within the terms of s41(2) of the 1976 Act. If in the approved arrangements for fees there is indirect racial discrimination (which should not be conceded) then it is doubtful that the approval can be said to relate to the length of residence rather than the quality of that residence. This problem is not solved by using some other form of words.

With this in mind, the Solicitor General suggests that you should consider urgently whether there is any way in which you can bring the position on fees under s41(1)(c) of that Act (e.g. could it be done by attaching conditions to the provision of grants to the Universities and other such Institutions?). If that can be done, it would follow that everything necessary had been done prospectively for fees and no further legislation would

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01-405 7641 Ext.

*Communications on this subject should
be addressed to*

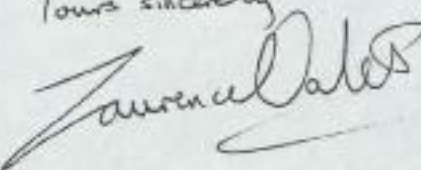
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

be required. However, if it cannot be done (as was your off-the-cuff reaction) the position on fees without legislation will remain unsatisfactory.

The Solicitor General has some small changes to suggest to your Secretary of State's draft statement but these we shall pursue in the appropriate quarters on Monday morning.

As time is short, I am copying this letter directly to the Private Secretaries to the Prime Minister, Home Secretary, Lord Chancellor, Lord President of the Council, Lord Privy Seal, Chief Secretary to the Treasury, Chief Whips and your Secretary of State for their information.

Yours sincerely


LAURENCE OATES

Education: June 80:

Overseas Students Fees.



TF seen

CABINET OFFICE

Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: John Sparrow

CONFIDENTIAL

Qa 06305

25 March 1983

The Rt Hon William Whitelaw CH MC MP
Secretary of State for the
Home Department
50 Queen Anne's Gate
LONDON S W 1

Dear Willie,

Ordinary Residence

I have seen a copy of Leon Brittan's letter of 24 March on this subject.

I agree with him that the cost estimates now produced throw a different light upon the discussion which took place in H Committee on 23 March. As he says, they reinforce the case for retrospective legislation. It is the retrospective element which accounts for just over half the total cost of the Scarman judgement.

It is only a few weeks since the Government decided that it could afford only £46m. over three years for overseas students. Ministers decided that the money should be targeted to achieve the maximum benefit for the United Kingdom. The package was weighted in favour of Malaysia, Hong Kong and Cyprus - the three countries whose students would also benefit most from the windfall of the Scarman judgement. It would be inconsistent with the Government's policy towards overseas students now to accept burdening the tax payer with a further £185m. over a three year period which would be spent in a totally untargeted way.

Retrospection is an unhappy concept for legislation. But the strength of the case for changing the judgement is overwhelming and it is reassuring that the Solicitor General sees no major objection of legal principle to immediate action including retrospection.

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I hope therefore that measures can be taken to prevent the burden on public expenditure and the disruption to agreed policies implied by the Scarman judgement. Care must be taken to present the matter in the proper light to sensitive overseas governments before the announcement, though the timing will be tight.

I am sending copies of this letter to the Prime Minister, Francis Pym, members of H, and to Sir Robert Armstrong.

*Yours sincerely,
John.*

John Sparrow

CONFIDENTIAL

Education June 80
Tuition fees for Overseas Students

25 MAR 1983



CONFIDENTIAL

Mr. [unclear]
Mr. [unclear]
Mr. [unclear]



cc: Chancellor
Financial Secretary
Economic Secretary
Sir D. Wans
Sir A. Rawlinson
Mr Wilding
Mr Mountfield
Mr P Kemp
Mr Carey

: Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon William Whitelaw CH MC MP
Secretary of State
Home Office
50 Queen Anne's Gate
London SW1H 9AT

24 March 1983

2 lines

ORDINARY RESIDENCE

I find that the estimates of the cost of the Scarman judgment which I included in my letter of 21 March and which were the basis of discussion yesterday are incorrect.

The estimates in my letter and the revised figures are:-

	Total cost	Savable by immediate regulations and administrative action	£m Savable only by retrospective legislation
Letter of 24 March	240	165	75
New figures	185	90	95

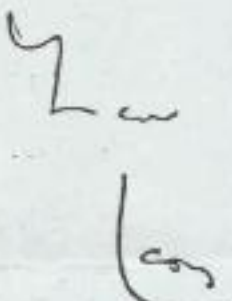
The estimated cost of failing to introduce retrospective legislation has been increased to reflect not only the back-payments to students in respect of years before 1983-84 (the original £75m) but also the continuing cost of award payments in 1983-84 and 1984-85 for students who started three year courses in 1981-82 and 1982-83. I have assumed that these students would not continue paying fees at the lower rate in 1983-84 and 1984-85 because, unlike awards, entitlement given in one year does not have to be given for the rest of the course. If it were decided, however, that students should be treated in the same way for fees as for awards, (and I would resist this strongly), the figures would become:-

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Under both options the estimate of the cost of allowing the Scarman judgment to take effect for the 1983-84 intake has been greatly reduced although it remains wholly unacceptable.

It is most unfortunate that this error was not picked up in advance of our discussion. Although the estimates remain highly uncertain, the new figure greatly strengthens the case for retrospective legislation. I suggest therefore, that we should consider that option again in the light of the new figures and Keith's discussions with Neil Kinnock.

I am sending copies of this letter to the Prime Minister, / Francis P
of H, and to Sir Robert Armstrong. Members


LEON BRITTAN



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

14 March 1983

John Willie

ORDINARY RESIDENCE

H Committee invited me on 23 March to consult the Opposition spokesman on education on the possibility of introducing retrospective legislation on overseas students' awards and fees; and agreed that, if the Opposition were opposed to such legislation, I should announce next week that I had made amending Regulations and would take administrative action broadly to restore the former position in relation to fees and awards from 1983-84 onwards (H(83)9th Meeting minutes).

Neil Kinnock has made it clear, after consulting his colleagues, that the Opposition would oppose retrospective legislation. I accordingly attach the draft of an oral statement which I propose to make in the Commons on Tuesday. No doubt Janet Young will wish to arrange for a similar statement to be made in the Lords. The amending Regulations will be made over the weekend and laid on Tuesday.

In his letter of today Leon Brittan has queried the cost of the various courses which we discussed in H Committee. Paragraph 4 of my letter of 17 March and George Younger's letter of 22 March showed that, in the absence of retrospective legislation, the bill (GB) in relation to 1982-83 and earlier years for past and present students might approach £80m. If we took no action, the future annual bill might be of the order of £60m from 1983-84 onwards. If, as we agreed, the former position is broadly restored, there will still be a cost (awards and fees) of up to £40m in 1983-84 and £20m in 1984-85 in respect of students already here (and virtually nothing thereafter). These are the

/figures quoted in

The Rt Hon William Whitelaw
CH MC MP
Secretary of State
Home Office
50 Queen Anne's Gate
LONDON SW1H 9AT

*urgent
must make
on Monday*

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*But home awards
are subject to a parent means
test. Overseas students have
always been here for 3
years, there must be
a presumption that their
families have
considerable
wealth
than that
required
for James?*

ORDINARY RESIDENCE

Draft statement : Tuesday, 29 March

With permission, Mr Speaker, I should like to make a statement about awards and fees to overseas students.

2 On 16 December last the House of Lords ~~gave a definitive legal ruling on~~ the meaning of "ordinary residence" in relation to the entitlement of students from overseas to a mandatory award, ordinary residence having long been a key criterion of eligibility for these awards. The House of Lords' Judgment was concerned with awards, but my legal advice is that it also affects entitlement to the home, rather than overseas, rate of tuition fee. The main practical effect is to make students, who are in this country during the three years before their period of higher education essentially for the purpose of taking a lower-level course of education, eligible for a mandatory award and for the home rate of fee. They were not so eligible under the "real home" test which formed the basis of my Department's previous advice to LEAs under this and the previous Government or the "right of abode" tests proposed by the Court of Appeal when they considered the same cases.

3 I estimate that, if we were to take no action, the cost of giving effect to this Judgment would be up to £80m in Great Britain in relation to fees and awards in 1982-83 and awards in earlier years and getting on for £60m a year from 1983-84 onwards. Almost by definition, most of the benefit would go to students from overseas who are able to finance themselves. This would be contrary to the Government's policy which is to give support to selected overseas students under the aid programme and the programme announced by my rt. Hon. Friend the Foreign and Commonwealth Secretary on 8 February. Other overseas students are welcome but are expected to pay their own way.

4 The Government have accordingly decided to proceed as follows:-

- i The Government accept that it would not be right to seek to deprive students already on courses of the benefit to which the Judgment has shown they have always been entitled. There will be no retrospective action.
- ii I have laid before Parliament amendments to the 1982 Awards Regulations, to come into force tomorrow. Their effect will be to prevent awards for

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/1983-84...

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1983-84 not already made from being given to overseas students who, following the Judgment, might otherwise have established eligibility to them simply on the basis of residence for educational purposes.

111 I am exercising my powers under the Race Relations Act 1976 both to allow the overseas rate of fee to be charged to those new students in 1983-84 who have been resident here in the preceding three years for purposes of education and to enable eligibility for discretionary awards to be put broadly on the same footing.

5 I am issuing guidance today to local authorities and to universities and other institutions about the detailed implications of these decisions. [My rt. Hon. Friend the Secretary of State for Scotland is taking similar action.]

6 Local authorities receive 90 per cent grant on their expenditure on mandatory awards, and this will apply to their additional expenditure. The remaining 10 per cent, together with any necessary additional expenditure on discretionary awards and in respect of their reduced fee income, will be treated as relevant expenditure for the purposes of additional rate support grant, using the pooling system as appropriate. This additional expenditure will not be taken into account when measuring expenditure against target for the purposes of grant holdback. Universities and other institutions directly funded by the Exchequer will similarly be compensated for their reduced fee income. These payments will all be made when the precise cost under each heading is known.

7 I estimate that the effect of these decisions will be to limit the cost of the Judgment to the sum of up to £80m which I have already mentioned for the period up to and including the current academic year and to a maximum of about £40m in the academic year 1983-84 and £20m in 1984-85 in respect of students already on courses. These sums will be charged to the Contingency Reserve in the financial years in which they fall, and will not affect our planned totals of public expenditure.

8 The Government will, if necessary, introduce primary legislation in the 1983-84 Session to put on a more satisfactory footing the measures which I have described.

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figures quoted in the draft statement; and I hope that Leon will be able to agree to what is said in paragraphs 6 and 7. Tom King also has a strong interest in paragraph 6.

I am copying this letter to the Prime Minister, other members of H Committee, the Foreign Secretary, the Lord Advocate, the Solicitor General and Sir Robert Armstrong, and shall be grateful if any comments on the draft can reach me by noon on Monday.

Tom King.

King.

FILE

CM

PRIME MINISTER

OVERSEAS STUDENTS: ORDINARY RESIDENCE

You are already aware of this issue which was discussed at H Committee today. As you recall, the issue is whether we attempt retrospective legislation to avoid paying those students who would benefit from the House of Lords ruling on the definition of ordinary residence or whether we pay £75 million in retrospective fees. H Committee decided that retrospective legislation was justified but that it would be almost impossible to pass it without Opposition agreement. Sir Keith Joseph was therefore asked urgently to seek Opposition agreement to the passage of retrospective legislation. If they did not agree (and I think the prospect unlikely) the Government would announce its intention of introducing amending regulations so that awards for 1983/84 and subsequent years would be made on the pre-House of Lords basis. This still leaves the issue of the £75 million if the Opposition are unhelpful. The Chief Secretary has reserved his position on how this might be met.

I gather that since the meeting the Treasury have been doing their sums again. They now suggest that the cost of not introducing retrospective legislation could be as much as £130 million made up of £75 million retrospective fees and £55 million from students who begun their course this year.

T. FLESHER

23 March, 1983

Overseas Students: Ordinary Residence

You ought to be aware of the issue presented in the attached correspondence, which is to be discussed at H Committee tomorrow but which may come to you. The problem is that in December the House of Lords gave a definitive ruling on the meaning of "ordinary residence" as it applied to entitlement of overseas students to a mandatory grant for higher education. The effect of this decision was to make eligible for such awards overseas students who were already here, doing a lower level course of education.

This could be very expensive. It would cost £75 million in retrospective fees/payments for courses starting from 1979-1982; from 1983/4 onwards it would cost an additional £55 million a year. The only way to avoid the retrospective payments and those for 1983/84 courses would be by retrospective primary legislation; without such legislation, amended rules of eligibility for grants could come into effect only in time for the 1984/85 academic year.

The choice is therefore:

- (i) to undertake retrospective primary legislation; or
- (ii) to foot the bill.

The Secretary of State for Education believes that retrospective legislation would be politically unacceptable, would cause considerable difficulty to the business managers and might well offend those countries whom we pleased by our recent statement on overseas students' fees. He recommends reluctantly that we should pay up.

The Chief Secretary recommends retrospective legislation. Despite its political de-merits, it would restore the position to what it was understood to be before the House of Lords Judgment; furthermore, to make the payments would be to subsidise students who manifestly do not need it, since they have already supported themselves here; and finally, the addition of £75 million in retrospective payments and £55 million annually is quite simply

an unacceptable addition to public expenditure.

The need for a decision is urgent since local authorities will need to be told on what basis to make decisions for courses beginning in autumn 1983.

IF.

TIM FLESHER

22 March, 1983



Noted

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon William Whitelaw CH MC MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

22 March 1983

Dear Willie,

ORDINARY RESIDENCE

I have seen Keith Joseph's letter of 17 March in which he discusses the implications of the recent House of Lords judgement.

I share Keith's concern about the implications of this judgement both for student awards in Scotland and for those institutions outside the University sector which have overseas students.

Although the judgement addressed itself to cases arising from English legislation, it cannot be disregarded in Scotland. It would clearly be difficult for my Department as the award-making body, and for educational establishments charging overseas students fees, to determine eligibility on criteria substantially different from those applying in England and Wales.

The public expenditure implications of the judgement are serious, and my own preference would be for legislative action as soon as possible to restore the position. I recognise the difficulties associated with this, particularly as time is so short, although as Keith points out, the alternative is a large windfall gain, at the British taxpayer's expense, to relatively well-off overseas students.

If legislation, at least for the time being, is to be ruled out I must agree with Keith that the cost of retrospective payments and those for 1983/84 have to be met fully from the Contingency Reserve. So far as Scotland is concerned, we estimate that retrospective payments for awards covering the same periods as those proposed in England and Wales could amount to £3.4 million, with a further £1.1 million for retrospective payments in respect of fees charged by institutions other than Universities, which are covered by the DES vote. For 1983/84 and future years, we estimate a cost of £1.7 million for annual additions to awards

expenditure and £1.1 million for loss of fee income. Clearly there is no possibility whatsoever of a possible total cost of £7.3 million in 1983/84 being met from elsewhere in my programme.

I agree also that we should seek to reach a decision on this by Easter. I understand that the matter will be discussed by H Committee tomorrow. Unfortunately I will be unable to attend but I will be represented by John MacKay.

I am copying this letter to all members of H Committee, Francis Pym, and Sir Robert Armstrong.

+pm

*Yours truly,
George.*

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Treasury Chambers, Parliament Street, SW1P 3AG

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

MR THOMPSON
(Jr)

MR THOMPSON
(New)

21 March 1983

ORDINARY RESIDENCE

Your letter of 17 March to Willie Whitelaw exposes a very difficult dilemma. I agree too that we must take and announce our decision with all speed. I fear however that the issue may prove difficult to resolve by correspondence.

The sums at stake are large - perhaps £75 million in England and Wales for students who started courses in 1979-80 or thereafter and £55 millions a year from 1983-84 onwards. Colleagues should note too that awards are given for entire courses, not for a year's study at a time. If action is not taken in time to stop awards being made for 1983-84 we will be paying the bill until 1985-86 - by which time it would have amounted to £240 million.

Retrospective legislation may seem an extreme measure. But I consider it wholly justified in the circumstances. First, as you say, arbitrary, across-the-board subsidy of overseas students is against Government policy. We would not be helping students who would not otherwise have been able to study here. Quite the reverse. We would be supporting young people who demonstrably did not need it. No doubt, some overseas governments would be unhappy to see their nationals lose even this uncovenanted benefit, but they have small grounds for complaint. Francis Pym recently announced that he will be spending an extra £46 million over the next 3 years on overseas students. We are now surely entitled to draw the line.

Secondly, we would not be withdrawing some long accepted and well used right. We would be putting the law back to where everyone - Parliament and students included - thought it was. In these circumstances, I cannot see that the traditional objections to retrospective legislation apply.

Third, the alternatives are still less attractive. I do not in fact see as much difficulty as you do about taking action to block

the making of further awards for 1983-84. Authorities will surely have gone slow on the processing of claims from potential students affected by the Scarman judgment; any already made should not be a serious embarrassment. We could make an early announcement of our intentions, and frame our new regulations so as to take effect from the date of the announcement: this is a well precedented procedure in, certainly, tax law. Nor do I think it would be in any way underhand to restore the fees position by way of administrative action which we have a clear right to take under the Race Relations Act. I accept however that there would be technical difficulties in getting the awards and fees arrangements to march entirely in step by this means, and that some anomalies and difficulties for education authorities might arise. But the alternative which you appear to favour, of letting things ride until 1984-85 is surely far worse. You do not appear to be offering any savings from elsewhere in your programme to offset the £240 million bill. Nor do I understand what need you see for time to arrive at 'a properly considered view of policy for the longer term': the urgent need is to restore the statutory position to match our present policy.

To sum up, retrospective primary legislation still seems to me the right course to pursue. Otherwise, there will be a shameful and needless waste of taxpayers' money. If others have still to be persuaded of this, and if a full meeting of H Committee is not possible before Easter, perhaps arrangements could be made for those of us most closely concerned to discuss.

I am copying this letter to the other members of H Committee, to Francis Pym, and to Sir Robert Armstrong.

+PM


LEON BRITTAN



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

17 March 1983

Dear Secretary of State,

ORDINARY RESIDENCE

1. I am faced with a significant policy decision, possibly leading to the introduction of very early legislation. I need the urgent advice of my colleagues, but have no means of seeking it through a meeting of H in the time available. I am therefore proceeding by correspondence and should be grateful for replies by Monday 21 March: if we cannot reach agreement by correspondence we will need to do so by other means urgently.

Background

2. In December last the House of Lords gave a definitive legal ruling on the meaning of "ordinary residence" in relation to the entitlement of students from overseas to a mandatory award, ordinary residence having long been a key criterion of eligibility for these awards. The House of Lords Judgement was concerned with awards, but legal advice is that it also affects entitlement to the home, rather than overseas, rate of tuition fee. The main practical effect is to make students, who are in this country during the three years before their period of higher education solely for the purpose of taking a lower-level course of education, eligible for a mandatory award and for the home rate of fee. They were not so eligible under the "real home" test which formed the basis of my Department's previous advice to LEAs under this and the previous Government or the "right of abode" tests proposed by the Court of Appeal when they considered the same cases.

/Financial position

Rt Hon William Whitelaw CH MC MP
Secretary of State
Home Office
50 Queen Anne's Gate
SW1H 9AT

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Financial position

3. We have obtained advice from the Solicitor General about the extent to which LEAs and institutions should reconsider applications for awards which have been refused and, where the House of Lords criteria are satisfied, grant awards retrospectively. Difficult legal issues are involved, but our interpretation of his advice suggests that authorities should be prepared to review the position of students starting their courses in 1979-80 and later academic years if asked to do so. As regards retrospection on fees, the Solicitor General was not consulted; but it seems likely that institutions need only refund the difference between home and overseas fees for 1982-83.

4. On this basis our best guesses at the likely maximum retrospective costs of the House of Lords Judgement are as follows:

Retrospective awards payments to students on courses starting in 1979-80 and later	£40m
Retrospective fees payments for 1982-83	£35m

5. If the position established by the judgement remains unaltered, our best guesses at the annual bill for the future are:

Annual additions to awards expenditure (1983-84 onwards)	£20m
Annual losses of fee income (1983-84 onwards)	£35m

Policy on retrospection

6. The only way of avoiding liability for retrospective payments is to introduce retrospective primary legislation. The Solicitor General has advised that such legislation would not be objectionable in principle provided that it was brought forward very quickly and could be enacted before any retrospective payments were made to students other than those whose cases were decided by the House of Lords. Such legislation could be made effective from the date Ministers announced their intention to legislate.

7. A Bill related to students who had come to this country solely or mainly for purposes of educational courses leading on to entry into higher education could be devised to rule out the main group covered by the House of Lords Judgement. But it would be very difficult to frame legislation which covered every student who might benefit from the Judgement (the status quo ante is not susceptible to precise definition), and it might be hard to defend legislation which withdrew the uncovenanted benefit from some students but not others. We do not know whether any LEA has yet made retrospective awards to students other than those whose cases were actually considered by the House of Lords; it would not be possible to prevent any LEA which decided to do so from making such awards before a Bill could be enacted, and it would

/not seem

Not seem feasible to seek to rescind through retrospective primary legislation awards once made (except perhaps for those made between the time of the Government announcement and the enactment of the Bill). Nor would it be easy to rescind those awards in respect of 1983-84 which LEAs have already made, while a change half-way through the award-making process would be arbitrary in its effect and would cause administrative difficulties for local education authorities, who would oppose it accordingly.

8. Despite these practical considerations there are strong arguments for introducing a quick Bill to deal with the retrospective liabilities for awards and fees payments and with the liabilities arising in 1983-84. A considerable addition to public expenditure is involved contrary to Government policy, and a large windfall gain would accrue to relatively well-off (clearly so, since they have already financed themselves to study here) overseas students at the expense of the British taxpayer and ratepayer. A quick Bill could deal not only with the past and the coming year, but also make enabling provision to enable us to deal with the future, displacing the Bill I have already claimed for the next Session. The Chief Secretary, Treasury, is strongly of the view that there should be retrospective primary legislation, and fundamentally I am inclined to share his sentiments.

9. As against that, such a Bill would undoubtedly provoke a major political row. It would be seen by some of our supporters as reprehensible in concept and, unless we presented it very carefully - which is difficult with hurried legislation - would be liable to be construed as giving offence to friendly overseas countries and a variety of overseas lobbies in this country. It would have to bite on the Race Relations Act, which I know would cause you concern. And the Lord President, the Lord Privy Seal and the Chief Whip, all of whom I have consulted, are extremely doubtful about embarking on what would be an intensely controversial Bill, remarking upon the difficulties of managing such a Bill, with plenty of scope for amendments, within the present crowded Legislative Programme.

1983-84 if no retrospective legislation

10. If we do not go for retrospective primary legislation, but decide instead that we must foot the bill for retrospection and advise LEAs and institutions accordingly, we must also decide what to do for 1983-84. On the awards side, the only way to change the eligibility criteria for 1983-84 mandatory awards would be by laying Amending Regulations to the 1982 Regulations. But an award bestowed under one set of regulations continues even if the criteria of eligibility for an award changes for future awards under a later set of regulations, and LEAs are already bestowing awards for 1983-84. By the time we could make, lay and bring into effect the necessary Amending Regulations a substantial portion of 1983-84 awards would already have been made on the eligibility basis established by the House of Lords. The arguments about a change half-way through the award-making process mentioned in para 7 above also apply. Amending Regulations might not succeed in saving much of the awards money at stake and would justifiably be criticized as clumsy

/administration

Administration. If we do not have a retrospective Bill, it seems to me that we are obliged to live with the Lords interpretation of "ordinary residence" for 1983-84.

11. On the fees side things are not quite so straightforward since it is theoretically possible to act to restrict eligibility for home fees for 1983-84 by making appropriate arrangements under section 41(2) of the Race Relations Act 1976. There are in my view strong arguments against doing so:

- a. the classification of students as home and overseas for awards and fees in the same year would become different, leading to indefensible anomalies;
- b. using administrative arrangements which would not require any reference to Parliament would be properly attacked as the wrong way to reverse the effect of a House of Lords Judgement.

12. If retrospective primary legislation is not introduced and if 1983-84 awards and fees are settled in accordance with the House of Lords Judgement, we can take the line that:

- i. we cannot do anything before the 1984-85 academic year anyway; and
- ii. we want to take the opportunity in the meantime to come to a properly considered view of policy for the longer term (my Bill for the 1983/84 Session would be the vehicle).

The choices

13. We are faced with two unenviable choices:

- a. if we do not want to undertake primary legislation, we have to accept the cost of retrospective payments and those for 1983/84. This would have to be seen in its entirety as a charge on the Contingency Reserve: the main cost would fall to be met in the 1983/84 Financial Year and there is categorically no possibility of finding resources within the education programme to meet even part of it. In particular, any attempt to deny universities reimbursement for the cost of fees repayments would cause at least as big a row as retrospective legislation. It would take back all the extra resources we gave them, notably for "new blood", at the conclusion of the recent DES round;
- b. if we do not want to foot the bill, we must undertake primary legislation. But in the light of the discussions recorded in para 9 above I have reluctantly to recommend against this.

The need for an urgent decision

14. Whatever our decision, we must announce it before Easter. Local authorities and institutions are under increasing pressure

/to make

make retrospective payments to students now entitled to them. They have so far avoided doing this while waiting for advice from my Department, but a number have already been threatened with court action because of the time for which they have delayed. They are unlikely to be able to hold the line beyond Easter, and to the extent that they give way they will pre-empt the choices now available to us. We are in any case already being heavily criticized for our silence.

15. I am sending copies of this letter to all members of H Committee, the Foreign and Commonwealth Secretary and Sir Robert Armstrong.

- + Attorney General
- + Lord Advocate
- + Lord Renshaw
- + PM

S.R. Williams

Approved by the
Secretary of State
and signed in his absence

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	MR JAMESON

MR THOMPSON (JH)
MR THOMPSON (NBW)

PRIME MINISTER

Statement on Overseas Students Fees

You were present for the opening exchanges of the Foreign and Commonwealth Secretary's statement. The following exchanges followed reasonably predictable lines. The Opposition gave a grudging welcome to the measures but said that they were inadequate to undo the "damage" that had been done by the Government's original decision. They wanted to know where in the aid budget the money was coming from and wanted more help to be given to the countries not in the schemes announced by the Foreign and Commonwealth Secretary. Tam Dalyell predictably compared the aid for overseas students with that for the Falklands.

On the Government's side the welcome was much more enthusiastic with only Kenneth Lewis dissenting (and that only mildly). Richard Luce highlighted the crucial point that the new package will enable the Government to target assistance to overseas students as opposed to the indiscriminate aid given by the previous Government. This point was stressed by John Wilkinson who wanted to make sure that the technological universities were favoured in any increase in the numbers in foreign students. Throughout the exchanges Mr. Pym robustly defended the original decision on fees but said that experience since then together with the Overseas Students Trust Report indicated the desirability of a package of the kind he had announced.

JF

8 February 1983

the Minister of State, in answer to a question from me on 14 December 1982, said that the increase in unemployment between May 1979 and October 1982 was 154 per cent? Will the right hon. Lady and her Government cease to play games with the figures and address themselves on how to reduce unemployment?

The Prime Minister: The figures that were used, and which I have here, were in each case national figures. They were not OECD figures but national figures published on a national, seasonally adjusted basis. The increase in the United Kingdom from May 1979 to December 1982 was 135 per cent. We have the January figures but no one else has. I gave increases in the national figures for the Netherlands, Germany and the United Kingdom, on a seasonally adjusted basis.

Mr. Woodall: If the Prime Minister is really serious in suggesting that Mr. MacGregor has done a superb job in cutting the British steel industry in half because of overproduction, do you not agree, Mr. Speaker, that the Prime Minister had better think twice before she attempts to do anything similar with the coal industry? Otherwise, she will have an industrial revolution on her hands, the like of which this country has never seen before.

The Prime Minister: The hon. Gentleman neglects to take into account the state of the world steel industry. We have to compete for jobs at home and if we are more efficient in our steel industry we shall have a jolly sight better record on exports than we have yet managed to achieve. We have only 4 per cent. of the world's exports of steel. There is something to go for, and it will be obtained in this country only by supreme efficiency and not by shouting at a very efficient chairman.

PTD
for Statement on Overseas
Fees.

Overseas Students (Fees)

3.31 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Francis Pym): With permission, Mr. Speaker, I wish to make a statement.

On 9 June 1982, in reply to my hon. Friend the Member for Stroud (Sir A. Kershaw), I set out the Government's initial response to the study by the Overseas Students Trust published on 6 June. I said then that the study represented, in the Government's view, a comprehensive and constructive contribution to the development of future policy on overseas students; and that we would seriously consider its recommendations, although I stressed the financial constraints.

The Government have now completed their consideration of the trust's recommendations and have taken into account the views of the many outside bodies interested in this field.

We have concluded that it is in the national interest, both in the short term and in the longer term, to provide more help to enable overseas students to come to this country for their further and higher education. The Government have therefore decided to increase their support for overseas students by £46 million over the next three years. This will involve an additional sum of £25 million from the contingency reserve and a reallocation of resources within the aid programme amounting to £21 million. This money will be used to finance a number of new measures involving provision for some 5,000 to 6,000 additional scholarships and awards each year.

The measures are as follows. First, the Government will enter into discussions with the Hong Kong Government about their proposals for a shared funding scheme which would have the effect of treating eligible Hong Kong university and polytechnic students as home students for fee purposes. The Government will be ready to consider arrangements to the same end for other dependent territories.

Secondly, additional awards will be provided for students from the Commonwealth under the Commonwealth scholarship and fellowship plan.

Thirdly, a new scheme of discretionary awards will be introduced. This will be selective and will have the object of attracting students who will not only benefit themselves but whose study and experience here will be of advantage to this country.

Fourthly, there will be some provision for Cyprus, which was singled out in the Overseas Students Trust's study as having a unique combination of claims for special consideration, and for Malaysia, which has traditionally sent the largest number of students to this country.

Fifthly, the Overseas Development Administration's bilateral technical co-operation programme will be expanded to provide additional awards.

Finally, there will be some limited additional provision to enable the British Council to assist the activities of British institutions in attracting fee-paying students from abroad and in strengthening academic links.

In addition to these measures, my right hon. Friend the Secretary of State for Education and Science is favourably inclined towards the trust's recommendation that institutions should have more flexibility over fixing their own fees for overseas students, provided no subsidy is

involved. This is currently being examined in consultation with the University Grants Committee and local education authorities.

My right hon. Friend also hopes to broaden the scope of the overseas research students award scheme and to ensure that the full quota of awards is taken up.

The Government accept and will implement many of the other recommendations in the Overseas Students Trust's study concerning future policy towards overseas students but which do not involve additional public funding, such as spreading funds available for awards widely in order that more students may benefit.

A number of other recommendations in the Overseas Students Trust's study need further examination, for legal and practical reasons. I shall place in the Library of the House in the next few days a paper dealing with these aspects and setting out in greater detail the Government's response to the Overseas Students Trust's study, including the measures which I have outlined in this statement.

The Government believe that it is right and in our interests to encourage students from abroad. We have responded positively to the recommendations of the Overseas Students Trust. I know that this will be widely welcomed both in this House and elsewhere.

Mr. Guy Barnett (Greenwich): I should like to begin by thanking the right hon. Gentleman for his statement and to join him in what he said about the Overseas Students Trust's study. I should like also to express our thanks to Professor Peter Williams and the committee, who have produced a comprehensive and detailed report.

Would it not have been much better had such a report been available to the Government before they embarked on the disastrous and ill-considered policy of charging full-cost fees to non-British students? Even so, I think that the statement represents some small advance.

However, it seems odd to me that the right hon. Gentleman should have said in his statement that the Government have at last concluded what most hon. Members knew, that it is in the national interest, both in the short term and the long term, to provide more help to enable overseas students to come to this country. In the meantime, over three or four years, we have continued to anger our friends in the Commonwealth and have discriminated against them in an unforgivable fashion.

The right hon. Gentleman mentioned Cyprus. A Cypriot student coming to Britain now to study medicine will pay the best part of £7,000 in tuition fees, whereas a student coming from neighbouring Greece pays £480. The right hon. Gentleman's statement says nothing to deal with that measure of discrimination which currently exists, often to the disadvantage of some of the poorest countries.

Does the right hon. Gentleman realise that, so long as this indefensible discrimination exists between our treatment of EC nationals and those of Commonwealth and other friendly countries, it is no answer merely to up the schemes that have been described, which will be operated by the Overseas Development Administration, the British Council and others? Is it not a fact that the £46 million to which the right hon. Gentleman referred means, first, a reallocation of aid money? From where in the aid budget will that money come?

Secondly, until an agreement is made with the Hong Kong Government about co-funding, has the right hon. Gentleman an estimate of what part of the £46 million has been set aside to provide for that Hong Kong agreement,

and how much will be left for the other schemes that the right hon. Gentleman has described to us? What is the relationship between his statement and the press release issued by the Department of Education and Science last Friday, which referred to an increase of 6 per cent. next year for full-cost student fees?

Finally, the Opposition look forward to a fuller response. We have already waited six or seven months for the response that we now have, and it is the Labour party's intention to ensure that a proper response is given that will repair some of the damage that has been done to our political, cultural and commercial relationships with friendly countries.

Mr. Pym: I am sure that the hon. Gentleman will wish to study the details of the scheme in the paper to be placed in the Library in the next few days.

I remind the hon. Gentleman that when the Government came to power we faced excessive public expenditure and it was vital to cut it back. Reluctantly, therefore, we took a decision that affected overseas students' fees. That had to be done for the sake of the economy and in the national interest.

Some of the hon. Gentleman's comments about Cyprus are perfectly true. That country is in a special position for a number of reasons. It is a member of the Commonwealth, it has no university of its own, it has a large refugee population and there are British defence interests there. It is precisely because of the disadvantage at present experienced by Cyprus that I made it clear in my statement that we shall give that country additional assistance.

As for the relationships between EC and Commonwealth students, the House will know that the EC has regulations about students within the Community. We naturally provide for them and gain benefit from our students studying at universities in other Community countries. Nevertheless, one of the intentions outlined in my statement is to give particular assistance to the Commonwealth by increasing the number of fellowships and scholarships, enabling poorer countries of the Commonwealth to benefit from an extended part of the ODA programme and from the new discretionary award schemes. In those and other ways, we intend to assist the Commonwealth.

As I said in my statement, there is some re-allocation of resources within the aid budget, but the aid budget for 1983-84 and for later years has been expanded. We intend to achieve the results that we want by a re-allocation of £21 million, but there is an additional £25 million from the contingency reserve. On the allocation to the countries that I mentioned and to others, I ask the hon. Gentleman to await the paper that will shortly be placed in the library.

Sir Paul Bryan (Howden): Is my right hon. Friend aware that the House is grateful for the Government's positive response to the Overseas Students Trust report? Is he aware that Hong Kong will also be grateful to know that its offer is being considered? Does he realise the importance of time in this, as many thousands of students will now be making plans for the coming academic year and will need to know very soon to what extent they will benefit from the new arrangements and whether they will be operative in time for the next academic year?

Mr. Pym: I am grateful for my hon. Friend's opening remarks. The Government are grateful for the proposal by

the Hong Kong Government, which we took up immediately and shall pursue at once. We should like to see such schemes adopted in other dependent territories if their Governments suggest it.

My hon. Friend is entirely right about the urgency of this. I hope that the details will be available in the next few days. We shall proceed with the arrangements as quickly as possible. With regard to administration and so on, we shall be assisted by the British Council, which has an excellent record and knowledge in this area, so I believe that we shall be able to get things well organised in time for the next academic year.

Mr. David Steel (Roxburgh, Selkirk and Peebles): I warmly welcome the right hon. Gentleman's constructive statement and hope that it will go some way towards undoing the severe political and economic damage caused by the Treasury and the Department of Education and Science in the past three years. Is the right hon. Gentleman aware that the long-term damage is far greater than the short-term financial savings to which he refers?

When will the Government make a policy decision about the House of Lords judgment on the eligibility of overseas students for domestic student allowances, which is causing great uncertainty in the universities and colleges?

Mr. Pym: I note the right hon. Gentleman's first remark. The number of overseas students coming to this country reached a peak in 1977 and was still well over 80,000 in 1978-79—indefinitely more than there had been 10 years previously and at a cost that we then felt was excessive. The number has since fallen to about 55,000 for 1982-83—compared with 39,000 in 1971-72, to put the matter in perspective. I hope and believe that my announcement today will encourage an increase in the number on a very selective basis.

The House of Lords ruling is currently under active consideration by the Government. We are studying the practical effects and implications of that decision. My right hon. Friend the Secretary of State for Education and Science has the matter urgently in hand.

Mr. Phillip Whitehead (Derby, North): The right hon. Gentleman said that the money would be used in part to help deserving students from Commonwealth countries generally and developing countries especially. How much money will be available for that purpose over and above the bilateral arrangements with the three states named in the statement? There cannot be very much if only £10 million per year of new Government money is to be provided.

Mr. Pym: I think that it would be helpful if the hon. Gentleman could study the details that will be published in a few days.

Mr. Robert Hughes (Aberdeen, North): The Minister does not know the answer.

Sir Edward Gardner (South Fylde): Is my right hon. Friend aware that his statement will be widely welcomed not only in the House but in this and in many other countries? Is he aware that in the narrow but important sphere of the law many present-day leaders of Commonwealth countries and in the east and middle east owe their training to the Inns of Court? Is he aware that

[*Sir Edward Gardner*]

without improved facilities of the kind that he has announced future leaders will be trained behind the iron curtain?

Mr. Pym: I am very conscious of the points made by my hon. and learned Friend and of the value of the training that students have had. As a result of the new arrangements, 5,000 or 6,000 more students will have the benefit of scholarships and awards, which I believe will be of immense benefit not only to them and their countries but in many cases to this country, too.

Mr. Christopher Price (Lewisham, West): Is the right hon. Gentleman aware that £10 million to £12 million per year is a niggardly response to the efforts of the Overseas Students Trust? He said that some help would be given to Cyprus. Is there any hope that it will in the same form as that given to Hong Kong, with the prospect of home student fees for students from Cyprus? Will he also tell us where the savings have been made in the ODA budget to make all this possible?

Mr. Pym: At present, the shared fees scheme is unique to Hong Kong and is not envisaged for Cyprus. The basis on which students from Cyprus come to this country will be very much in the hands of the universities and polytechnics concerned and of the British Council, which will help us to contribute to the cost of students from Cyprus who are currently so disadvantaged.

There will be only a small adjustment in the ODA budget in 1983-84 and a slightly larger adjustment in 1984-85 and later years. That will come out of money not so far allocated and out of the additional resources that the Government have made available for the aid programme.

Mr. Tom McNally (Stockport, South): It is always nice to hear a Minister admit that the Government got things wrong, but does it not show an appalling lack of co-ordination between the various Departments as to where Britain's true interests lie?

Mr. Dennis Skinner (Bolsover): You have got it wrong.

Mr. McNally: You think that foreigners start in Nottingham.

Mr. Skinner: No, I think that you have got it wrong.

Mr. Speaker: Order.

Mr. McNally: Has the right hon. Gentleman's announcement anything to offer to refugee students, an area in which this country has a justifiably proud record?

Mr. Pym: I do not accept that there has been any lack of co-ordination. First, total public expenditure was far too high. Secondly, there had been an enormous increase in the number of overseas students, at a vast cost that the Government felt we could not afford at that time. We have now proposed a scheme which I believe will be very helpful and positive in that it will provide for a further 5,000 or 6,000 scholarships and awards. There are no specific proposals for refugees, but they are in no sense excluded from the scheme.

Dr. Keith Hampson (Ripon): Does my right hon. Friend agree that refugees already have home student status? Does he further agree that Hong Kong is a special case, bearing in mind its relationship with China, and that

in recent years there has been a substantial drop in the numbers of Hong Kong students coming to this country? Does he also agree that the complaints of the Opposition are synthetic? When overseas student fees were first raised by that great liberal Socialist, Mr. Crossman, they received their highest boost under the then hon. Member for The Wrekin, who was the Minister responsible for higher education?

Mr. Pym: I bow to my hon. Friend's knowledge of the history of this matter. Hong Kong is a special case. The Hong Kong Government are proposing a fee-sharing scheme that will produce many students. The fact that they are paying for approximately half of the cost is a great help. It is a scheme that the Government would wish to see extended.

Mr. Andrew Faulds (Warley, East): I welcome the right hon. Gentleman's statement as far as it goes. Apart from the limitations of the Prime Minister's comprehension and compassion, will he explain why the Government adopted their original benighted approach?

Mr. Pym: For the reasons that I have already explained this afternoon to the House.

Mr. Richard Luce (Shoreham): Both my right hon. Friend and the Government have reviewed the overall national interest on this issue. As there is a welcome shift from the previous indiscriminate subsidies for overseas students to the identification of students warranting support in their national interests, will my right hon. Friend assure the House that the interdepartmental co-ordination group will remain in operation and advise on the progress of those policies and the identification of new areas that need support?

Mr. Pym: I am grateful for what my hon. Friend has said. As resources are limited, it is important that we use the resources allocated to this cause in the most economical way. The scholarship scheme provides the essence of the right approach to this subject.

If necessary, I shall call together at anytime the interdepartmental co-ordination group that studied the Overseas Students Trust report so carefully. The Departments have worked closely together in producing the result that I announced this afternoon.

Mr. Eric Deakins (Waltham Forest): Does not the right hon. Gentleman's statement mean that no account has been taken by the Government of the report on educational interchange published last year by the Commonwealth Secretariat? If not, will the right hon. Gentleman take on board its central recommendation that Commonwealth students should occupy a central position in our policy for overseas students?

Mr. Pym: We have taken into account all representations that we received from interested parties both inside and outside the United Kingdom, particularly in the Commonwealth. They stand to gain considerably from the announcement that I have made this afternoon.

Mr. John H. Osborn (Sheffield, Hallam): Is it not a fact that students in Cyprus have been tempted to go to Moscow rather than to western countries? Will my right hon. Friend confirm that it is better for students to be on the overseas aid budget or on the trade budget than on the domestic education budget as we can get credit for that as part of our aid programme in future?

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Foreign and Commonwealth Office

London SW1A 2AH

7 February, 1983

~~Prime Minister~~
for my use to me.

Copy to Willie Dicklett

A.S.C. 1/2.

e. And to me pl.

Dear John,

Overseas Students' Fees

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f-a.

Thank you for your letter of 1 February recording the conclusions of the meeting with the Prime Minister on overseas students' fees. It was agreed that it would be for the Foreign and Commonwealth Secretary to decide, in the light of the allocations from the Contingency Reserve, whether to maintain the proposed totals of expenditure by the FCO (Diplomatic Wing) and the Aid Programme or to revise his proposals.

I understand that Mr Pym made clear at the meeting that there was no give in the Diplomatic Wing Vote which would allow him to find extra money to make up for the gap between the requests he had made on the diplomatic side and the sums of money agreed on by the meeting. He has therefore revised his proposals accordingly. In view of continuing parliamentary and other interest (there was an adjournment debate in the Commons on 3 February and will also be a Lords debate on 23 February), Mr Pym proposes to make a statement in the Commons on 8 February.

I enclose a draft of the statement he proposes to make.

I am copying this letter to the Private Secretaries of those present at the meeting.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

CONFIDENTIAL

DRAFT

STATEMENT TO THE HOUSE OF COMMONS BY THE SECRETARY OF STATE

OVERSEAS STUDENTS FEES

1. On 9 June 1982, in reply to my Hon Friend the Member for Stroud, I set out the Government's initial response to the Study by the Overseas Students Trust published on 6 June. I said then that the Study represented, in the Government's view, a comprehensive and constructive contribution to the development of future policy on overseas students; and that we would seriously consider its recommendations although there were financial constraints.

2. The Government have now completed their consideration of the Trust's recommendations and have taken into account the views of the many outside bodies interested in this field.

3. They have concluded that it is in the national interest, both in the short-term and in the longer-term, to provide more help to enable overseas students to come to this country for their further and higher education. The Government has therefore decided to increase its support for overseas students by £46 million over the next 3 years. This will involve an additional sum of £25 million from the Contingency Reserve and a reallocation of resources within the Aid Programme amounting to £21 million. The money will be used to finance a number of new measures involving provision for some 5,000 - 6,000 additional scholarships and awards each year.

4. The measures are as follows:-

- (i) The Government will enter into discussions with the Hong Kong Government about its proposals for a shared funding scheme which would have the effect of treating eligible Hong Kong University and Polytechnic students as home students for fee purposes. The Government will be ready to consider arrangements to the same end for other dependent territories;
- (ii) Additional awards will be provided from the FCO votes for students from the Commonwealth under the Commonwealth Scholarship and Fellowship Plan;
- (iii) A new scheme of discretionary awards, financed from the FCO Diplomatic Wing Vote, to meet specific national objectives will be introduced. There will be provision for Cyprus, which was singled-out in the Overseas Students Trust's Study, and for Malaysia, which has traditionally sent the largest number of students to this country;
- (iv) The ODA bilateral Technical Cooperation Programme will be expanded to provide additional awards;
- (v) Finally, there will be some additional provision to enable the British Council to assist the activities of British institutions

in attracting fee-paying overseas students and strengthening their overseas academic links.

5. In addition to these measures, my Rt Hon Friend the Secretary of State for Education and Science is considering positively the recommendation that institutions should have more flexibility over fixing their own fees for overseas students provided no subsidy is involved. This is currently being examined in consultation with the University Grants Committee and the Local Education Authorities.

6. My Rt Hon Friend is also taking steps to broaden the scope of the Overseas Research Students Award Scheme (ORSAS) and to ensure that the full quota of awards are taken up.

7. The Government accept and will implement many of the other recommendations in the Overseas Students Trust's Study concerning future policy towards overseas students but which do not involve additional public funding.

8. A number of other recommendations in the Overseas Students Trust's Study need further examination for legal and practical reasons. I shall shortly place in the Library of the House a paper dealing with these aspects and setting out in somewhat greater detail the Government's response to the Overseas Students Trust's Study, including the measures which I have outlined in this Statement.

Education
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file 21/20
EDUCATION

10 DOWNING STREET

From the Private Secretary

1 February 1983

Overseas Students' Fees

The Prime Minister chaired a meeting on the above subject in her room at the House of Commons at 1800 hours today. Those in attendance were the Foreign and Commonwealth Secretary, the Secretary of State for Defence, the Secretary of State for Trade, the Secretary of State for Industry, the Secretary of State for Education and Science, the Chief Secretary, Sir Robert Armstrong and Mr. Sparrow. Before the meeting were a minute of 17 December by the Foreign and Commonwealth Secretary, John Gieve's letter of 26 January covering an agreed note on the financial implications of Mr. Pym's proposals and Imogen Wilde's letter of 28 January enclosing a paper on comparative unit costs.

The Foreign and Commonwealth Secretary said that the issue before the meeting was an important one. The earlier decision to withdraw the subsidy for overseas students' fees had led to a sharp cut in the number of such students coming to this country. This in turn had led to some public criticism. The publication of a study by the Overseas Students Trust had led to an expectation that there would be a positive response from the Government. An inter-departmental group had looked into the question in the light of the OST study and had produced a report at the end of last year.

He did not seek a return to the system of indiscriminate and open-ended subsidies which had been abolished by the earlier decision. His present proposals were based on the idea of a selective and well-targeted system of scholarships and awards. These would help some dependent territories, certain Commonwealth countries and a small number of non-Commonwealth countries. Some 6 - 7,000 students would be affected though he did not expect the total number of overseas students in this country to rise by that amount. The proposed package would aid our commercial and other foreign policy interests. The essence of the approach was selectivity: the aim was to persuade the right kind of overseas student to come to this country. His proposals added up to a modest scheme, which he regarded as a minimal solution to the problem.

/The Secretary of State

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The Secretary of State for Trade said that in his experience the problem was raised in every foreign country he visited. It was particularly important that engineers and scientists who would take crucial decisions in the future should receive their training in this country. This would have a direct impact on our commercial interests.

The Chief Secretary said that he had some sympathy for the approach outlined by the Foreign and Commonwealth Secretary, but it raised financial problems. It could well be that the expenditure of more money on foreign students would be beneficial, but so were many other forms of expenditure: the problem was to decide how to allocate priorities. That was a matter best tackled during the PES exercise. The last PES had substantially increased the resources available to the Foreign and Commonwealth Office. A further increase in resources now, however much this might be justified, would mean either pre-empting part of the expenditure of other departments or putting a fresh burden on the taxpayer.

The study to which the Foreign and Commonwealth Secretary had referred had been established on the explicit basis that no new money would be available. The right time for decisions on this matter to be taken was in the course of the next PES.

It was also desirable to know, before decisions were taken, what the impact of the House of Lords judgement of 16 December 1982 would be on the cost of overseas students.

He believed that that part of the proposed package which fell to the aid programme should be met from that programme's unallocated reserve. The remaining part, which fell to the Diplomatic Wing of the FCO, should be financed from savings elsewhere on the votes of the Diplomatic Wing.

The Foreign and Commonwealth Secretary commented that the aid programme, which had taken a 20% cut over three years, was under enormous pressure. The contingency reserve was already largely allocated. If decisions on his proposals were not taken now, then no effective action could be taken until the academic year 1984/85.

Following further discussion, the Prime Minister concluded that the meeting agreed that, subject to a further examination by the Foreign and Commonwealth Secretary of the impact on his proposals, financial provision should be made as follows.

In 1983/84, £4.8m would be found from the aid programme; £1.5m would come from the FCO (Diplomatic Wing) programme, and £5m from the contingency reserve. In 1984/85 £8.2m would come from the aid programme, £7.5m from the FCO (Diplomatic Wing), and £10m from the contingency reserve. In 1985/86, £8.6m would come from the aid

/ programme,

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- 3 -

programme, £8.9m from the FCO (Diplomatic Wing), and £10m from the contingency reserve. It would be for the Foreign and Commonwealth Secretary to decide, in the light of the allocations from the contingency reserve, whether to maintain the proposed totals of expenditure by the FCO (Diplomatic Wing) and the aid programme, or to revise his proposals.

It was further agreed that money allocated to the aid and trade provision would not be used to finance the proposals. If the Foreign and Commonwealth Secretary reached the conclusion that it was desirable to scale down his proposed targets, other departments should be involved in the detailed revision since there were varying views on the priority to be attached to the different parts of the package.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER

c Sir Robert Armstrong

Overseas Students' Fees

You are chairing a meeting at 6.00 pm on Tuesday, 1st February to discuss the Foreign and Commonwealth Secretary's proposals concerning overseas students' fees with the Secretaries of State for Education and Science, Trade, Industry, Defence, the Chief Secretary, Treasury, and Mr John Sparrow.

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BACKGROUND

2. The Foreign and Commonwealth Secretary wrote to you on 17th December setting out the case for some special arrangements to be made for overseas students in this country. In essence, he argued that the 1979 decision to withdraw the subsidy on overseas student fees for new entrants in 1980 had removed some £100 million per year from the system and that a proportion of this expenditure needed to be put back in order to repair the damage and to still the continuing criticism of the decision at home and abroad (see, for example, the attached letter from six leading British industrialists which appeared in the Daily Telegraph on 25th January and Lord Beloff's article in today's Times). He explained how this might be done in a carefully selective way in order to produce maximum benefit for British interests.

3. Discussions have now taken place between the Foreign and Commonwealth Office and the Treasury and a note circulated on 26th January on the financial implications of the Foreign and Commonwealth Secretary's proposals. These would involve an additional 6,000 to 7,000 scholarships and awards each year costing £11.3 million in 1983-84, rising to £25.7 million the following year and to around £27 million thereafter. He is not however seeking all of this as an extra PES provision at this stage: he proposes additional expenditure on the Diplomatic side of £6.5 million for 1983-84, £17.5 million in 1984-85 and £18.9 million in 1985-86. He hopes to find the balance from the agreed aid programme but will decide whether to seek further additional funds in the light of the overall pressure on aid programme resources in the course of the 1983 PES exercise.

4. In addition, on 28th January, the Department of Education and Science circulated a paper on comparative unit costs of University courses in this country and similar courses overseas and the implied levels of public subsidy in both cases. It concludes that there are grounds for believing that gross annual unit costs are higher in the United Kingdom than in several (though by no means all) other countries; that in terms of gross cost per graduate the United Kingdom is well down the league table; but that in the case of France and Germany, our closest competitors who are also major hosts of overseas students, no fees are charged and the level of subsidy is 100 per cent.

5. With the exception of the Chief Secretary, Treasury, other Ministers have broadly welcomed the Foreign and Commonwealth Secretary's ideas. The Secretaries of State for Education and Science, and Trade and Mr Sparrow all agree that additional resources, equivalent to a small part of the savings made in 1979, should be injected back into the system on a carefully selective basis, targetted on specific and clear objectives. Although the Chief Secretary continues to see no good reason to change the earlier decision not to make any new money available, there have been private indications that he personally sympathises with the Foreign and Commonwealth Secretary's case.

6. By coincidence, at the moment when the Foreign and Commonwealth Secretary wrote to you, an important development took place which could prove very relevant to the issue in hand. This was the judgement of 16th December 1982 of the House of Lords to the effect that an overseas student who comes to this country and is habitually and normally resident here, from choice and for a settled purpose throughout the prescribed period apart from temporary or occasional absences, is "ordinarily resident" in the natural and ordinary meaning of those words in Section 1(1) of the Education Act 1962. Put simply, this means that an overseas student who has been here for at least three years (with or without the right of abode in the United Kingdom) becomes eligible for a mandatory award from the Local Education Authority if he or she is accepted for a first degree or comparable course of further education in the United Kingdom. The Department of Education and Science are examining this judgement and until their analysis is complete the implications remain uncertain. The note from the Treasury states that its effects on the calculations of the cost of the Foreign and Commonwealth Secretary's proposals would probably not be significant although this would depend on what action was taken.

HANDLING

7. This is a complex subject and further work will be necessary to convert any decision of principle into detailed decisions. However it will be difficult to delay for much longer a substantial statement to Parliament; and it would be desirable, if at all possible, to reach agreement on the main issues of principle at this meeting. With that in mind, it might be sensible to concentrate on a limited number of key questions.

a. Is there agreement in principle that additional resources should be made available, equivalent to a small part of the cut of £100 million made in 1979 as proposed by the Foreign and Commonwealth Secretary?

b. If so, and without agreeing to every detail, would a package of selective and carefully targetted measures along the lines proposed by the Foreign and Commonwealth Secretary be the right approach? Are these measures aimed at the right targets? Do they, for example, meet the criteria for such assistance proposed by Mr Sparrow in his minute of 22nd December?

c. Can the meeting agree to invite the Foreign and Commonwealth Secretary to make an early announcement of the decision of principle to Parliament? And authorise him to work out the remaining details with those Ministers concerned?

d. Can the Scarman judgement of 15th December 1982 safely be treated as a separate issue?

8. After explaining how you intend to handle the discussion, you might invite the Foreign and Commonwealth Secretary to introduce his proposals. The Chief Secretary, Treasury will no doubt wish to reply. Other Ministers could then be invited to give their views.

CONCLUSION

9. Assuming that the Foreign and Commonwealth Secretary's proposals command general assent, at least in principle, the meeting might conclude by inviting him to make an early statement to Parliament. He will wish to clear his statement in advance with the Chief Secretary, Treasury and the Secretaries of State for Education and Science, Trade, Industry and Defence; and to concert with them on the necessary follow up decisions.

David Goodall

31st January 1983

A D S GOODALL

Students from overseas X

From Sir PETER BAXENDELL and others

SIB—At a time when the Government is considering Britain's policy on overseas students, we wish to express our view on one aspect of this issue, which we believe to be widely shared with other British businessmen whose companies, like ours, have major interests overseas.

Following the publication last year of a major independent study on overseas student policy and the subsequent public discussion, we believe the Government would agree with us about the importance of continuing to attract able students from overseas for the commercial as well as the political benefits that this brings to the country.

Given this consensus and the need to establish a positive national approach, we should like to see some investment of public funds, however modest to start with, aimed at securing the broader long-term commercial benefits of educating overseas students in the United Kingdom.

This would complement what industry already does in its own specific interest by way of sponsorship and in-company training. (The largest British-based international companies spent over £12 million last year for this purpose).

The governments of our competitor countries (United States, Germany, France, Japan) recognise the value for their overseas trade of training nationals from countries where their long-term interests will lie. This country should do the same and we hope the Government will see its way to adopting policies with this aim in view.

PETER BAXENDELL, Chairman, Shell Transport and Trading Co.; K. DURHAM, Chairman, Unilever; PETEROCK, Chairman, BICC; P. SUREBY, Chairman, BAT Industries; PETER WALTERS, Chairman, British Petroleum; HOWLAND WRIGHT, Chairman, Bore Circles Industries.
London, S.E.1.



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

A J Coles Esq
10 Downing Street
LONDON SW1

28 January 1983

Please f/w H. G. meeting on

Dear John,

1 February.

M-28
1

OVERSEAS STUDENTS' FEES

I enclose, as requested in your letter of 20 December, a paper on comparative unit costs for the meeting of Ministers on 1 February. The paper also includes comparative material on fees chargeable to overseas students and the implied level of public subsidy in other countries.

I am sending copies to the Private Secretaries to the Secretaries of State for Foreign and Commonwealth Affairs, Defence, Industry and Trade and the Chief Secretary, as well as to John Sparrow (CPRS) and to Richard Hatfield (Cabinet Office).

Yours sincerely,
Magen Wilde

MRS I WILDE
Private Secretary

OVERSEAS STUDENTS: A COMPARISON OF UNIT COSTS AND FEES IN THE UK
AND ELSEWHERE

Note by the Department of Education and Science

UNIT COSTS

1. At Annex A is a Note which draws together such international data as are available on comparative unit costs for higher education courses. Allowing for the problems of interpretation inherent in any such comparisons and the poor quality of much of the data, there are grounds for believing that gross annual unit costs are higher in the UK than in several (though by no means all) other countries.

2. It is not possible from the raw data to identify the reasons for such differences. It is possible, however, to suggest explanations, drawing essentially on unquantified impressions. For example, in some other countries classes tend to be large, even over-crowded, while syllabuses are dominated by lectures with little opportunity for direct staff student contact (eg through seminars and tutorials). Moreover, policy in some other countries is to allow all students with minimum qualifications to enter as of right but not to provide a correspondingly higher level of resources to finance them. It is not thought that there are any structural reasons (eg differences in the length of academic years) which would explain the differences though it should be noted that in this country one third of recurrent grant to universities is for research and serves to inflate our unit costs. It is not known how far, if at all, other countries' unit costs are similarly inflated.

3. The more selective character of UK higher education linked with its greater concern with the individual has earned it a "high quality" reputation in international circles. It is also

true that students here tend to finish their studies more quickly and to exhibit a lower drop-out rate than elsewhere. This has persuaded some commentators to argue that a better comparative measure of cost would be the gross cost per graduate. At Annex B is a Table prepared by Professor Robin Marris which shows not only that the percentage of students graduating each year is higher in the UK than in the other countries covered but that the UK cost per graduate falls well down the European league table of such costs.

FEES

4. A comparison of gross unit costs (whether annual costs or costs per graduate) is an indication of the relative level of resources committed to higher education in different countries. Of itself it does not measure the relative cost of providing for an overseas student either to the student himself or to the taxpayer of the host country.

5. The Table at Annex C gives details of the estimated fees payable by overseas students over the length of an average course as well as details of the proportion of cost met by taxpayers in the different countries covered. From the Table it will be noted that the UK is the only country in which all overseas students are charged full cost fees. In the USA students attending private universities pay economic fees (though these will also reflect the level of endowment and other income). Elsewhere fees are subsidised to a greater or lesser extent. In the case of France and Germany, which are both major hosts of overseas students, no fees are charged and subsidy is 100%.

STUDENT SUPPORT

6. From the above it would seem to follow that while an overseas student might be attracted to the UK by the better

prospects here of completing a degree course and over a shorter period, he may nevertheless be deterred by the fact that the cost of that degree will fall to be met by himself to a greater extent than elsewhere.

7. That conclusion might need to be modified if the student believed that living costs in the UK were likely to be significantly lower than in other host countries. (This in turn would be much influenced by exchange rates and prospective relative inflation rates). It would also need to be modified if there was a greater expectation of his receiving assistance towards living costs from the taxpayer in the UK than elsewhere. Data on the availability of scholarships for overseas students in different countries is limited. The suggestion is however that the UK at present provides scholarships for roughly the same proportion of overseas students attending its institutions as other host countries do. That would leave unaffected the conclusion reached in paragraph 6 above.

EDUCATION: Overseas students fees: June 80

20 JAN 1980



UNIT COSTS IN HIGHER EDUCATION: INTERNATIONAL COMPARISON

The quality of international data does not provide an adequate basis for a detailed analysis to be carried out of comparative unit costs. The most that it generally allows are comparisons of public expenditure per student in higher education as a whole, using very broad definitions. Even these need to be treated with due scepticism because differences among countries in terms of their education systems, institutional structure, finance, and data collection methods militate against the collection of international data on a consistent basis, not to mention the interpretation of what is collected.

2. Conversion of expenditure into a common currency is also very hazardous: official exchange rates, apart from being subject to wide fluctuations, are not generally a good measure of the relative prices relevant to internal expenditures on non-traded items such as education. The use of purchasing power parities goes some way towards overcoming these problems but reliable estimates of these are only available for a few countries.

3. In addition to these general problems there are many other more specific weaknesses in the international data sources which seriously hamper the calculation of meaningful unit costs. These include:-

- (a) some of the student totals given for other countries are known to include students at private institutions, whereas the expenditure data relate only to public expenditure
- (b) no distinction is made between full-time and part-time students
- (c) the data do not adequately distinguish between expenditure on institutions and expenditure on student support
- (d) no account can be taken of differences in the extent to which spending on research is included within higher education
- (e) the data are out-of-date: the latest year on which comparisons can be based is 1978 (1977 in some cases).

4. The Table below shows some comparisons which have been attempted using a number of measures of the relative costs per student per year. In addition to the objections mentioned above, to which the comparisons are subject, it is worth noting that the UK unit cost figures calculated on a comparable basis and used as the benchmark for comparison, are not ones which would be recognised or even regarded as meaningful within DES.

HIGHER EDUCATION PUBLIC EXPENDITURE PER STUDENT⁽¹⁾

FIGURES ARE PERCENTAGES OF COMPARABLE UK FIGURE						
JALLADE ⁽²⁾		DES			MARRIS	
OFFICIAL RATE	OFFICIAL ⁽³⁾ RATE	PPP ⁽⁴⁾	EXCLUDING ⁽⁵⁾ SCHOLARSHIPS	TEACHING/ ADMIN ⁽⁶⁾ COSTS	UNIVERSITY STAFF ⁽⁷⁾ PER 1000 STUDENTS	
BELGIUM	84	110	76	121	69	-
DENMARK	136	119	72	115	63	-
FRANCE	35	45	34	46	37	56
W GERMANY	85	85 ⁽¹⁰⁾	56 ⁽¹⁰⁾	74 ⁽¹⁰⁾	48	140
ITALY	25	23	25	34	23	47
NETHEERLANDS	176	184	131	196	77	107
SWITZERLAND	173	201	-	(302)	-	80
CANADA	-	114	-	(168)	-	65
JAPAN ⁽⁸⁾	-	39	27	43	-	93
USA ⁽⁹⁾	-	77 ⁽¹⁰⁾	59 ⁽¹⁰⁾	-	-	62
UK	100	100	100	100	100	100

/see NOTES over

NOTES

- (1) Unless otherwise stated figures relate to all 3rd level (=higher) education and are for 1978.
- (2) Derived from article by J P Jallade, European Journal of Education 1980. Based on all current and capital expenditure, converted at official exchange rates. (1975 data).
- (3) Current expenditure only, including scholarships, converted at official exchange rates.
- (4) As for note 3 but converted using purchasing power parity.
- (5) Current expenditure excluding scholarships. Converted using purchasing power parities where available. Bracketed figures converted at official exchange rates.
- (6) First degree students only; derived from open letter to Sir Keith Joseph published in the Times, Feb 5 1982. Conversion at PPP rates.
- (7) University students only
- (8) It is known that three-quarters of Japanese higher education students are in the private sector. True figures for public institution costs are likely to be around four times those quoted.
- (9) In the USA there is a very wide variation between institutions in terms of unit costs and of the degree of government support. 1981/2 figures for the California State University and colleges (largely state-funded) suggest unit costs of around 60-70% of the corresponding UK figure, but other colleges (especially the more famous private institutions) have much higher costs than this.
- (10) Based on 1977 data

HIGHER EDUCATION EXPENDITURE PER GRADUATE, 1978

	RELATIVE COST PER STUDENT (UK = 100)	PERCENTAGE 1st DEGREE STUDENTS GRADUATING EACH YEAR	RELATIVE COST PER GRADUATE (UK = 100)
BELGIUM	69	17.5	99
DENMARK	63	9.0	176
FRANCE	37	15.3	61
WEST GERMANY	48	9.5	127
ITALY	23	7.5	76
NETHERLANDS	77	7.3	267
UK	100	25.2	100

NOTE

Based on calculations by Professor Robin Marris given in open letter in the Times, Feb.5 1982. Figures relate to all first degree students (whether at university or elsewhere) and expenditures have been converted to a common currency using purchasing power parities.

COST OF COURSES TO OVERSEAS STUDENTS AND EXTENT OF PUBLIC SUBSIDY

	Tuition fees payable by overseas student (over length of average course)	Subsidy as a % of cost
	(1) £	(2) %
Belgium (1)	800	95
Denmark	Nil	100
France	Nil	100
Germany	Nil	100
Italy	300	95
Netherlands	1400	95
Canada (2)	1500-8500	o 40-90
USA		
State institutions (3)	8500	40
Private institutions	11,500-19,000	0
UK	10,000	0

Sources: Various, including "A Policy for Overseas Students" (OST) and "Higher Education in the European Community: Student Handbook". Currency conversions at January 1983 exchange rates.

Notes: (1) The figure given is that paid by foreign students within the 2% quota of places in each institution available for foreigners paying the 'home' fee. Students outside the quota pay higher fees (around £8000 over the length of an average course).

(2) Fee levels vary between provinces. 4 provinces charge overseas students at home rates, equivalent to £1500 over the length of an average course. Ontario with nearly 50% of all overseas students in Canada charges differential rates to overseas students equivalent to £4000 over the length of an average course or some 20% of cost, while Quebec charges substantially higher fees, equivalent to £8500 over the length of a first degree or 60% of cost.

(3) Figures are based on California State University data.

CONFIDENTIAL

EDUCATION-



Treasury Chambers, Parliament Street, SW1P 3AG

Timothy Flesher Esq
Private Secretary
No. 10 Downing Street
London SW1

26 January 1983

Dear Tim

B. U. for meeting on 1 Feb.

A. J. C. 27/1.

OVERSEAS STUDENTS' FEES

...
In accordance with your letter of 30 December the Chief Secretary has had the enclosed agreed note prepared showing the financial implications of the Foreign Secretary's proposals for overseas students set out in his minute of 17 December. The proposals are for discussion at the Prime Minister's meeting now rearranged for Tuesday 1 February.

I am copying this letter and enclosure to the recipients of yours.

Yours sincerely

J. Gieve

JOHN GIEVE
Private Secretary

CONFIDENTIAL

OVERSEAS STUDENTS: FINANCIAL IMPLICATIONS

Existing position

1. In recent years the number of overseas students (excluding those from the European Community) studying at publicly funded educational institutions in this country has been as follows:-

<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>
82,400	72,400	61,300 (Provisional)	55,000 (Estimated)

Of the 60,000 overseas students studying in this country in 1981-82, rather more than 10 per cent were directly supported from UK Government funds at a cost of about £50 million pa. Since that support tends to go to students in higher education, the proportion supported in that sector is rather greater.

2. The decision in 1979 to withdraw open-ended subsidies saved £100 million per year (at 1978-79 prices). Since then the Department of Education and Science has decided to charge EC students at the home rate. Some 5,800 such students now receive subsidies costing around £17.5 million pa. The DES has also introduced the overseas research students awards scheme which is designed to allow 1500 overseas research students to study in this country; if the total is reached the cost will be £3 million pa. In 1981-82 the Overseas Development Administration was able, from resources under the Aid Programme, to increase the funds available for overseas student awards under its two main schemes from £27.0 million in 1980-81 to £34.3 million in 1981-82; this was a temporary measure which ODA could not sustain in 1982-83.

Foreign Secretary's proposals

3. In his minute to the Prime Minister of 17 December 1982 the Foreign Secretary set out a package of proposals for providing additional support to overseas students. Below is set out for each proposal the cost over the next five years and the number of students who would benefit. The figures differ from those shown in the Foreign Secretary's minute because the estimates have been refined and converted into cash prices.

(a) Fee concessions to students from Hong Kong and the Dependent Territories

The costs of the following 5-year shared funding schemes would be met from FCO (Diplomatic Wing) Votes:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Hong Kong: 2600 students in total	£1.9m	£2.4m	£3.2m	£4.1m	£5.2m
Bermuda and Cayman Islands: 50 students in total	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m
West Indian & Atlantic Ocean Dependencies: 13 students in total	(cost negligible: to be absorbed within Vote)				

(b) Commonwealth Scholarship Fellowship Plan

Permanent schemes making 35 new awards annually to students from developed Commonwealth countries; and 140 new awards to students from developing Commonwealth countries:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Cost to FCO (Diplomatic Wing):	£0.2m	£0.6m	£0.6m	£0.6m	£0.6m
Cost to Aid Programme:	£0.8m	£1.9m	£2.0m	£2.0m	£2.0m

(c) Expanded Programme of Awards administered by the British Council

A new permanent programme, providing 1,000 extra places a year on 1-year courses, to meet specific national objectives:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Cost to FCO (Diplomatic Wing):	£1.0m	£7.8m	£8.1m	£8.1m	£8.1m

(d) Additional Schemes of Support

Schemes providing an additional 2,300 new targeted scholarship and awards to countries with substantial British interests. In 1983-84 and 1984-85 many of these awards would probably go to students already studying in this country.

Malaysia: A continuing level of 800 awards to meet difference in home and overseas fee levels.

<u>3-year scheme</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Cost to FCO (Diplomatic Wing):	£1.4m	£2.2m	£2.3m	£0.1m	-

Cyprus: Maximum level of 1500 awards (allowing up to 500 new awards annually) to meet part of the difference between home and overseas fee levels.

<u>5-year scheme</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Cost to FCO (Diplomatic Wing):	£1.4m	£2.2m	£2.3m	£2.3m	£2.3m

(e) Expansion of ODA Country Training Programme financed as part of the Aid Programme

Permanent expansion of programme to provide 800 additional awards on schemes varying in length from 3 months to 3 years:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Cost to Aid Programme:	£4.0m	£6.3m	£6.6m	£6.8m	£6.8m

(f) Essential Back-up

British Council assistance to academic institutions in selling their educational services abroad as a permanent priority function:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Cost to FCO (Diplomatic Wing):	£0.5m	£2.2m	£2.3m	£2.3m	£2.3m

Conclusion

4. The Foreign Secretary's proposals would mean an additional 6000 - 7000 scholarships and awards each year requiring financial provision as follows:-

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
Aid Programme	£4.8m	£8.2m	£8.6m	£8.8m	£8.8m
FCO (Diplomatic Wing)	£6.5m	£17.5m	£18.9m	£17.6m	£18.6m
Totals	£11.3m	£25.7m	£27.5m	£26.4m	£27.4m

The greater part of the expenditure would continue indefinitely after 1987-88.

5. The Foreign Secretary proposes to find the cost of extra aid-financed training for 1983-84 from the agreed aid programme. For the remaining years of the PES period, he is not at this stage seeking additional funds for the extra training proposed. He will decide whether to seek additional funds in the light of the overall pressure on aid programme resources in the course of the 1983 PES exercise. On the Diplomatic Wing side, however, he is unable to find the costs from within his existing allocations. He is therefore seeking additional provision of the full cost of his proposals throughout the PES period, namely:-

<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
£6.5m	£17.5m	£18.9m

The provision of funds for 1986-87 onwards will need to be considered in future Public Expenditure Surveys.

6. The Treasury's view is that if it is decided to increase the resources to be made available for overseas students, the proposals should not add to total public expenditure. The cost falling to the Aid Programme could be met from the programme's unallocated reserve, provided the reserve is maintained at an adequate level. In the case of the FCO (Diplomatic Wing) the proposals should only be accepted to the extent that they can be financed from savings elsewhere on Diplomatic Wing Votes.

Note on House of Lords judgment

7. The policy on overseas students will be affected by a recent House of Lords judgment which considerably extends the definition of home students for fees and awards purposes. DES are still considering the implication of this and possible reactions to it; so no account is taken of it in this paper. Its effect on the calculations would probably not be significant but this would depend on what action was taken.

Education Overseas Student Fees

June 80

Education 2 pps (2)



Prime Minister

To note, pending the eventual meeting on this subject.

A.S.C. 14/1

The Prime Minister

mf

OVERSEAS STUDENTS FEES

I have seen a copy of Francis Pym's minute of 17 December and subsequent correspondence from your Private Secretary, Keith Joseph, Leon Brittan and John Sparrow.

I also share the view that there is a good case in terms of our national, including our commercial, interest for providing some further support for overseas students in this country. We have to look at the case for new funds. As with Francis Pym and Keith Joseph, I find myself unable within my present budget to reallocate any significant sum, let alone the £4m mentioned by the OST, from other export promotion/work.

Of course, the arguments go wider than our commercial interests, as Francis Pym and Mr Sparrow have shown. Indeed, I think that we must avoid the fallacy which bedevils much of the OST's proposals, that because we can identify discrete objectives (political, commercial, educational etc) we should set up separate water-tight schemes aimed solely at any one of these objectives. If we do decide to commit new funds, then we must get the maximum range of benefits that we can from them. With my particular responsibilities, I am anxious that we should ensure that we get the maximum commercial leverage from any new funds, in terms of immediate contracts, and not simply vague hopes of influencing the next generation of decision makers. With careful planning and co-ordination, and firm handling, I think that we should well be able to achieve this.

I am copying this minute to the recipients of Francis Pym's minute.

Arthur Cockfield
LORD COCKFIELD

Department of Trade
1 Victoria Street
London
SW1

|| January 1983

Education:

Fees for overseas student

sure 80





Foreign and Commonwealth Office

London SW1A 2AH

10 January 1983

Prime Minister

To note. The Treasury and the
F/C.O. are preparing a note on the
financial implications.

A.S.C. 14/1

Dear Sam,

Overseas Students' Fees

Thank you for your letter of 20 December recording the Prime Minister's wish for a Ministerial discussion of the above subject, which has now been arranged for 26 January.

The Foreign and Commonwealth Secretary has also seen the minutes by Mr Sparrow and by the Chief Secretary and the Private Secretary to the Secretary of State for Education and Science. On the Chief Secretary's minute, Mr Pym has asked me to point out that public criticism of the original decision, both at home and in the Commonwealth, continues unabated; hopes and expectations of a positive response to the OST Study are considerable, and the disappointment and subsequent criticism if we do not make such a response will be correspondingly great. Mr Pym is firmly of the opinion that there can be no question of reversing the original decision to end the indiscriminate subsidies to tuition fees for overseas students attending universities and other higher and further education institutions in Great Britain from September 1980. What is now proposed is very different: a selective system of targetted awards to create a coherent, flexible and defensible policy. Unless some additional resources equivalent to a small part of the savings originally made are provided, this will be impossible. The recommendations in the OST Study which can be accepted without additional expenditure are insufficient to meet the requirements of our interests, particularly in the foreign policy and commercial fields. Mr Pym does not believe that to depart from the earlier decision not to provide new money should either give rise to significant public criticism, in the light of the OST Study's conclusions, or lead to further pressure which it would be difficult to resist.

/As far as the



As far as the procedure is concerned, Mr Pym notes that the proposals closely reflect the recommendations of the OST Study which were fully discussed and assessed by the Interdepartmental Group of officials, which included Treasury representatives. Nevertheless, he accepts and, indeed, had previously envisaged, the need for further discussions with the Treasury: he has instructed that this be put in hand, following earlier informal soundings at official level made before he minuted to the Prime Minister.

Finally, Mr Pym agrees that it would have been desirable if the present proposals could have been considered as part of last summer's Public Expenditure Review. But the Interdepartmental Group Report issued only in November and then had to be discussed further. The question could not therefore sensibly have been raised in September.

I am copying this letter to the Private Secretaries who received copies of your letter of 20 December and to Richard Hatfield at the Cabinet Office.

Your ever
J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

Education, June 30.

Tuition Fees for Overseas Students



AT 1 JAN 1984

12 1 2 3 4 5 6 7 8 9 10 11



put with
pp 23 F1
20/1/85 meeting

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

A J Coles Esq
10 Downing Street
LONDON SW1

30 December 1982

Dear John,

OVERSEAS STUDENTS' FEES

My Secretary of State has seen both the Foreign Secretary's minute of 17 December 1982 and your letter of 20 December 1982 conveying the Prime Minister's wish for a discussion in the New Year. We already have in hand the preparation of a paper on comparative course costs, as the Prime Minister has requested.

2. On matters covered by the Foreign Secretary's minute, my Secretary of State is content to accept the suggestion that the Foreign Secretary takes the lead, though he has asked me to note that both the OST Study and the report of the interdepartmental group covered items, such as recommendations on fee levels, which are for him and other Education Ministers and on which he has already initiated consultations with the UGC and the local authority associations.

3. My Secretary of State also endorses the Foreign Secretary's conclusion that the scope for redeployment of resources within existing programmes is very limited. That is certainly the case within the higher education budget, which has been and will continue to be under considerable pressure. He hopes therefore that a way may be found forward to take action in areas identified by the Foreign Secretary. In his view it may be sensible to inject on the selective basis proposed additional resources equivalent to a small part of the savings made. By doing so credit will be gained not only abroad but also with interested bodies here, among whom Government policy on overseas students continues to attract criticism.

4. I am copying this letter to the Private Secretaries who received copies of your letter of 20 December 1982 and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Mrs I Wilde

MRS I WILDE
Private Secretary

Edwe.: 0122222 students 6/80

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FIVE 500

Education

10 DOWNING STREET

From the Private Secretary

30 December, 1982

The Prime Minister has now seen the Chief Secretary's minute of 23 December about overseas students' fees. She would be grateful if the Chief Secretary could arrange for the proposed note of the financial implications of the Foreign Secretary's proposals to be prepared before the meeting of Ministers to discuss this issue.

I am copying this letter to the Private Secretaries to the Foreign Secretary, Secretaries of State for Education and Science, Trade, Industry and Defence and to Richard Hatfield (Cabinet Office).

TIMOTHY FLESHER

John Gieve, Esq.,
H.M. Treasury

*Yes - clearly the
proper procedure has
not been followed*



PRIME MINISTER

*Carried the meeting
under the has
not*

Prime Minister:

*Do you agree that
the Treasury and FCO
should produce a note
as proposed by the Chief
Secretary*

OVERSEAS STUDENTS' FEES

29/12

I have seen a copy of Francis Pym's minute of 17 December and your private Secretary's letter of 20 December suggesting a meeting in the New Year to discuss this question.

2. On the substance of Francis Pym's proposals I would only say that I see no good reason to change our earlier decision not to make any new money available for special schemes to replace the previous subsidy on overseas students' fees. This decision has been announced in Parliament on more than one occasion. To change our minds now, when we have already weathered the first wave of criticism of our original decision would be interpreted as weakness and would probably only encourage pressure for yet more concessions. In my view the scope for any initiatives in this area must be limited by the funds available in existing programmes. And I do not think that Francis Pym has given sufficient weight to the number of the Overseas Students Trust's recommendations which we could accept without approving additional expenditure.

3. Although the Treasury was represented on the official group which considered the OST study, I am very concerned that contrary to the usual procedure the FCO proposals should have been sent to you without prior consultation with the Treasury on their financial implications. The proper time for considering proposals for new expenditure is of course the Public Expenditure Survey and I am surprised that the subject was not raised at my PES bilateral with Francis Pym in September as the report had been under consideration since June and I had specifically invited him to identify potential bids for additional expenditure which

CONFIDENTIAL

had not been mentioned in this year's survey report. In the circumstances I would suggest that before your meeting next month Treasury and FCO officials should meet to prepare an agreed note of the financial implications of what is proposed.

4. I am copying this minute to the recipients of Francis Pym's minute.

L.B.

LEON BRITTAN

23RD DECEMBER 1982

CONFIDENTIAL
LONDON

CONFIDENTIAL

Educati : Overseas Student fees
June '80

CONFIDENTIAL
LONDON

Prime Minister: 2

*There is nothing new
in this number
The point is why she
can't do it*

CONFIDENTIAL

Qa 06201

To: PRIME MINISTER

From: JOHN SPARROW

22 December 1982

JF
23/12

*higher than that of
the other countries -
at least 10
times as
much*

file

Overseas Students Fees

1. I have seen a copy of the minute of 17 December by the Foreign and Commonwealth Secretary, and agree with his conclusion that limited selective assistance, targeted on specific objectives, is needed and should be sufficient to avert the adverse consequences of the decision in 1979 to end indiscriminate subsidy to foreign students.
2. The control of public expenditure is as important today as it was in 1979, and it follows that only limited funds can be available. The basic principle of full cost fees is in any event a sound one, because a British university education is well worth paying for, but a system of assistance by means of selective scholarship and general concessions to particular countries would further UK interests.
3. Overseas students serve Britain's interests in a number of ways:
 - (i) education is one of our service exports and should be regarded as such;
 - (ii) in general the attitude of people who have been educated in the United Kingdom and who later attain positions of influence, will be more favourable and understanding towards the UK;
 - (iii) in particular, those educated in engineering and technical subjects will think first of British equipment, and may well retain links with particular firms;
 - (iv) overseas students make a valuable contribution to UK academic research; in turn, some of them reach senior academic positions and send their students to the UK, so the cycle repeats itself.
4. It is notable that our major EC partners, France and Germany, recognise the value of overseas students by not charging them fees.

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5. The criteria for assistance should be as follows:

(i) the need to concentrate on newly industrialised countries for long term trade or commercial reasons; this might lead to major concessions for some countries, particularly Commonwealth ones, and to enhanced scholarship programmes in, e.g. Indonesia, Brazil, China, Mexico and the Philippines; *- none of which are Commonwealth!*

(ii) the need to support political initiatives in retaining or acquiring the goodwill of a territory. There is thus a strong case for a concession on fee levels for students from Hong Kong. Selective scholarships may be used as an adjunct to long term policies, e.g. weaning Ethiopia (which has had many educational contacts with the UK in the past) away from total dependence on the Soviet Union;

(iii) the provision of a limited amount of export subsidy, by providing scholarships to countries which have not traditionally considered the UK as their natural place of overseas education so as to attract others at full cost;

(iv) the enhancement of the UK applied research programme, for example by a scholarship programme for the very able even if in some instances they come from relatively well-off countries.

6. Those proposals in the interdepartmental Report on the Overseas Students Trust's Study which do not require new money go only some way to meeting these criteria. UK interests would be served by backing these proposals, and by making limited extra funds available for a package along the lines of that in paragraph 6 of the Foreign and Commonwealth Secretary's minute. In implementing the package, the Foreign and Commonwealth Office could be asked to take account of the criteria outlined above.

7. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Secretaries of State for Education and Science, Trade, Industry and Defence, the Chief Secretary, and to Sir Robert Armstrong.

PS.



MISS STEPHENS

10 DOWNING STREET

From the Private Secretary

20 December 1982

Dear John,

OVERSEAS STUDENTS' FEES

The Prime Minister has seen the minute of 17 December by the Foreign and Commonwealth Secretary on the above subject.

She would like to discuss the Foreign and Commonwealth Secretary's recommendations in the New Year with the Secretaries of State for Education and Science, Trade, Industry and Defence, the Chief Secretary and Sir Robert Armstrong.

Meanwhile the Prime Minister has asked if the Department of Education and Science could produce a comparison between the unit costs of university courses in this country and similar courses overseas, designed to explain why our courses are so expensive.

I am copying this letter to the Private Secretaries of the Ministers referred to above and to Richard Hatfield (Cabinet Office). We shall be in touch with them to arrange a date for the meeting.

*Yours ever
John Gales*

John Sparrow

*CF 16.30-17.30
Wed 26th JA*

CF 23/12

John Holmes, Esq.,
Foreign and Commonwealth Office.

205

File



cc: DES
DOT
BOI
MOB

10 DOWNING STREET

CSO, HMT
Co

From the Private Secretary

20 December 1982

bc: Miss. Stephens

Dear John,

OVERSEAS STUDENTS' FEES

The Prime Minister has seen the minute of 17 December by the Foreign and Commonwealth Secretary on the above subject.

She would like to discuss the Foreign and Commonwealth Secretary's recommendations in the New Year with the Secretaries of State for Education and Science, Trade, Industry and Defence, the Chief Secretary and Sir Robert Armstrong.

B/R

Meanwhile the Prime Minister has asked if the Department of Education and Science could produce a comparison between the unit costs of university courses in this country and similar courses overseas, designed to explain why our courses are so expensive.

I am copying this letter to the Private Secretaries of the Ministers referred to above and to Richard Hatfield (Cabinet Office). We shall be in touch with them to arrange a date for the meeting.

Yours ever
John G. G.

John Holmes, Esq.,
Foreign and Commonwealth Office.

205



PM/82/109

PRIME MINISTER

*Yes - but would Prime Minister
 DES would you like a meeting in the New
 Year with the Ministers directly concerned
 with the mid. 60's of
 University courses (para 9)?*

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Overseas Students' Fees

1. The decision to withdraw the subsidy on overseas students' fees for new entrants in 1980 was taken as part of general Government policy to curb public expenditure. It has been widely criticised, especially by Commonwealth countries; the Dependent Territories in particular feel they have a strong claim on a point of principle to exemption from the general rule. (The arguments are set out in more detail in Annex 1 to this minute.) There is also a widespread view in this country that the present position on overseas student fees is contrary to UK interests, notably our foreign policy and commercial interests.

2. The decision removed at a stroke over two-thirds of the support for overseas students in this country, resulting in a reduction in numbers from 83,000 in 1979 to an estimated 55,000 in 1982. It also distanced us from our friends and benefitted our competitors in both East and West. France, Germany, USA and Soviet Union are trying very hard to attract overseas students at a time when we are thought to be driving them away.

3. Particularly damaging are the long-term implications for British interests. A Study by the Overseas Students Trust (OST), with government cooperation and support, has shown a widely held belief among UK and foreign and Commonwealth businessmen that there is a connection between training in Britain and future orders for British goods and services.

Long-term friendship with many overseas countries arises from their leaders having been educated here. In a situation where we are trying to get a better world market share and international support for British policies, the presence of

/overseas



overseas students here is a long-term investment which it seems perverse to undermine. The short-term effects of the decision, including the risk of retaliation (contracts have certainly been lost in Malaysia) and the strength of feeling at home and abroad are also of course worrying.

// 4. An interdepartmental group of officials have been looking into the question in the light of the OST Study and have produced a report. Both Study and report are very bulky documents, but I enclose copies nevertheless, in case you wish to refer to them. The report highlights the difficulty that the Departments involved have had in seeking to reallocate money to alleviate some of the more serious consequences of the original decision. It is clear that a Government response to the Study on the basis of officials' terms of reference (which excluded consideration of new money) could only be very limited. This sort of response would not meet the expectation that has built up at home and abroad, much less counteract the actual and potential adverse effects of the original decision about fees.

5. I have thought very hard about this. Widespread exemption for all Commonwealth countries would be unacceptably expensive. I am satisfied however that the case for doing something for the Dependent Territories, for the Commonwealth generally and for certain other categories of countries is very strong. I have in mind particularly support for places such as Hong Kong, Malaysia and Cyprus. We should also, for our long-term trade and commercial interests as well as for developmental reasons, do something for those students from countries who have in effect been denied tertiary level education in this country by the application of the 1979 decision - in particular, those from countries with no or inadequate tertiary level institutions. Moreover, we must see that these measures

/have



have the right back-up to ensure a coherent, flexible and defensible policy on the overseas student question as a whole.

6. I should therefore like to propose the following package of measures:

a. Fee concessions to students from Hong Kong and the Dependent Territories

The Hong Kong Government have proposed a shared funding scheme on a 50/50 basis which would have the effect of treating Hong Kong university students as home students for fee purposes (cost to HMG: £1.86m in 1983/4 rising to £5.15m in 1987/8). A similar arrangement could be introduced for some of the richer remaining dependent territories - Bermuda and the Cayman Islands (cost to HMG some £100,000 per year).

b. An expansion of the Commonwealth Scholarship Fellowship Plan

Additional awards financed from the FCO (diplomatic wing) and FCO (ODA) votes for students from the developed and developing countries of the Commonwealth, respectively (cost to HMG £1.25m in 1983/4 rising to £2.5m in later years).

c. Additional British Council-administered Awards

A new programme (as recommended in the OST Study) to meet specific national objectives. Two elements in such a new programme could be the inclusion of undergraduates and partially funded awards (cost to HMG £1.4m in 1983/4 rising to £7m in later years).

d. Additional Schemes of Support

To deal with particular problem countries with substantial British interests.

/i.



i. Malaysia

A new partial award scheme for a limited period of three years to meet a Malaysian Government request to aid its students already studying in this country from their Institute of Technology (MARA) (cost to HMG £2m a year).

ii. Cyprus

A new scheme for a limited period of five years to help meet the differentials between home and overseas students levels of tuition fees for Cyprus university students (cost to HMG £2m a year).

iii. Others

We should not rule out the possibility of looking at proposals from other governments for shared funding schemes. Hong Kong is the only Government so far to propose such a scheme.

e. Expansion of the ODA Country Training Programmes financed as part of the Aid Programme

An addition to the ODA's Bilateral Technical Cooperation Programme to provide additional new awards annually, so as to restore the number of awards to the 1979 level (cost to HMG £4m in 1983/4 rising to £8m in later years).

f. Essential Back-up

The British Council should assist the activities of individual British institutions in selling their educational services abroad. In the longer term strengthening the links between academic institutions in the UK and abroad can serve as useful a purpose as increasing student numbers through awards. The British Council should take this on too as a priority function (cost to HMG £500,000 in 1983/4, rising to £2m in later years).

/ These measures, which are set out in more detail in Annex II,

/would



would provide for an additional 6-7,000 targetted scholarships and awards each year. They would involve a cost to the FCO (Diplomatic Wing) vote of £8.15m in 1983/84 rising to £16.79m in 1987/88 at 1982 prices and a cost to the ODA vote of £5m in 1983/84 rising to £10m in 1984/85 and thereafter.

7. We need to look at how this is to be financed for 1983/84 and subsequent years. I am able and prepared to find £5 million from within agreed aid programme resources, at any rate in 1983/84. The £5 million would be used in that year to finance an increase in the ODA's country training programmes (£4 million) and to increase the numbers of awards for developing countries under the Commonwealth Scholarship and Fellowship Plan (£1 million). The funding of the remaining measures, including the scheme for Hong Kong, would fall to the FCO (Diplomatic Wing) vote, but I am quite unable to find such resources from savings in the agreed PES allocations for the FCO Diplomatic Wing. New funds will be required to increase the Diplomatic Wing PES allocations in 1983/84 and later years in order to cover this shortfall.

8. Having had so much experience at first hand of the damage done by the 1979 decision, I believe that we have a very strong interest in ensuring that we develop a coherent, flexible and defensible policy for the future. I am prepared for the FCO to take the lead in this. But if I am to do this, I must be able to put back into the system a small proportion of the resources removed by the 1979 decision. Without some new money we can do virtually nothing.

9. I am copying this to the Secretaries of State for Education and Science, Trade, Industry and Defence, to the Chief Secretary and to Sir Robert Armstrong

OVERSEAS STUDENTS: THE CASE FOR SOME SPECIAL ARRANGEMENTS

1. The Cabinet decided on 23 July 1979, as part of their review of public expenditure, to end the indiscriminate subsidies on tuition fees for overseas students attending universities and other higher and further educational institutions in Great Britain. This decision meant that from September 1980, overseas students enrolling on courses would be charged for tuition at full cost rates unless they qualified for one of a limited number of post-graduate bursaries, or were students from EC countries, or were admitted under an exchange scheme between the British and an overseas institution. The DES estimated that the decision would produce net savings of about £100 million at 1980 Survey Prices in payments to academic bodies, taking into account the concessions, for example to EC students, already made. The expenditure ranked relatively low in terms of educational priorities.
2. The new general rule which was announced on 1 November 1979 became the subject of strong critical comment (which still continues) both at home and from overseas, especially from dependent territories and Commonwealth countries. This opposition became more vociferous when it was announced on 1 April 1980 that EC students would be exempted from the requirement and treated as home students for fees purposes because of our potential treaty obligations; and when it was confirmed on 13 June 1980 that French Overseas Departments would benefit equally. The DES agreed to this concession on the grounds that there were educational advantages to be gained from greater student mobility between EC countries. It was anticipated that the reciprocal nature of arrangements within the EC would ensure that, in the long run, the concession would not add to the cost of provision for higher education. The availability of the concession to the French Overseas Departments (not to the French Colonies) reflects their standing as integral parts of metropolitan France.

3. In fact, all Commonwealth countries consider that they have a claim to be exempted from the new fee level. Sonny Ramphal has told us privately that in his view some relaxation on this issue would be the single most important thing the British Government could do for the Commonwealth. However, the cost would be so high (£75m) as to be un-acceptable and a widespread exemption of this kind would destroy the Government's policy on overseas students' fees. Total exemption for Commonwealth countries is therefore not a practicable proposition. There is however a case for limited measures.

4. The ODA was able from resources under the Aid Programme to mitigate the criticisms by Commonwealth and other Governments by restoring in 1981 the number of new awards made under its Technical Co-operation Training Programme to the levels of 1978 and 1979. This temporary measure was of particular benefit to the smaller, poorer Commonwealth countries such as Sierra Leone and The Gambia whose people cannot afford to educate their children here at their own expense. But the ODA was unable to sustain this temporary improvement in 1982 and will not be able to maintain the position in future years (because of the high cost of fees in Britain) without increasing allocations to the country programmes which in any case do not as a matter of aid policy extend to the more developed and newly-industrialised nations.

5. The number of overseas students in Britain is falling fast - 83,000 in 1979/80 and 62,000 in 1981/82, ie a 25% reduction in two years. (It is estimated that the number will fall to 55,000 in 1982/83.) The reduction in overseas students in the non-advanced further education sector (27,000 overseas students in 1979/80; 12,000 in 1981/82 - a 55% reduction) is particularly marked and is bound to have its effect on overseas students' numbers in later years. However, it is not so much the fall in numbers overall as the reduction in the student levels from particular countries which causes concern.

6. During the two year period 1979-80/1981-82, students from Malaysia studying here dropped 30% (from 17,000 to 12,000). The missing students went to the USA, Canada, Australia, New Zealand and Japan. Although it is impossible to put a figure on the cost to us, Dr Mahathir's directive has certainly done appreciable damage to UK exports to Malaysia, potentially much more costly to us than the maintenance of subsidies for Malaysian students. We have recently had confirmation from Tun Ismail, Mahathir's brother-in-law and professionally close to him, that 'university fees remain at the front of his mind as an obstacle to better British/Malaysian relations'.

7. Cyprus is in much the same position - 1577 students in the UK in 1979/80 and 1135 in 1981/82 - a reduction of 30%. Most of those who have chosen not to come to the UK have so far gone to other West European countries; but the biggest source of funds available to the Cypriots is provided by the Eastern Bloc which, according to the Greek Cypriots, now accounts for 70% of all scholarships offered. In addition to the long-standing question of 'money for the bases', the overseas students' fees issue is a major irritant in our relations with Cyprus. The Cyprus Foreign Minister alone has raised the matter with us on two occasions in the last 6 months.

8. As both the OST Study and the report by the Interdepartmental Group of officials made clear, the case for favourable treatment for Cypriot students is based essentially on arguments concerned with the UK's defence and long-term political interests. The OST recommended a concession of home fee student status and thought that a contribution might be forthcoming from the Cypriot Government. It would be difficult to explain to other Commonwealth countries the reasons for granting Cyprus the former and it is unlikely that the Cypriot Government would agree to the latter since they consider that their special circumstances entitle them to send their students to the UK on the same terms as home

/students.

students. The Interdepartmental Group suggested that it might be prudent to envisage any action in favour of Cypriot students taking the form of a partially funded scholarship scheme.

9. Mauritius (752 students in 1979/80; 472 in 1981/82 a reduction of 43%) feels that we have let her down, particularly as we insisted when we established a university that that it should have only basic 'development facilities' expressly because Mauritians could study other subjects on the same footing as UK students in the UK.

10. There are other countries where the decision on overseas students' fees has been much resented. These include Canada, Kenya and Nigeria. Nor is the criticism confined to the Commonwealth. China for example is concerned about the level of fees in the UK as was made clear in Premier Zhao Ziyang's conversation with the Prime Minister. We spend much less on scientific and educational links with China than our rivals: and our trade could benefit if we did more in this field.

The Dependent Territories

11. The Dependent Territories have strong links with Britain. The Secretary of State for Commonwealth Affairs, under Her Majesty The Queen, is responsible for the good order and government of the Dependent Territories and they recognise limits on their freedom of action both in domestic and external questions which may not always coincide with their best interests.

12. Students from Gibraltar, as a Dependent Territory of the United Kingdom which is part of the mainland of Europe, have been accorded home fee status. Students from Hong Kong, Bermuda, Cayman Islands, British Virgin Islands, Montserrat, Turks and Caicos Islands, Anguilla, St Helena and the Falkland Islands are classified as 'overseas' students for fee purposes.

13. Apart from Hong Kong, none of these territories has an indigenous Higher Education system, though the Caribbean dependencies contribute to the cost of - and send most of their students to - the University of the West Indies.

14. The Government's decision to withdraw the subsidy from overseas students' fees caused a good deal of ill-feeling in Hong Kong and this continues. It was regarded as another sign of a lack of British interest and Britain distancing herself from the Territory and was added to the list of greivances harboured by Hong Kong in other areas (eg the Nationality Act, Vietnamese refugees and the Multi-Fibre Arrangement).

15. The 1979 decision took £100 million out of the system. The ODA [and DES] put some of this back. But this has served only to maintain the number of assisted students and trainees here at the 1979 levels. It has not offset the consequences of the original decision for non-assisted students; and the wider effects are still with us. A proportion of the £100 million is needed to remedy the situation.

ANNEX II

OVERSEAS STUDENTS' FEES: FINANCIAL PROPOSALS

Hong Kong

1. The Hong Kong Government have made a preliminary proposal for a shared funding scheme for 1800 Hong Kong students in 1983/84 rising to 2600 in 1987/88. They estimate that Her Majesty's Government's contribution under their proposals would probably be around £1.86 million in 1983/84, rising to £5.15 million in 1987/88. The proposals include provision for any arrangements agreed with Her Majesty's Government to be reviewed in 5 years' time. The numbers of students coming to the UK from Hong Kong would not rise indefinitely as the Hong Kong Government have already embarked on a programme to increase the facilities for tertiary education within the Territory.

2. Bermuda and the Cayman Islands do not receive aid and are financially sound. A shared-funding scheme for between 40 and 50 students on a 50/50 basis is estimated to cost the UK £100,000. The remaining West Indian and Atlantic Ocean Dependencies account for about 16 students and their number is unlikely to rise. £40,000 would subsidise these and as these territories are in receipt of aid this sum could probably be absorbed by a modest increase in their aid allocation.

Commonwealth Scholarship and Fellowship Plan

3. An announcement at the 9th Commonwealth Education Conference in September 1983 of an increase in the number of awards in Britain through the highly regarded Commonwealth Scholarship and Fellowship Plan (a Commonwealth-wide scheme through which many members offer places at universities in their own country) would do even more to convince the Commonwealth generally of our wish and ability to assist academic development throughout the Commonwealth. An additional £250,000 in 1983/84 rising to £500,000 in later years on the FCO (Diplomatic Wing) Vote; and an additional £1 million in 1983/84 rising to £2 million in later years on the FCO (ODA) Vote is suggested. Funding of this order would provide about 35 new awards annually to students from developed Commonwealth countries and about 140 new awards to students from developing Commonwealth countries (in both cases usually for 2 years).

/Expanded

Expanded Programme of British Council Awards

4. The present British Council scholarship scheme would be expanded and broadened to meet specific national objectives. For this purpose scholarships to provide for at least 1,000 extra places each year in British Institutes of Higher Education would be made available. The cost would be £1.4 million in the first year of operation (assuming 20% uptake) rising to £7 million in 1984/85.

Additional Schemes of Support

Malaysia

5. The Malaysian Government are anxious to maintain the present number of government-sponsored students in the UK (around 4,000) to help them with budgeting problems in the next 3 years caused by the 1979 decision. They have particularly sought our assistance over their students already here from the Institute of Technology - MARA. There are some 800 MARA students undergoing courses in Britain who would previously have been eligible for UK subsidies, which at current fee rates would total close to £2 million per annum.

6. The precise cost of achieving the above-mentioned objective remains to be established, not least because of uncertainties over the number of new MARA students expected here in 1983/84. However, the estimated required contribution from Her Majesty's Government would be of the order of £2 million in 1983/84 and a similar amount over the following two academic years, this calculation being based on an average subsidy element of £2,500 per annum for 800 students. Thereafter, the Malaysian Government should and could find and earmark funds sufficient to pay the current fees for the courses they want.

Cyprus

7. A partially-funded scholarship scheme for 5 years to help meet the differential between home and overseas fee levels subject to a maximum of 1500 awards (the 1979 level); selection criteria to be negotiated with the Cyprus Government. £2 million towards such a scheme would at least go some way towards defusing the situation.

Expansion of the ODA Country Training Programmes Financed As Part of the Aid Programme

8. An addition of £4 million to the ODA's Bilateral Technical Cooperation Programme in 1983/84 - an increase of about 10% - would provide about 800 additional new awards in that year. To maintain the increased number of new awards and provide for students continuing from one year to the next, an additional £8 million would be required in 1984/85 and later years.

Essential Back-up

9. The British Council should be provided with additional funds to

- (a) expand its programme of academic interchange at middle and senior levels;
- (b) develop joint research projects and long-term links between higher education institutions;
- (c) help to market British educational facilities and material

at a cost of £500,000 in 1983/84 rising to £2 million annually in later years.

THE OVERSEAS STUDENTS TRUST'S STUDY: REPORT BY THE INTERDEPARTMENTAL GROUP

1. In his answer to a question in the House of Commons on 9 June (Appendix A) the Secretary of State for Foreign and Commonwealth Affairs said that the Government welcomed the Study by the Overseas Students Trust drawing up a range of options for a policy towards overseas students. He said that although no new money could be made available, the Government would consider the recommendations in the Study seriously; and he made a number of immediate comments on its main propositions. These included the Government's recognition of the importance of encouraging overseas students to come to the United Kingdom and that there are educational, economic and foreign policy reasons for so doing; agreement that there can be no return to the previous policy of indiscriminate and open-ended subsidy; and that a principal mechanism should be schemes of support targeted at particular groups of students.
2. An Interdepartmental Group of officials was set up in 1980 to monitor the consequences of the 1979 decision to remove the subsidy from overseas students fees. A note on the numbers of overseas students in the UK in 1980, 1981 and 1982 is at Appendix B.
3. Last June, Ministers instructed the Group 'to continue to meet, and to work out what the next steps should be, concentrating on the possibility of redeploying existing resources, achieving flexibility as regards fees....., improvements in the mechanism and an examination of particular proposals such as those involving Cyprus... and Hong Kong'. The Group is chaired alternately by the DES and the FCO, and consists of officials from departments with an interest in the overseas students question (DES, FCO, ODA, Treasury, the Departments of Trade and Industry, the Home Office and the Scottish, Welsh and Northern Ireland Offices) plus the British Council. The Group split into four working parties to examine the recommendations of the OST's Study; the working parties considered respectively the question of fees, award schemes, special cases and the monitoring of statistics. Their reports are set out at Appendices C, D, E and F.

Constraints and Influences

4. Before turning to the specific recommendations in the OST's Study and the Group's consideration of them, a number of general points must be made. These are listed below, not necessarily in order of importance:-

- JAY L. BROWN
- (a) First, the Government's response to the OST's Study cannot be a cut and dried affair. Some of the issues raised, as the Study recognises, are for the longer-term; and indeed the Study makes a number of sensible recommendations which will serve as valuable pointers to future policy. However, the policy is something which must develop in consultation with the various interests involved. Departments are still in consultation with some of the bodies concerned, and it may be some time before such consideration is complete. Schemes involving cooperation with support of Foreign and Commonwealth Governments and the private sector will take time to develop. Indeed it seems to the Group that the implementation of the Government's policy in this area will raise specific issues which will require regular review. It is therefore recommended that for this reason alone the Interdepartmental Group should remain in being. By the same token, this report cannot be regarded as the last word on the subject.
- (b) Secondly, the Group was very much aware of the continued repercussions of the present policy, particularly overseas. The feelings aroused by the Government's decision to withdraw the subsidy from non-EC overseas students fees (in particular, the lack of consultations and the speed of implementation) continue to run very high, especially in the Dependent Territories and the Commonwealth; and to be the subject of representations at the highest level. In a number of countries, the decision has led to questioning about the seriousness of the Government's commitment to the Commonwealth (eg it is often asked how the Government can treat as a home student someone from Reunion, but not a student from the Falkland Islands or Hong Kong). In the case of Malaysia, the decision has been a contributory factor in subsequent Malaysian discrimination against UK interests.
- (c) Thirdly, the number of overseas students here has fallen back markedly since subsidy began to be removed in 1980 (see Appendix B), although over 60,000 were still studying at publicly funded institutions in this country in 1981/82. Substantial resources continue to be devoted to these students, of whom rather more than 10% are directly supported from UK Government funds at a cost in the region of £50m. This compares unfavourably with some other countries (eg France and Germany) who admit overseas students free of charge. On the other hand, accurate international comparisons are difficult to draw because of different circumstances in different countries (staff student ratios, for example, are much more favourable in the UK). Moreover, steps have been taken to mitigate in part the effect of the withdrawal of subsidy, for example, the Department of Education and Science introduced the Overseas Research

Students Awards Scheme (ORSAS) designed to allow up to 1500 overseas research students to study here while paying only the home rate of fee at a cost of around £3m pa. The ODA also increased the funds available by some £6m with the aim of restoring the number of awards under its two main schemes to the 1979 level - an aim which was achieved in 1981, though not in 1982. Finally, 5,300 EC students now benefit from the decision in 1980 to charge them fees at the home rate, implying a subsidy of around £15m (not included in the £50m quoted above).

-
- (d) Fourthly, throughout its deliberations, the Group has been aware of the financial constraints, including the Government's decision not to provide new money for this purpose and the difficulties in reallocating existing funds. As costed in the Study on an illustrative basis, the OST's recommendations (designed to provide support for an extra 15,000 overseas students) would, if implemented, have required additional public funding of £34m (of which the OST thought £19m might be found by reallocation of existing departmental allocations). Nevertheless, the Group decided that it should examine all of the OST Study's proposals in detail and on their merits with a view to deciding on their feasibility and, assuming that the necessary funding was available, their desirability. It is for individual Ministers to judge whether they would wish to redistribute their existing funds to accommodate measures, despite the limited scope identified by the Group, or to bid in future Public Expenditure Surveys for additional funds. In the latter event, a bid on the Contingency Reserve would be necessary if Ministers wished to implement new arrangements in the 1983/84 academic year.
- (e) Fifthly, the Group was aware of the problems of categorising the various Award Schemes and of disentangling them; for example, an award given for developmental reasons may also meet diplomatic objectives or benefit our commercial interests. The OST's Study suggested that support for overseas students should be expressed in terms of the precise objectives it is intended to fulfil (trade, diplomacy etc). The Group took the view that the OST's Study has stated the objectives accurately but that it may not have appreciated the difficulties mentioned above and the extent to which the existing schemes already meet the objectives.
- (f) Sixthly, the Group also kept in mind the Government's intention which has been increasingly accepted at home and abroad that there should be no return to the previous policy of indiscriminate fee subsidy; and that at a time when current policy is to restrict resources for home and EC students a balance needs to be struck between provision for home and overseas students.

(g) Finally, the Group recognised, as the OST to an extent also recognised, that the latter's Study was fairly narrowly directed to provision for overseas students in publicly funded educational institutions (in particular universities and to some extent polytechnics). This is a major element in provision for overseas students but it is important also to remember that under the Aid Programme the Government funds trainees in other institutions. Indeed, many students from overseas take courses outside the public sector of education (eg at private language schools and to train as nurses). As such they fall outside the scope of any discussion of Government policy on overseas students. Precise statistics are difficult to establish but in 1980/81 the British Council estimates that there were around 38,000 such students here, including 8000 taking industry-based training courses.

5. Against the background set out above, the Group considered its responses to the recommendations in the OST'S Study and thought it best to tackle them under 4 headings:

A First, those proposals which the Group considers largely acceptable and which would cost no money, or, where some money would be involved, the necessary funding can be identified within existing programmes.

B Secondly, those proposals which the Group would have liked to support but for which it was not possible to identify the necessary funds.

C Thirdly, those proposals (some of which also, like the proposals in B have financial implications) which need further examination for legal and practical reasons.

D Fourthly, those proposals which the Group would not wish to support even if the necessary funding were or became available.

A - Proposals which are largely acceptable and which would cost no money, or, where some money would be involved, the necessary funding can be identified within existing programmes.

6. The Group considered that the following proposals in the OST's Study can be included in this category:

- (1) Fee levels should be the main regulator of the total flow of overseas students. There should be no centrally imposed quotas (para 7.3 of OST Study).

The Statement by the Foreign and Commonwealth Secretary on 9 June made it clear that the Government accepted that it is not desirable to control overseas student numbers by a system of quotas.

- (ii) Fees should be set at 'no subsidy' levels covering the full marginal expenditure incurred plus an appropriate contribution to overheads (para 7.3). They should be set by each institution or local authority to reflect its own costs and assessment of its own particular market. In the long term there should be no recommended minimum fee but during a two-year adjustment period it may be deemed desirable to retain the minimum (para 7.4).

These recommendations are directed not only at the Government, which in the context of the Race Relations Act 1976 (RRA) is responsible for setting the legal framework (including the range within which higher fees may be charged to overseas students without risk of conviction for racial discrimination), but also to the University Grants Committee (UGC), the Council of Local Education Authorities (CLEA) and the Convention of Scottish Local Authorities (COSLA) who issue recommendations on the fees to be charged. The latter bodies should be consulted before the Government announces its conclusions on these recommendations.

Within the prevailing legal framework institutions are already free to fix their own fees. From the Government's point of view it might be possible to accept the OST's recommendation to increase that freedom (by reducing the bottom end of the permitted range) provided that it is clear that flexibility in the setting of fees should not result in a diversion of resources from or impact on provision for home students. It would be necessary to proceed cautiously, with fees of at least £2,500 continuing to be payable in 1983/84, and the outcome would best be presented as a change in the way existing policy is operated rather than as a change of policy as such.

- (iii) Whether fees are centrally prescribed or institutionally determined, they should be announced further in advance of the academic year to which they relate than has been the practice in the recent past (para 7.6).

Subject to the views of the other parties involved (see para 6 (ii) above), the aim should be to meet this recommendation so far as possible.

- (iv) Institutions should consider quoting a fixed comprehensive fee for an entire course to shield overseas students from unexpected or unknown mid-course fee rises (para 7.6).

This recommendation can be accepted provided that institutions took account of the possibility that under the RRA the Government might need to alter the permitted fee range (eg in line with inflation).

- (v) The British Council should be strengthened to undertake the collective monitoring of fee levels and publicising and promoting abroad the opportunities for study in the United Kingdom (para 7.7 and 8.4).

The British Council has in the past made studies of fee levels in certain countries and could extend these activities with the cooperation of host countries and through Mixed Commissions and other regular bilateral talks. But continuous monitoring would mean the deployment of additional resources which we do not think is justified. A certain amount of publicity and promotion work is undertaken by the British Council and individual universities and polytechnics and the Group recommends that this be expanded as far as existing resources permit.

The Group noted however that there was a gap in present arrangements in that no one agency actively publicised the UK higher education system as a whole, sought to counter misunderstandings about what was on offer and its cost, or provided information to UK institutions on overseas opportunities and constraints. The Group recommends that the British Council should assume this role and after consultation with the Committee of Vice Chancellors (CVCP) and the Committee of Directors of Polytechnics (CDP) should commission or conduct

'market surveys' of student recruitment possibilities in major countries which have traditionally sent large numbers of students to the UK, with a view to disseminating the findings and taking appropriate follow-up action.

- (vi) Britain should be ready in principle to negotiate reciprocal fee concessions with countries receiving roughly as many British students as they send to her /although/ the prospects for major agreements look somewhat remote. (para 7.13).

Government to Government reciprocal concessions are not practicable since, for example, central Government in Canada and the USA have no responsibility for the level of tuition fees in educational establishments. However, there may be scope for some limited extensions of existing arrangements whereby institutions in this country negotiate reciprocal concessionary fee status directly with institutions overseas. The Group believes that the Government should be ready to encourage this by considering proposals from institutions on ways of extending these arrangements.

- (vii) Research interests should continue to be catered for by the Overseas Research Students Awards Scheme (ORSAS) on the Department of Education and Science vote. The Scheme should operate more flexibly in terms of the value of awards offered, meeting full tuition fees for some candidates, and eligibility should be extended to research students in polytechnics (para 7.18).

The Group considers that the scope of the ORSAS should be broadened to allow some awards to be made to students on taught postgraduate courses and, when practicable, to postgraduate students at non-university institutions. Steps should also be taken to ensure that the full quota of awards are taken up. The Group considered that the OST's other recommendations relating to ORSAS (eg on the value of awards) could not be supported.

- (viii) The advice and help of educational institutions, professional and research bodies and the business community should be tapped in operating these schemes (para 7.23).

The Group considers that this recommendation should be accepted and implemented wherever possible.

- (ix) The possibilities of spreading award monies (ie cost sharing with other Governments or Agencies) to cover more recipients for the same outlay should be vigorously explored (para 7.30).

Cost-sharing is already practised and should be extended whenever possible.

- (x) Awards should be available at all levels of UK higher and further education with special attention to postgraduate work and specialised vocational training. A proportion of awards should also be available for non-vocational fields of study (para 7.33 - 7.34).

In principle this can be accepted. However, the level of work and type of student to be supported must be determined in the context of the awards programme in question. In practice, undergraduate students are only rarely supported and emphasis in many programmes tends to be placed on the postgraduate level and courses of specialised vocational training. Awards however in non-vocational fields are also available (eg under the British Council scheme).

- (xi) The Government should initiate study of ways of stimulating the outward flow of British students and exchanges of information and experience with other host countries (paras 8.6 and 8.7).

The Group recognised that this was an important issue and noted that an extension of reciprocal fee concessions between institutions (see para 6 (vi) above) would have the incidental effect of increasing the number of students going overseas. More generally, the FCO and British Council have regular exchanges with the other host countries about cultural matters, and the Group proposes that the subject of overseas students should be a regular item for discussion at these and other relevant bilateral talks. The Group also recommends that non-governmental organisations and outside interests should be encouraged to play a more significant role in this area.

- (xii) Continuing machinery within Government to coordinate forward action and to develop policy should be set up (para 8.1)

This recommendation could be met by retaining the Interdepartmental Group for this purpose.

B - Proposals which the Group would have liked to support but for which it was not possible to identify the necessary funds

7. The Group considered that the following proposals should be included in this category (though the Treasury was not prepared, in present circumstances, to take a positive view on the merits of these proposals):-

- (i) Students from British dependent territories should pay the home level of fee (Hong Kong being the major beneficiary of this concession). (para 7.10) Wherever possible and appropriate, shared funding should be introduced. (para 7.39)

There are strong arguments for charging lower fees to students from British dependent territories (students from French dependent territories already enjoy lower fees here under the EC concession). It may not be best however, given the number of Hong Kong students who would benefit, to do this by formally conceding home fee status. A similar effect could be secured by other means.

The Hong Kong Government has proposed that the cost of a fee concession for their students might be shared on a 50/50 basis with HMG's annual contribution rising from an initial £1.86m to £5.15m. The cost to HMG of making a similar concession to students from other dependencies would be comparatively small - perhaps £100,000 pa (allowing for contributions also to be sought from Bermuda and the Cayman Islands). A small part of the cost to HMG might fall to be met from the Aid Vote but the bulk, reflecting the fact that Hong Kong and certain other dependencies are not recipients of Aid, would fall on the FCO Vote.

- (ii) There should be separate specialised functional schemes of awards directed to research, business and trade-related objectives, diplomatic and cultural objectives, and overseas development. These should be the responsibility of the several departments concerned with policy in these fields. (para 7.16)

The Group noted that this was already current practice to the extent that it was possible to disentangle objectives (see para 4(e) above). Any extension of the

practice would require additional resources to expand existing or to fund new award schemes.

- (iii) Diplomatic and cultural objectives should be pursued through an expanded programme of British Council awards, funded on the Foreign and Commonwealth Office information vote and not as part of overseas aid. (para 7.20)

The British Council could handle such an expanded programme of 1000 extra places (but they consider that this would cost £7m rather than the £5.25m estimated in the OST Study). However, the funds at present available to the FCO do not permit any significant reallocation for this purpose.

- (iv) The Commonwealth will be the main beneficiary of functional schemes of support but should in addition be the focus for two special Commonwealth programmes. First is the Commonwealth Scholarship and Fellowship Plan: Britain should support strengthening and expansion of the Plan and be ready to match any additional support from other Commonwealth countries. Second, there should be special help through the Technical Cooperation Training Programme for the development of Commonwealth post-secondary education. (para 7.26-7.29)

The Group noted that Britain is already pulling its weight in the implementation of the Commonwealth Scholarship and Fellowship Plan in that it gives 650 awards of the 1000 given throughout the Commonwealth. Nevertheless, the ODA would consider increasing the number of awards to students from the poorer developing countries of the Commonwealth in proportion to any increase in the number of comparable awards given by other Commonwealth countries and actually taken up. Furthermore, in the development of post-secondary education ODA will continue to provide significant support with Technical Cooperation funds to those Commonwealth countries which request such help.

- (v) Overseas development needs should continue to be catered for by the Technical Cooperation Training Programme under the Overseas Development Administration. The programme should be expanded to provide additional help for the poorest countries

and for those most dependent on British higher education facilities, and for programmes of post-secondary education development in the Commonwealth. (para 7.21)

The overseas development needs identified are being met to some considerable extent but more funds would be required to meet a substantially expanded programme. Moreover, the amount of training for manpower development funded from the Technical Cooperation programme is a matter for periodic negotiation on a country to country basis and therefore may not permanently increase as a result of additional funding.

C - Proposals (some of which also, like the proposals in B, have financial implications) which need further examination for legal and practical reasons

8. The Group considered that the following proposals in the OST Study should be included in this category:-

- (1) Trade and commercial interests should be promoted by a new scheme of scholarships in areas of advanced engineering and technology on the Department of Trade vote, and the possibility of some collaboration with industry and commerce should be explored (para 7.19)

The British Overseas Trade Board has asked officials to explore with industry whether a worthwhile scheme could be established, but with a significantly smaller Government contribution than the £4m which the OST tentatively suggested. These discussions are continuing.

- (ii) Concessionary levels of fees should be considered for Cyprus (in view of her unique combination of claims to special treatment) and for other categories of countries. (paras 7.12 and 7.14)

The only country (other than Cyprus - see below) to have been considered specifically by the Group was Malaysia. Here it is suggested that the readiness of industry to contribute to a scheme be assessed, possibly as a sub-scheme to that being explored for trade reasons by DOT (see para 8 (i) above).

The case for favourable treatment for Cypriot students is based essentially on arguments concerning the UK's defence and long-term political interests. Trade considerations and Cyprus' association with the EC (a status also enjoyed by Malta and Turkey) weigh less heavily if at all. Moreover, apart from the difficulty of explaining to other Commonwealth countries the reasons for granting Cyprus special treatment, the number of students involved (in 1979/80 almost 1600) could itself stand in the way of a concession of home fee status (of para 7 (i) above in the case of Hong Kong students). It might be prudent therefore to envisage any action in favour of Cypriot students taking

the form of a scholarships scheme, costing perhaps eventually £2.75m pa which would at least go some way towards defusing the situation. (It is unlikely that any contribution would be forthcoming from the Cypriot Government, as the OST Study hoped).

- (iii) Some of the awards under all the major schemes should be given at a reduced value to individuals in order to increase the number of awards. (para 7.30)

This aspect of 7.30 merits further consideration. It may be possible in some schemes. However, the Group feared that reducing the level of awards to individuals might risk a degree of hardship which might both impair study and convey an unfavourable impression of the UK. Such awards could end up being made on the basis of individuals' circumstances rather than being directed solely towards the development of countries and British interests. Moreover, it is the essence of targeted awards that they should attract future professional, technical and political leaders, for which they must remain competitive. Nothing should be done which might risk losing the best candidates to other countries.

- (iv) Local authorities should be specifically empowered by new legislation to provide education for overseas students. (para 7.32)

This was covered in a recent comprehensive review of the vires of local authorities to provide for all students (home and overseas). Education Ministers have decided (but have not yet announced their decision) that legislation is of insufficient priority to seek a place for it in the 1982/83 programme. There is no reason to think that the absence of legislation will pose particular problems for overseas students.

- (v) The FCO should play an initiating and coordinating role including responsibility for servicing the inter-departmental machinery. (para 8.1)

The FCO already in effect shares this role with the DES in the Interdepartmental Group, the chairmanship of which is provided by the two departments. Any extension of that role requires further consideration.

- (vi) Outside interests should be associated with the monitoring process through appropriate consultative machinery about developments in policy and changes in numbers. (para 8.2)

The question of whether more formal consultative machinery is required should be remitted to the Interdepartmental Group for further consideration.

- (vii) The statistical arrangements relating to information on overseas students should be overhauled. (para 8.3)

Consideration of this is in hand (see Appendix P) and a further report will be presented in due course by the Interdepartmental Group.

- (viii) Some collective reexamination of experience, trends and policies with other major host countries would be desirable. (para 8.7)

Officials have already had discussions with some major host countries in assisting the OST in their Study. These will continue as opportunity allows.

- (ix) Britain should be ready to contribute constructively to the work of the Commonwealth Standing Committee on Student Mobility and to give a receptive ear to its conclusions. (para 8.8)

HMG is already contributing to the work of the CSC. Its conclusions will be considered when they are received.

D - Proposals which the Group would not wish to support even if the necessary funding were or became available.

9. The Group considered that the following proposals in the OST Study should be included in this category:-

- (i) Others besides members of the Dependencies, EC countries, refugees, newly arrived immigrants or UK citizens working abroad, may deserve some form of generalised fee concession. (para 7.12)

The position of students from the dependencies is considered at para 7(i) above and that of newly arrived immigrants and expatriates will be considered by the Education Departments as part of a review of the existing definition used to classify home and overseas students to be undertaken in the light of a House of Lords judgement due shortly on the interpretation of the existing definition. EC students and refugees already have home status. The Group considers that it would be impracticable to grant fee concessions more widely, and notes that the OST Study itself recognises the difficulties in dealing with the less affluent through general fee concessions rather than scholarships and bursaries.

- (ii) To make some provision for individuals who would not be picked up under Government to Government schemes, there should be a programme of general scholarship support through educational institutions, operating their own guidelines as regards type of recipient and size of award. Universities and colleges would disburse these funds and 10% of awards funds should be allocated to this programme. (para 7.24) There should be more decentralisation in the administration of awards. (para 7.25)

There would be objections on grounds of public accountability if institutions were free to use public funds to support students in

circumstances which they alone determined. The Group was also unconvinced that the types of student for whom a general programme was intended could not be accommodated within existing schemes or under the ORSAS if extended as proposed at para 6(vii) above.

- (iii) Money allocated to the ODA Fees Support Scheme should be used for scholarships instead. (para 7.31)

The Group noted that the ODA have already wound up this scheme and its funds have been reallocated within the Aid Programme generally.

Conclusion

10. The recommendations in the OST Study fall under two broad heads:-

- (i) Those which would involve additional public funding. These include the proposals to extend existing and to develop new targeted awards programmes as well as those designed to grant fee concessions to various groups of students.
- (ii) Those which do not require additional resources and which are directed essentially at improving the ability of institutions to cater for overseas students and to market their services more effectively.

11. Public comment has tended to focus on recommendations falling under para 10 (i). Notwithstanding the original indication, confirmed on publication of the Study, that no new money is available, there is a presumption on the part of many - voiced, for example, by Lord Carr who in his CBI capacity has been closely involved with OST - that if the Study's recommendations cannot be financed by reallocations within Departmental budgets, new money should be made available. At the same time, there are views - voiced, in particular, by Sir Kenneth Berrill who chaired the OST Advisory Group for the Study - that some of the recommendations under para 10 (ii) are at least as important as those involving additional expenditure and require urgent attention while those under para 10 (i) can, if necessary, wait until resources become available.

12. In considering recommendations falling under para 10 (i) the Group has concentrated, because new money is not available, on the scope for reallocation. Here it has concluded that not only is there insufficient scope for funding solely by this means any major new developments of

the kind envisaged by OST but that the OST's own ideas on reallocation (the Study envisaged £19m of its £34m programme being financed in this way) were entirely unrealistic. In many cases this is because the OST has not understood the way in which Departmental Budgets are constructed and the limitations which this imposes for redeployment.

13. For example, though the DES Votes may total in the region of £2,375m, the only resources which in practice Ministers might consider for reallocation to scholarship programmes are some of those devoted to Educational Services, at present amounting to £16m. Even here the great bulk is committed from year to year and there are always more than sufficient worthwhile claims on any resources which may become available.

14. The same applies in the case of the FCO and the Department of Trade. FCO Votes total £430m, of which, once grants to the British Council, the BBC External Services and the running costs of certain relay stations are excluded, expenditure on overseas information is little more than £1m, already fully committed, compared with the £1.25m which the OST Study proposed should be reallocated to part-fund additional scholarships.

15. Department of Trade Votes total £161m but potential reallocation is limited to the budget administered under the auspices of the British Overseas Trade Board. The OST Study envisaged that £4.25m might be reallocated as against a total BOTB budget in 1982/83 of £23m. As noted in para 8 (i) above, the BOTB in the light of discussions with industry will decide in due course whether to reallocate part of their budget, though necessarily much less than £4.25m, to part-fund a trade-related award scheme.

16. The OST envisaged the largest amount (£13.5m) being reallocated within and from the ODA Vote. Leaving aside that the Aid Programme has been cut in real terms by a fifth since 1979 and is already committed almost entirely for 1983/84, the OST proposals overlook the fact that the manner in which the programme is spent (certainly that portion concerned with manpower training under the Technical Cooperation programme) is to a large extent dependent on the requirements and wishes of the recipient countries (see para 7 (v) above).

17. The Group has therefore placed most of the recommendations falling under para 10 (i) above in categories B and C except where - in a couple of cases - they cannot straightway be placed in category D. If Ministers confirm

the Group's conclusions on the limited scope for reallocation and no additional resources are or become available, the Government will need to respond, where appropriate, by explaining that although it recognises that the OST case has substance, the Government, having considered also the competing claims upon resources, cannot accept that the proposals are of sufficiently high priority to justify an increase in public expenditure at this time.

18. The Group believes that rather more could be made of the Government's response to some of the recommendations under para 10 (ii) above. In particular, the Government could present its conclusions as part of a package designed to improve institutions' ability to provide for overseas students, eg by allowing greater flexibility in the setting of fees (para 5 (ii) above), by improving the operation of ORSAS (para 5 (vii) above) and by encouraging the British Council to assume a role in advising institutions on marketing their services overseas (para 5 (v) above).

HANSARD - 9 JUNE 1982

Overseas Student Trust

Sir Anthony Kershaw asked the Secretary of State for Foreign and Commonwealth Affairs what is Her Majesty's Government's response to the study by the Overseas Student Trust published on 6 June.

Mr. Pym: On 19 May 1981 my hon. Friend the Member for Blackpool, South (Mr. Blaker) said in reply to my hon. Friend the Member for Chipping Barnet (Mr. Chapman)—[Vol. 5, c. 63]—that with our encouragement and co-operation the Overseas Students Trust was embarking on further work with a view to drawing up a range of options. The study published on 6 June constitutes that further work and represents in the Government's view a comprehensive and constructive contribution to the development of future policy on overseas students. It contains a number of recommendations which the Government will consider seriously, although, as the trust was advised when it embarked on its work, no new money can be made available. Account will need to be taken of the balance of requirements for home and overseas students. Reallocation of resources within existing programmes will need to be measured against overall priorities. Some proposals will involve further consultation with different interests.

In welcoming the study the Government have the following immediate comments on the study's main propositions.

First, the Government recognise the importance of encouraging overseas students to come to the United Kingdom and that there are educational, economic and foreign policy reasons for so doing.

Secondly, we are glad that the study recognises that there can be no return to the previous policy of indiscriminate and open-ended subsidy and we agree that a principal mechanism should be schemes of support targeted at particular groups of students.

Thirdly, we accept that it is not desirable to control overseas student numbers by a system of quotas.

Fourthly, we agree in principle that the allocation of resources under existing student support schemes should be re-examined.

Fifthly, we intend to give further study, subject to existing constraints on our financial resources, to the suggestions for schemes involving the co-operation and support of foreign and Commonwealth Governments and the private sector.

Finally, we note the recommendations that institutions should be given greater flexibility to set their fee levels and that the definition of home and overseas students should be re-examined. Both are receiving further study.

APPENDIX B

NUMBERS OF OVERSEAS STUDENTS ϕ * (GB)

	1975/76	1979/80	1980/81	1981/82	% change from 1980/81 to 1981/82
UNIVERSITIES					
Undergraduates	14,000	17,400	16,800	15,695	- 6.6
Postgraduates	17,200	17,500	16,500	16,062	- 2.7
TOTAL	31,200	34,900	33,200	31,757	- 4.4
Advanced Further Education	16,900	20,900	19,600	18,500(P)	- 5.6
Total Higher Education	48,100	55,800	52,900	50,257(P)	- 5.0
Non-Advanced Further Education	26,800	26,600	19,500	11,000(P)	-43.6
71.2 TOTAL ALL LEVELS 39,000	74,800	82,400	72,400	61,257(P)	-15.4

(P) = Provisional

ϕ The definition of overseas student used is intended to allow comparisons over the period. Before 1979/80, overseas students were those required to pay fees at a rate higher than that charged to home students. Since 1980/81 (when EC students who had previously been treated as overseas became eligible for the home rate) they in addition include students domiciled in other EC countries.

* Full figures for new entrants in 1981/82 are not yet available. However, indications are that the number of new entrant undergraduates to universities *paying full fees* declined by 0.5%, while the postgraduate number increased by nearly 3%.

Canada > U.K.

Linguistics - Sunderland

APPENDIX C

INTERDEPARTMENTAL GROUP ON OVERSEAS STUDENTS
REPORT OF WORKING GROUP ON FEES

SUMMARY

1. The Working Group was set up under the chairmanship of Mr John Thompson to consider recommendations in the OST Study touching on the definition of overseas students, the way in which fees are fixed and other questions primarily of an educational character. The terms of reference and membership of the Working Group are given at Appendix I which also reproduces the main recommendations considered.
2. The Working Group met on four occasions, on 20 July, 10 August, 6 and 21 September 1982.
3. The Working Group's conclusions were as follows:-

Definition of Students for Fees Purposes (7.9, 7.11)

The OST Study focuses on the need to ensure that the dividing line between 'home' and 'overseas' student is correctly drawn. First, however, it must be clear where the line runs at present. Existing criteria for defining students are based on "ordinary residence". The interpretation of this is currently being considered by the House of Lords in the context of cases whose hearing is due to be completed this month (October).

Once the House of Lords judgement and their Lordships' reasons are available (the timetable cannot be predicted) it will be necessary to consider both whether the existing criteria should be retained or replaced and how far the criteria adopted could be extended to re-classify as 'home' students some at present intended to be classified as 'overseas', should it be policy to do so.

Some preliminary work has already been undertaken on possible alternative criteria. However, to be consistent with the requirements of the Race Relations Act 1976 these must be based on nationality and/or residence. It has not therefore been possible to take this work very far until the House of Lords judgement is available.

Flexibility in Fixing Fees (7.4)

This recommendation is addressed both to the Government, which under the Race Relations Act 1976 has to set the legal framework within which higher fees are charged to overseas students and to the University Grants Committee, Council of Local Education Authorities and Convention of Scottish Local Authorities, who at present issue recommendations on the fees to be charged.

From the point of view of the Government there is no objection to institutions being given flexibility in fixing fees for overseas students provided that

- i. fees charged cover costs and do not require diversion of resources intended for home students and
- ii. the admission of students paying home fees is not put at risk.

The legal framework should be set sufficiently broadly to allow institutions the desired freedom of action. Given the need for an orderly transition, it is proposed that all institutions should be empowered in 1983/84 to charge such fees as they may determine subject only to a minimum of £2500.

This would represent an increase of flexibility in the way present policy is operated rather than a change of policy as such. (In the case of universities it would mean the retention of the 1982/83 minimum, notwithstanding inflation, and a small reduction in the minimum for other institutions).

For their own purposes, UGC, CLEA and COSLA might wish to continue to issue recommendations on the fees to be charged. Consultations with these three bodies should therefore take place before any announcement of the Government's response to the OST recommendation and should also precede any subsequent change in the figures used to establish the legal framework.

A more flexible Overseas Research Students Awards Scheme (ORSAS)
and a General Awards Scheme (GAS) (7.18 and 7.24)

These recommendations were considered together since it was felt that on educational grounds a case had not been established by OST for a general awards scheme separate from the existing ORSAS. To the extent that a GAS would serve non-educational purposes it was also felt that these would best be met by existing schemes, eg British Council scholarships. Neither FCO nor ODA saw scope for providing funds to support such students under a separate GAS.

There were also objections on grounds of public accountability to the suggestion inherent in the OST proposal for a GAS that institutions should be allowed to allocate as they thought fit public resources provided for a specific purpose. Any scheme for supporting overseas students at public expense should operate on a national basis.

Certain changes to the ORSAS should be made however, both to make its operation more flexible and to cater, in part, for students who because of the existing research emphasis were excluded but who on educational grounds might merit support. However, responsibility for allocating resources for ORSAS now rests with the UGC and consultations with the latter and with the Committee of Vice-Chancellors and Principals, who administer it, would be needed before decisions were taken.

Without prejudice to such consultations, ORSAS should not be extended to cover undergraduates. Institutions might be encouraged to use existing or to raise new private funds to support any such students deemed to merit assistance. ORSAS might however be extended, without any increase in the size of the scheme, to cover a limited number of postgraduates on taught (ie non-research) courses.

To ensure that the full number of awards available under ORSAS were taken up, CVCP might increase the number of awards offered and UGC might underwrite any additional expenditure which resulted from a failure on the part of CVCP to predict accurately the level of non-take-up.

ORSAS awards should also be tenable at non-university institutions but since the awards are paid not to the student, which would require legislation, but as part of institutions' grant, this will only be practicable when the new bodies established or to be established to coordinate public sector HE are in a position to take factors of this kind into account when advising on the allocation of grant (1984/85 at the earliest).

Finally, there was no justification in the OST's other recommendations, namely that ORSAS awards should sometimes cover the whole fee or that they should sometimes cover maintenance as well as tuition costs.

Legislation should establish the vires of local authorities to provide for overseas students (7.32)

This was one feature of a recent comprehensive review of the vires of local authorities to provide for all students. Education Ministers have decided (but have not yet announced their decision) that legislation is of insufficient priority to seek a place for it in the 1982/83 programme. There is no reason to think that the absence of legislation will pose particular problems for overseas students.

Awards should be available for students at all levels and in all fields, including non-vocational fields, with special attention to postgraduate work and specialised vocational training (7.33-7.34)

The level of work and type of student to be supported must be determined in the context of the programme in question. Emphasis in many programmes tends to be placed on the postgraduate level and courses of specialised vocational training but awards in non-vocational fields are also available (eg under ORSAS).

INTERDEPARTMENTAL GROUP ON OVERSEAS STUDENTS

WORKING PARTY ON FEES: TERMS OF REFERENCE, MEMBERSHIP AND
SUMMARY OF OST PROPOSALS TO BE EXAMINED

TERMS OF REFERENCE

To study the recommendations of "A Policy for Overseas Students" on flexible fees (7.4), definition of students (7.9) and general awards (7.24 and 7.25); in particular, to examine their expenditure consequences and the feasibility of re-allocating resources; and to make recommendations to the Inter-Departmental Group for a report to the ad hoc Ministerial Group.

MEMBERSHIP

DES

Mr J H Thompson (Chairman)
Mr M J G Smith
Mr K W Cawdron
Mr A D Petty (Secretary)

UGC

Mr E C Appleyard

FCO/CRD

Mr W Hull

FCO/ODA

Mr M H Hughes

TREASURY

Mr N Sallnow-Smith

SED

Mr E W Frizzell

(Note: WOED AND DENI receive papers for information)

SUMMARY OF OST RECOMMENDATIONS TO BE EXAMINED

Tuition fees should be set by each institution or local authority to reflect its own costs and its assessment of its own particular market but the fee charged to overseas students should be (1) no less than that for British students (2) set at levels which preclude diversion of resources from UK students to overseas students (3) adequate to ensure proper academic provision for those admitted, taking full account of any special needs that overseas students may have. In the long term there should be no recommended minimum fee but retention of a minimum in some form for the next two academic years may give institutions time to adjust. (7.4)

It [is] necessary to examine with particular care the basis for distinguishing between those paying 'home' and those paying 'overseas' rates. (7.9)

To make some provision for individuals who would not be picked up under Government to Government schemes, there should be a programme of general scholarship support through educational institutions, operating their own guidelines as regards type of recipient and size of award. Universities and colleges would disburse these funds and 10% of awards funds should be allocated to this programme. (7.24)

Consideration should be given in the longer term to extending the principle of more decentralised operation of awards schemes The use of bodies like the Committee of Vice-Chancellors and Principals, World University Service, etc, in the administration of scholarship aid could provide a model for devolving more responsibility for bringing overseas students to Britain on to professional and industrial associations, and other non-governmental bodies. (7.25)

APPENDIX D

SUMMARY REPORT OF WORKING PARTY ON "FUNCTIONAL AWARD SCHEMES"

The Working Party on "Functional Award Schemes" consisted of Mr W A Dodd (Chairman) and Mr P T Perris (ODA), Miss C B Dowds (FCO), Mr P S Salvidge (and Miss J Lamont) (DOT), Mr M J G Smith (and Mr M J Roberts) (DES) and Mr M J Ward (British Council).

2. Its terms of reference required the Working Party to consider those proposals in the Overseas Students Trust study which concerned the introduction or extension of Award Schemes to cover "Trade and Commercial Interests", "Diplomatic and Cultural Objectives" and "Overseas Development" and which recommended an extension of the "Coverage of Awards" by means of cost-sharing or wider consultation in the administration of Award Schemes.
3. The Working Party met on four occasions in July-September 1982.
4. Although aware of the problems of categorising the various Award Schemes because an award given for "developmental" reasons might also meet, for example, "diplomatic" needs, the Working Party nonetheless followed the categorisation used in the OST study.
5. The findings of the Working Party concerning the proposals of the OST study were as follows :-

A COMMENDED

Cost-sharing (Paragraph 7.30): that "the possibilities of spreading award monies to cover more recipients for the same outlay should be vigorously explored"... *in this case sharing the cost with another government, for example.*

[This is already accepted and the practice should be extended wherever possible.]

Extension of consultation (Paragraph 7.23): that the advice and help of the admitting institutions, relevant professional interests, the research community and the business community should be tapped in the administration of schemes.

[This is already accepted and implemented wherever possible.]

B COMMENDED, IF MONEY WERE AVAILABLE

Awards to meet "Diplomatic Objectives" (Paragraph 7.20): that diplomatic and cultural objectives should be met by an increased programme of British Council Scholarships and funded on the FCO information vote.

[The British Council could handle such a programme but the funds at present available to the FCO do not permit re-allocation for this purpose.]

Awards to meet "Overseas Development" needs (Paragraph 7.21): that the Technical Cooperation Training Programme funded by ODA should be expanded to meet the developmental needs of the poorest countries, those lacking higher education facilities and post-secondary education in Commonwealth countries.

[The overseas development needs identified in the Study are already being met to a considerable extent but more funds would be needed for a significantly expanded programme.]

Support for Commonwealth countries (Paragraphs 7.26-7.29): that Commonwealth countries should be the main beneficiaries of functional award schemes, notably through two programmes - first, an expanded Commonwealth Scholarship and Fellowship Plan (CSFP) in which Britain would match the additional support from other Commonwealth countries; second, special support for post-secondary education in the Commonwealth through the Technical Cooperation Programme.

[It is accepted that Commonwealth countries should be the main beneficiaries of expanded functional Award Schemes. Britain is already pulling its weight in the implementation of the Commonwealth Scholarship and Fellowship Plan in that it gives 650 awards of the 1,000 given throughout the Commonwealth. However consideration will be given to increasing the number of awards to students from the poorer developing countries of the Commonwealth in proportion to any increase in the number of comparable awards given by other Commonwealth countries and actually taken up. Furthermore in the development of post-secondary education ODA will continue to provide significant support with Technical Cooperation funds to those Commonwealth countries which request such help.]

C. REQUIRING FURTHER STUDY OR CONSULTATION

Award Scheme to cover "Trade and Commercial Interests" (Paragraph 7.19): that there be a scheme of scholarship awards, on the Department of Trade vote, directed to students from countries with whom Britain has developing economic relations.

[This proposal is being further considered by the Department of Trade in consultation with industry.]

D NOT COMMENDED

Reduction in value of awards (Paragraph 7.30): that one method of spreading award monies to cover more recipients would be by reducing the present level of awards ~~to the individual.~~

[Awards funded by the British Government could not be reduced without causing a degree of hardship which might impair study and convey an unfavourable impression of the United Kingdom. Reduced awards would be directed to individuals and not to the development of countries: they would involve the use of a means test which would be impossible to administer. Targeted award schemes must be internationally competitive lest students prefer to take up more generous awards elsewhere.]

Fee Support Scheme (Paragraph 7.33): that the Fee Support Scheme should be abandoned and its funds allocated to the provision of more scholarships.

[The Fee Support Scheme has already been abandoned and its funds already absorbed into the aid programme generally.]

INTERDEPARTMENTAL GROUP ON OVERSEAS STUDENTS:
REPORT ON WORKING GROUP ON 'SPECIAL CASES'
SUMMARY

1. The Working Group dealing with Special Cases was set up under the chairmanship of Lord Nicholas Gordon Lennox (composition and terms of reference at Appendix I). The Group comprised officials from the FCO, ODA, DES, DOT and the British Council. It met three times to consider:

- (a) Collective action on monitoring other countries' fee levels and publicising and promoting abroad British education. (paras 7.7 and 8.4)
- (b) 'Home' fee status for students from British dependent territories. (paras 7.10 and 7.39)
- (c) Reciprocal fee concessions with overseas countries. (para 7.13)
- (d) Fee concessions for Cyprus. (para 7.14) and other categories of countries or students which might merit fee concessions. (para 7.12)
- (e) Special assistance for the development of Commonwealth post-secondary education. (para 7.29)
- (f) Stimulating the outward flow of British students abroad and exchanges of information and experience with other host countries. (paras 8.6 and 8.7)

2. In examining these recommendations in detail, the Working Group found that some had been generally, if not formally, accepted before the Overseas Students Trust's Study highlighted them and it could be said that implementation was more or less under way. In the majority of cases lack of finance was the main constraint on implementation. Bearing in mind that no new money could be made available, the Group carefully examined all the recommendations to decide which were feasible and desirable if the necessary funds could be provided.

3. Against this background, the Group considered that the following recommendations could be largely accepted and would not involve new money:

- (a) The collective monitoring of fee levels and publicising and promoting abroad the opportunities for study in the United Kingdom.

The British Council has in the past made studies of fee levels in certain countries and could extend these activities with the co-operation of host countries and through Mixed Commissions and other regular bilateral talks (see (d) below). But more continuous monitoring would mean the deployment of additional resources which was not justified.

A certain amount of publicity and promotion work is undertaken by the British Council and individual universities and polytechnics. There is, however, a gap in the overall presentation of British higher education in that no-one publicises it as a whole and actively counters misunderstandings about it and its costs.

- (b) Reciprocal fee concessions with overseas countries

UK institutions already negotiate reciprocal concessionary fee status directly with institutions overseas under conditions laid down by the DES. The Group agreed that it would be impracticable for HMG to attempt to negotiate inter-governmental agreements but that there was scope for limited extension of the present arrangements and that this should be encouraged.

- (c) The development of Commonwealth post-secondary education

The Group confirmed that this was already a priority area for wide-ranging assistance from HMG who would continue to provide significant support.

- (d) Stimulating* the outward flow of British students and exchanges of information and experience with other host countries

The Working Group recognised that this was an important recommendation which they would wish to consider further in detail. Opportunities for British students to study abroad already existed; and any extension of reciprocal fee concessions would promote the outward flow of British students.

/The

The Group proposed that the regular exchanges which the FCO and the British Council have with the other host countries about cultural matters should be expanded by arranging for the overseas students question to be a regular item for discussion at cultural and other relevant bilateral talks. The Group also considered that non-governmental organisations and outside interests should be encouraged to play a more significant role in this area.

4. The Group identified a number of recommendations which they would like to support but for which they were unable to identify the necessary funds ((a) below) or which additionally needed further examination for legal and practical reasons ((b) below)

(a) Students from British dependent territories should pay the home level of fee

The Group agreed that in view of the constitutional relationship of these territories to Britain there was a strong case for arranging that students from the British dependent territories should pay the home rate of fee without giving them home fee status. Hong Kong made a preliminary offer to meet 50% of the cost of a jointly funded scheme. Bermuda and the Cayman Islands could also afford to make a similar contribution. On a 50/50 sharing basis, the cost to HMG would be:

Bermuda and the Cayman Islands - £64,584 a year;

Hong Kong about £1.86 million in 1983/84 rising to £5.15m in 1987/88; and a further £34,983 a year to cover the full cost of students from the remaining Dependencies. (See paper at Appendix 11)

(b) Concessionary levels of fees should be considered for Cyprus and for other categories of countries or students

The Group considered that because:

- (i) Britain has important defence interests in Cyprus;
- (ii) It is in Britain's political interests to work for a settlement of the intercommunal dispute and English would be the common language of a future Cyprus state;

/(iii)

- (iii) Cyprus has no university of its own;
- (iv) Cypriot students have traditionally looked to the UK for higher education;
- (v) She is a member of the Commonwealth.

Cyprus represented a special case for concessionary treatment. Failure to recognise this would damage our defence and long-term political interests. This could be totally avoided if Cyprus were granted a fee concession equivalent to Home student status (at a cost of £4.22 million per year) and largely defused if a general partial scholarship (at a cost of £2.74m per year) were instituted. There were political, economic and technical objections to granting Cyprus a European Community concessions. A shared funding scheme would be unlikely to appeal to the Cyprus Government. (See paper at Appendix 111)

5. As regards other categories of countries, the Group considered that a case for concessionary fee levels for the poorer developing countries of the Commonwealth, for example, or the Lomé Convention countries could not be sustained. Because of the numbers involved any such concessions would be inconsistent with the Government's declared wish not to return to the previous policy of large-scale fee subsidy.

6. As regards other categories of students, the OST Study does not specify which students it has in mind. Refugees already enjoy home status and the position of expatriates and newly-arrived immigrants will need to be considered in the context of the review by Education Departments of the existing definition of home and overseas students, which will follow the House of Lords judgement on the interpretation of ordinary residence (the present criteria) which is expected soon (see Report of Working Group on Fees). No attempt was made by the Working Group to identify further categories.

7. The Group gave some considerations to treating Malaysia as a special case but concluded that the various possibilities for dealing with this problem and the degree of support from the Malaysian Government and the private sector needed more detailed consideration. Although the Group also recognised that other countries might claim consideration for special treatment, it did not have time to consider the merits of the cases.

APPENDIX I

INTERDEPARTMENTAL GROUP ON OVERSEAS STUDENTS

WORKING GROUP ON 'SPECIAL CASES'

Members

Lord N Gordon Lennox (Chairman)	FCO
Mr J E C Macrae	FCO
Mr M J G Smith	DES
Mr P S Salvidge	DOT
Mr P T Perris	ODA
Mr G Tribe	British Council
Miss C B Dowds	FCO

Terms of Reference

Taking into account Departmental priorities and the feasibility of reallocating resources,

To consider in detail the recommendations contained in paragraphs 7.7, 7.10, 7.12, 7.13, 7.14, 7.29, 8.4, 8.6, 8.7 of the Overseas Students Trust's Study and the supporting material.

To determine the method and procedure for examining each particular scheme.

To decide on the priority which should be accorded to the examination of each scheme.

To report the results to the Interdepartmental Group (IDG) for consideration at its next meeting.

Thereafter to continue the work as necessary in the light of advice from the IDG.

Meetings

The Working Group on 'Special Cases' met three times, on 5 July, 10 August and 8 September and submitted its Report to the meeting of the Interdepartmental Group on Overseas Students on 14 October 1982.

450
Students from British dependent territories should pay the home level of fee (Hong Kong being the major beneficiary of this concession (para 7.10 and para 3.39))

1. The case for accepting this recommendation is set out at Annex I and Annex II.
2. Because (a) Constitutionally, the Secretary of State for Commonwealth Affairs, under Her Majesty the Queen, is responsible for their good order and government; (b) Britain imposes limits on their freedom of action both in domestic and external questions which may not always coincide with the best interests of the Territory, we ^{would like to support} the recommendation but propose that arrangements for shared funding schemes should be explored with Bermuda, the Cayman Islands and Hong Kong.
3. Assuming a differential cost of £2,691 per student and a contribution of 50% from HMG for students from Bermuda and the Cayman Islands (1980/81 student numbers: Bermuda 42, the Cayman Islands 6) this would cost HMG £64,584 and a further £43,091 to subsidise the remaining 16 students from West Indian and Atlantic Ocean Dependencies.
4. In the case of Hong Kong, the Hong Kong Government estimate that HMG's contribution would probably be around £1.86 million in 1983/84 rising to £5.15 million in 1987/88.

OVERSEAS STUDENTS TRUST STUDY 'A POLICY FOR OVERSEAS STUDENTS'

RECOMMENDATION (Paras 7.10 and 7.39)

Students from British dependent territories should pay the home level of fee.

1. The British dependent territories (vide Annex IA) are a clearly defined category. Recognised limits on their freedom of action both in domestic and external questions differentiate them from independent countries. Constitutionally, the Secretary of State for Commonwealth Affairs, under Her Majesty the Queen, is responsible for their good order and government.
2. HMG's obligations to the Dependent Territories lie principally in the fields of external affairs and defence. HMG represents their interests through our diplomatic missions and in international organisations and affords consular protection to their citizens. HMG gives assistance in cases of internal unrest or external aggression and depending on their economic circumstances, the Dependent Territories can claim first call on the aid programme.
3. In return, the Dependent Territories are obliged to meet the requirements of British external policy which may not always coincide with the best interests of a Dependent Territory.
4. In view of the strong constitutional links we agree with the gist of the recommendation that students from the Dependent Territories should be accorded home fee status but there are various practical difficulties in offering home fee status. We suggest that certain Dependent Territories might be able to contribute to the full cost of their students' education.
5. The Government of Hong Kong have proposed to HMG a shared funding scheme (Annex II).

6. Students from Gibraltar, as a Dependent Territory of the United Kingdom which is part of the mainland of Europe, have been accorded home fee status.

7. This leaves for consideration the cases of Bermuda, Cayman Islands, British Virgin Islands, Montserrat, Turks and Caicos Islands, Anguilla, St Helena and the Falkland Islands and Dependencies, and the Pitcairn Group of Islands who have no students in tertiary education in this country.

8. None of these territories has an indigenous Higher Education system, though the Caribbean dependencies contribute to the cost of - and send most of their students to - the University of the West Indies (in Jamaica, Trinidad and Barbados).

9. Three of the territories: Turks and Caicos Islands, Anguilla and St Helena are in receipt of budgetary aid (as well as capital aid and Technical co-operation). It would be illogical therefore to expect them to contribute to the cost. They could only do so if the present levels of budgetary aid were to be increased.

10. Three of the remaining territories (British Virgin Islands, Montserrat and the Falkland Islands and Dependencies) are not in receipt of budgetary aid but do receive capital aid and Technical Co-operation (including funds for training). Again, it would seem illogical to give aid for training and at the same time require the territories to pay the full cost of fees. In addition, Montserrat is only just able to balance its budget and its financial position is bound to remain precarious for the next few years. The British Virgin Islands is in a stronger position but may soon have problems due to the present recession in tourism and the recent unilateral termination of the US/BVI Double Taxation Agreement.

/11.

11. Two territories: Bermuda and the Cayman Islands, do not receive aid and are financially sound. They could therefore afford to make a contribution and there is no reason why they should not do so.

12. Should the foregoing be agreed, the dependent territories concerned would be expected to make a contribution towards the cost of 48 students presently in the UK. There would then only be 16 students from the West Indian and Atlantic Ocean Dependencies whose cost would need to be subsidised. It is not considered that there will be any significant change in this number in the foreseeable future.

13. It is not recommended that special treatment should be extended to newly independent small islands in the Caribbean. The case for special treatment for the dependent territories is based on their constitutional relationship with the UK not on their relative wealth or size nor on their access to tertiary education. It would be unwise to depart from this distinction.

BRITISH DEPENDENT TERRITORIES (JUNE 1982)

	Area (Sq Miles)	Population	Nos of Student attending Universities, Polytechnics and other higher education establishments the UK (1980/8)
Anguilla	35	7,000	Nil
Bermuda	20.5	55,000	42
British Antarctic Territory	700,000	NIP*	
British Indian Ocean Territory	23	NIP*	
British Virgin Islands	59	11,000	4
Cayman Islands	100	17,000	6
Falkland Islands and Dependencies	6,300	1,800	3
Gibraltar	2.25	29,800	[107]
Hong Kong	404	5,150,000	6,361
Montserrat	39	12,100	4
Pitcairn Group of Islands	18	54	Nil
St Helena and Dependencies	125	6,500	4
Turks and Caicos Islands	192	7,500	1

* No indigenous population

HONG KONG: STUDENTS FEES

1. Since the Government's decision in November 1979 to withdraw the subsidy from overseas students fees, the numbers of Hong Kong students coming to the UK has dropped by around 50% (4648 visas issued in 1979 as opposed to 2159 in 1981) despite the Hong Kong Government's initiating loan schemes.
2. The decision caused a good deal of ill-feeling in Hong Kong and this continues. It was regarded as another sign of a lack of British interest and Britain distancing herself from the Territory and was added to the list of grievances harboured by Hong Kong in other areas (eg, Nationality Act, Vietnamese refugees and the Multi-Fibre Arrangement).
3. The Hong Kong Government, after studying the recommendation in the Overseas Students Trust Report and despite the fact that HMG has made it clear that new money could not be found, have made a preliminary proposal for fund-sharing. This would be a grant rather than a loan so that subject to a means test students would pay the same level of fee as home students. No limit is proposed to the number of students eligible for assistance.
4. The Hong Kong Government estimate that HMG's contribution under their proposals would probably be around £1.86m in 1983/84, rising to £5.15m in 1987/88. The proposals include provision for any arrangements agreed with HMG to be reviewed in 5 years time. The numbers of students coming to the UK from Hong Kong would not rise indefinitely as the Hong Kong Government have already embarked on a programme to increase the facilities for tertiary education within the Territory.
5. HMG's participation in a shared-funding scheme would demonstrate her commitment to the future of Hong Kong through its young people and help to offset other grievances (see para 2).

CYPRUS: STUDENTS FEES

1. Our relations with Cyprus are primarily of importance because of our defence interests. Our ability to operate the Sovereign Base Areas depends in practice on Cypriot goodwill. The British presence, which is independent of the UK commitment to NATO, makes an essential contribution to UK defence policy and makes an important contribution to the stability of the southern flank of NATO and the Middle East.

2. There has been considerable and continuous pressure on HMG from the (Greek Cypriot) Cyprus Government and from the Turkish Cypriot community to give special treatment to students from Cyprus. The question is one of two major irritants in our relations with Cyprus (the other, the long-standing question of 'money for the bases').

3. Cyprus is an Associate Member of the European Community and a member of the Commonwealth. She has no university. Her most able students have traditionally come to British universities and most of the professions follow British practice. Since the Government's decision to withdraw the subsidy from overseas students' fees, the numbers of new admissions of Cypriot students to British universities and polytechnics has dropped:

1979/80	1980/81	1981/82
844	607(-28% over 1979/80)	460(-24% over 1980/81)

4. There is pressure from all sides on the UK to do more as a guarantor power to help solve the long-running Cyprus problem. A sympathetic posture on students' fees would enhance our credibility in our efforts to promote a settlement. A British

/education

education is also the one thing the leaders of both the Turkish and Greek communities have in common and English would be the common language of a future Cyprus state which emerged from settlement of the intercommunal dispute.

5. The Cyprus Government want Cypriot students to enjoy the same 'home-fee' status as European Community students. Assuming a differential cost of some £2,691 per student and a student population of 1571 (based on the student population 1979/80) the cost would amount to £4.22m a year. A second-best solution would be, as recommended by the Overseas Students Trust, a general fee subsidy of say two-thirds of the difference between home and overseas students for all Cypriot students affected. This is estimated to cost £2.74m annually. In both cases, the commitment would be open-ended and actual cost would depend on the precise number of students.

6. The Cyprus Government have made it clear that they could not make funds available to subsidise study only in one country. To invite them to take part in a joint funding scheme would only excite controversy and severely undermine the presentational effect of the concession. The same would be true of a quota system.

7. Cyprus is a special case. Our interests are powerful enough to argue for spending the relatively small amount of money needed to maintain Cypriot goodwill and protect our long-term interests.

INTERDEPARTMENTAL GROUP ON OVERSEAS STUDENTS

Progress Report of Working Group on Statistics

1. The Working Group on Statistics of Overseas Students was set up under the chairmanship of Mr H Collings of DES with terms of reference "to review the collection, analyses and use of statistical data to service policy on overseas students". The Group consisted of officials from FCO, ODA, British Council, DES, SED, WOED, DENI and the UGC. To date it has met twice and completed about half of its work. It is hoped a final report will be made in Spring 1983.
2. The Working Group has reviewed the information currently collected on overseas students by various official agencies and the mechanisms by which it is aggregated and published. It has taken note of the various statistics for policy purposes required by Government Departments and the need to provide a service for interested outside users of up-to-date information in the most useful format. The statistical definition of an 'overseas student' has been considered in some depth and will be looked at again in the light of the report of the Working Party on Fees.
3. Future work will include the review of statistics on publicly financed schemes of support for overseas students and trainees; the problems of matching financial data on award schemes with student data and the availability of comparable data of overseas students in other countries. Consideration is also being given to speeding up the publication of statistics and the possible involvement of outside bodies in the monitoring process.
4. From its work so far it is apparent to members of the Group that improvements on some statistics on overseas students can occur only if more information is collected, particularly from students in public sector institutions and from those studying in the private sector. Thus those improvements will have resource implications for the relevant collecting agencies.

PRIME MINISTER

Edwards

M

There has been some publicity for the University of Aston's decision to suspend processing of applications from UK students, whilst they attempt to increase the proportion of fee-paying overseas students for next year's intake.

DES say that there is really little that can be done about this until the allocations for the next academic year have been settled. The UGC decisions should be reached shortly.

I attach a note from DES about Aston, and a note they let us have last week about the general issue of university finance, which has been a recurrent issue in the Press in the last couple of weeks (The Guardian has been taking a particular interest).

DES believe that Aston is only the first of several universities likely to take similar action. John Ashworth tells us privately that Salford are likely to do the same. He says that there is little alternative open to those universities which face an unbridgeable cash flow gap if they stick to existing proportions of British and overseas students.

MA

28 May 1981

ASTON UNIVERSITY

It is reported in today's newspapers that Aston University, Birmingham will have a deficit of £2m in the next academic year and that it proposes to reduce the UK undergraduate intake from 1,250 students to 1,000 students and to increase the overseas students intake by 150. The reason is that overseas students pay £3,000 a year whereas the fees paid by British students are £1,000 a year. The implication is that the University could only take the additional overseas students at the expense of a substantial reduction in the UK intake.

This University like others will be expected to make economies and it may well be that its deficit in the next academic year will be £2m. We are in no position to comment on the internal finance of any university. Whether or not the University will reduce its UK intake will depend on how it proposes to effect economies, eg cutting out courses or subject areas could produce savings if the staff could be removed from the payroll. Where this happens student numbers must fall. However where it is not possible to shed staff the fees paid by a UK student are such that, in most cases, they will cover marginal costs and to that extent universities have an incentive to recruit as many as possible.

It is difficult to believe that Aston would reduce its intake by 20% (1,250 - 1,000) because it has been possible to shed the staff who taught the relevant courses. This would be a wastage rate of staff far higher than anything generally expected in universities. Some reduction in intake may be necessary but even this is doubtful in the case of Aston. According to figures published by the UGC (see table below) the UK undergraduate intake in 1980 (1226) was some 125 lower than in 1979 (1351) while the overseas undergraduate intake was 25 lower (173 compared to 198). It is clear, therefore, that there are some 150 spare places at Aston in 1980 compared with 1979. Starting from this lower base it is difficult to see that a further reduction in the UK intake of the size Aston appear to be contemplating would be necessary to effect economies of the size that are generally expected of universities.

Aston University

<u>Student Numbers</u>	Home	Overseas	
Undergraduates	3927	535	4462
Postgraduates	<u>467</u>	<u>354</u>	<u>821</u>
	4394	889	5283

Intake

1979 Undergraduates	1351	198	
1980 Undergraduates	<u>1226</u>	<u>173</u>	
	<u>- 125</u>	<u>- 25</u>	

E E H JENKINS
27 May 1981

LINE TO TAKE

Universities could not be exempted from the effects of the Government's determination to restrict the level of public expenditure to what the country can now afford. The Government accepts the advice of the UGC that the maximum educational value for money could not be achieved by distributing the reduction in resources equally between institutions.

NOTES FOR SUPPLEMENTARIES

Where will the money for redundancies come from?

The UGC grant for the academic year 1981-82 includes £20m which the UGC will allocate specifically for the purpose of adapting the university system to the reduced level of funding which will be available in 1983-84. The extent and sources of any additional funds needed for this adaptation are the subjects of continuing discussion between the Government and the UGC.

Will the Government re-consider its plans?

We have no intention of reconsidering the policy for higher education set out in the Government's Expenditure White Paper.

Will the universities be consulted?

There have been discussions between the universities and the UGC on ways in which economics may be achieved and these will continue.

How can student number targets for each institution be reconciled with the exercise of the academic judgement of those institutions?

The allocation of the Government's grants to individual institutions is entirely a matter for the UGC.

Has the Robbins principle been abandoned?

The Government expects the reduction in resources to lead to increased competition for places in higher education. It is not yet possible to say whether this will mean that any suitably qualified students will be unable to gain access to higher education.



UNIVERSITY GRANTS COMMITTEE

14 Park Crescent London W1N 4DH

Telephone 01-636 7799 ext

Your reference

Our reference Circular Letter 8/81

Date 15 May 1981

Dear

THE FUTURE PATTERN OF RESOURCES FOR UNIVERSITIES

1. Towards the end of June I hope to inform individual Universities of their grant for the 1981-2 academic year and the provisional level of grant up to 1983-4, together with the student numbers in 1983-4 assumed for grant purposes. I am however anxious to give the earliest possible indication of the Committee's approach to resource planning, together with some comment on the implications.
2. The Secretary of State has now informed the Committee that it should plan on the basis of an 8½% volume cut in grant for home students by 1983/4. To this reduction must be added the loss of income from overseas students (not accurately predictable) which, in the Committee's present view, will result in a total loss of income by 1983/4 as compared with 1979/80 of at least 11% and possibly significantly more.
3. It is not the Committee's intention to distribute the cut in resources equally between institutions and fields of study. We have decided that, in order to maintain the vitality and responsiveness of universities, resources must continue to be made available for necessary new developments, as well as for new appointments in fields of special importance. The Committee believes that this can and should be achieved without the closure of any whole university. Regrettably, however, savings of the order required must involve reducing the range of subjects taught at some universities, and this will involve recommendations for the closure or radical reduction of some departments with the likelihood of consequent redundancies of staff, both academic and non-academic. There will also be implications for the continued ability to conduct postgraduate teaching and research in some areas of study in some institutions.
4. The Committee intends to allot a set of student target numbers for each institution for 1983/4. The figures given will comprise full time home and EC undergraduates and postgraduates and the full time equivalents of part-timers, with virement between these categories.

It will be for each institution to consider its admission policies for 1981-2, and the two succeeding years in the light of these figures. It is appreciated that most firm and conditional offers of places for 1981-2 will already have been made; but universities are advised to wait for these target numbers before completing the admission process.

5. Grant will be related amongst other factors to the target student numbers, and will be based on the assumption that a university will receive a fee income appropriate to these numbers. Levels of activity in research and in continuing education will also be taken into account.

6. I cannot at this stage give a detailed indication of how the economies will fall, but I can say that the Committee has decided that particular attention must be paid to retaining capacity for research, and there have been consultations with the Research Councils to this end. Beyond this, the Committee will, with the assistance of its Sub-Committees, have regard to the viability and effectiveness of teaching and in particular some small-scale teaching operations, with a view to their concentration in a smaller number of units. At the same time it will seek to guard against contraction of the range of subjects available in the system as a whole.

7. One of the main concerns of the Committee has been the problem of financing the costs of redundancy which may be involved. Adequate provision has not so far been made in the allocation of resources to the universities for the costs of redundancy on any scale, and it will be important for each institution, when it has considered all the consequences of the grant and forecast of resources, to let the Committee know not later than the end of January 1982 the likely implications for redundancy year by year.

8. Some provision has however been made in 1981/2 for a start on expenditure for re-structuring the system, and £20m has been indicated within the recurrent grant for this purpose. It is the Committee's intention to use this sum both for positive encouragement (new developments and appointments) and for costs of reducing the size of the system insofar as they fall in 1981-2.

9. One of the purposes to which these resources can most usefully be put in the 1981/2 year will be the encouragement of early retirement consistent with plans for restructuring. Institutions are invited to consider urgently the contribution which early retirement can make to the adjustment to lower levels of resource, and to apply to the Committee for a share of resources to finance early retirements in 1981-2.

10. It is the Committee's intention to monitor the changes taking place in the system, to try and ensure that the quality of teaching and the opportunities for research suffer as little as possible in this difficult period.

Yours sincerely

Edward Parkes

EDWARD PARKES

NBPM Education



CONFIDENTIAL

but please copy my letter of 18 March to J Craig
MR

PRIME MINISTER

MR 17/3

OVERSEAS STUDENTS' FEES

1. I have seen the Foreign Secretary's minute of 3 March proposing that the Overseas Students' Trust should be asked to prepare a range of possible policy options on Government support for overseas students.
2. There is clearly a need to monitor closely the effects of our decision to end the indiscriminate subsidy of overseas students and to keep under review what action might be necessary to ensure that sufficient numbers of students of the right kind come to this country.
3. I have no objections to the proposed study although I have some sympathy with the points raised by Leon Brittan in particular with the need to proceed without any appearance of a prior commitment to make changes. If the study goes ahead with the Overseas Students' Trust I would be happy for the Welsh Office to supply any factual data which might be required for the study.
4. I am sending copies of this minute to those who received the Foreign Secretary's minute.

MR

RNE
19 March 1981

CONFIDENTIAL



cc. Welsh office.

10 DOWNING STREET

From the Private Secretary

18 March 1981

Alan Roderie

Overseas Students' Fees

The Prime Minister has read the Foreign and Commonwealth Secretary's proposal in his minute dated 3 March, the comments made on it by the Secretary of State for Scotland, Secretary of State for Trade and the Chief Secretary and the Foreign and Commonwealth Secretary's further minute of 17 March.

She recognises that there could be advantage in having a study made by the Overseas Students' Trust, rather than by officials. On the other hand, the Government could be subjected to increased criticism if they themselves commissioned the study and then found themselves obliged to reject its recommendations. The Prime Minister would not object, provided that the Chief Secretary is content, to letting Lord Carr know that the Government would be ready to consider seriously any views that the Trust may wish to put forward off its own bat, after studying the subject; and would be ready to discuss the scope of such a study and to provide factual material for it. But it would have to be made clear to the Trust that there could be no question of any net addition to public expenditure in order to ease the problems of overseas students or to increase their numbers.

This approach appears to be what the Foreign and Commonwealth Secretary has in mind in his second minute, and the Prime Minister hopes that a way forward will be found on this basis.

I am sending copies of this letter to Peter Shaw (Department of Education and Science), Ian Ellison (Department of Industry), Richard Dykes (Department of Employment), Stuart Hampson (Department of Trade), Godfrey Robson (Scottish Office), Roy Harrington (Northern Ireland Office), Terry Mathews (Chief Secretary's office) and David Wright (Cabinet Office).

Yours ever

R M J Lyne Esq
Foreign and Commonwealth Office.

Mike Pattison

CONFIDENTIAL



CONFIDENTIAL

NBIM

MR MAP

PRIME MINISTER

OVERSEAS STUDENTS' FEES

- 1 The Foreign and Commonwealth Secretary sent me a copy of his minute of ³ March about overseas student fees.
flag A attached.
- 2 Whilst we must stick to our principle that open-ended indiscriminate subsidy of overseas students by the British tax payer should cease, I think we must also take some account of the commercial benefits we can derive from ensuring that our potential overseas customers receive their technical training here. David Young has just returned from Hong Kong and has been impressed by the case for our doing something to preserve our position in what is, uniquely, a major market and a colony.
- 3 I therefore support the idea of a study but one that takes full account of our commercial and industrial interests and is not open to the same objections as the proposal to use the Overseas Students' Trust.
- 4 I am copying this minute to those who received the Foreign Secretary's minute.

KJ

K J

18 March 1981

Department of Industry
Ashdown House

CONFIDENTIAL



CONFIDENTIAL

Prime Minister

1.

The Cabinet Office minute below this summarises a series of exchanges on overseas students' fees.

In this second comment, the FCS seems to acquiesce in the idea of encouraging further work by the Overseas Students' Trust, without formally commissioning it. May we write along the lines of Flag E?

PM/81/13

PRIME MINISTER

Yes mk

Overseas Students' Fees

1. You will have seen Leon Brittan's response to my proposal of 3 March to ask the Overseas Students' Trust to devise a series of options for a long term strategy on overseas students.

MR 17/3

2. FCO officials had seen earlier the papers which the Trust sent to the Chief Secretary. They relate to an exercise launched in 1979 which culminated in a seminar last October, the papers on which will be published in May. It may be that the Trust would take the matter further irrespective of Government interest or support, although their intention seems to have been to hand the question over to Government once the seminar papers were published.

3. I think that it could be politically and practically advantageous to us for the Trust to continue with their studies. But Lord Carr has told us that the Trust are only prepared to embark on the kind of study which we would ourselves like to see put in hand if they can be assured that the Government would take it seriously and Departments in Whitehall would help.

4. I think that we have to look at this issue in other than purely arithmetical terms. What I am concerned about is the flight of overseas students to other countries; and the effect this will have on our foreign policy and related economic interests. The Nigerians and Malaysians appear to be contemplating action over their students which could only have

/adverse

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adverse consequences for our trading position. The important point however is that if we give the Trust enough encouragement to take on this task, we can exercise some control over the range of options without necessarily conferring on it any official status. Naturally, the Government would need to reserve its right to evaluate the pros and cons of any study by the Overseas Students' Trust; and the CPRS could indeed play its proper part in this, as Leon Brittan has said. And at the outset we could stress, as he has also suggested, that the options to be considered should not be merely additional expenditure options, but should reflect the fact that there is at present no new money.

5. I hope that in the light of the above you can agree to my proposal, subject to the safeguards which I have mentioned.

6. I am sending copies of this minute to the recipients of my proposal.

C
/

(CARRINGTON)

Foreign and Commonwealth Office

17 March 1981



PRIME MINISTER

OVERSEAS STUDENTS' FEES

The Foreign and Commonwealth Secretary has proposed in his minute of 3 March that we should commission the Overseas Students' Trust to undertake an urgent study of the different interests and factors involved in the overseas students' issue, with the object of presenting us with a range of options for future action.

I agree that the presence in this country of overseas students does have a bearing on our commercial as well as other interests, although the benefits are, by their nature, intangible. I also agree that for commercial and political reasons, it is important to attract the "right students". This does not necessarily mean large numbers of students.

I am inclined however to agree with the Chief Secretary's assessment that we should not give an official role to the Overseas Students' Trust. It seems to me that with the restraint in public expenditure that we are urging upon all sides, we have to accept that the provision of funds for students from overseas should bear part of the outbacks. From a strictly commercial viewpoint, if there had to be a choice between either allocating resources to measures designed to attract the right overseas students or to measures more likely to achieve immediate, tangible benefits for our trade, I would have to favour the latter. I do not feel therefore that the time is right to endorse this proposal

Furthermore when there is an expectation of consequential longer term commercial benefits, industry itself might do more to help overseas nationals wishing to study in this country - for example, through individual sponsorship. Such a direct link would provide a closer business relationship between the British company and the

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the student on his return to his own country. Industry should be the best judge of the sort of student most likely to assist it commercially in the long-term.

I note that the Chief Secretary has learned that the Overseas Students' Trust expect to carry out a study in any case. If that is so, all to the good, but if not the Government should be cautious about encouraging it further.

I am sending copies of this minute to the recipients of the Foreign and Commonwealth Secretary's.

W J B

Department of Trade
1 Victoria Street
London, SW1H 0ET

JB

16. March 1981

CONFIDENTIAL

Ref. A04466

MR PATTISON

*Prime Minister**Cabinet Office advising against any formal commission to the Overseas Students Trust, but do not rule out encouragement to the Trust to report on its own initiative.**Should we write as in the draft attached to this minute?*Overseas Students Fees

The Foreign and Commonwealth Secretary, in his minute of 3 March, invites the Prime Minister to agree that the Government should commission a study from the Overseas Students Trust to look into the problem of overseas students fees. Lord Carrington has the support of the Secretary of State for Education. The Secretary of State for Scotland has also expressed his support (his minute of 9 March), and the Secretary of State for Industry is expected to do so. The Chief Secretary, in a minute also dated 9 March, understandably opposes the idea of giving the Overseas Students Trust any official role, not least because he understands that the Trust is already intending to undertake such a study off its own bat. *This view is shared by Mr Biffen at D.*

2. The main attractions to the Government in inviting the Trust to undertake a study of this kind are political and presentational. Some of the criticisms of the Government, both from the academic world and from overseas Governments, might be deflected while the inquiry was in progress. However, the Trust's report can be expected to provide a well documented account of the difficulties for students and their institutions caused by the abolition of the subsidy. Whether or not the Trust is invited to take account of the public expenditure constraints, it can be expected to plead that overseas students are a special case. If the Government are then obliged to turn the case down, they are likely to be faced by even greater criticism than at present. On the other hand, if Ministers decided to reallocate some resources for the benefit of overseas students, the existence of and public support for recommendations to this effect by the Trust would help Ministers in presenting their decision.

3. Lord Carrington does not favour the alternative possibility of an internal official examination of the problem, mainly because he does not consider any single department to be qualified to take the lead. This difficulty could be got round either by the standard device of Cabinet Office chairmanship or, as the Chief Secretary has suggested, by inviting the CPRS to look into the matter.



The main difficulty about commissioning a report from an interdepartmental group is that, in present circumstances, no Department can be expected to offer the resources necessary to provide further subsidies to overseas students, however selectively. Without the prospect of such additional resources, it is doubtful whether it would be worth undertaking the full analysis of the problem which could no doubt be provided. The CPRS would of course run up against the same snag, and would prefer their services not to be volunteered, at least at this stage (in any case, I doubt whether this subject is really right for the CPRS).

4. On balance and provided that the Chief Secretary concurs, the Prime Minister might go part of the way with Lord Carrington, subject to the clear understanding that no new money is on offer. I attach a draft of a letter which you could send to the FCO

A handwritten signature in dark ink, appearing to read 'D.J. Wright', is written over a horizontal line.

D. J. WRIGHT

13th March, 1981

CONFIDENTIAL

DRAFT LETTER FROM PRIME MINISTER'S
PRIVATE SECRETARY TO G.G.H. WALDEN, ESQ.,
CMG, FOREIGN AND COMMONWEALTH OFFICE

Overseas Students Fees

The Prime Minister has read with interest the Foreign and Commonwealth Secretary's proposal in his minute dated 3rd March and has noted the comments made on it, including those of the Chief Secretary.

She recognises that there could be some advantage in having a study made by the Overseas Students Trust, rather than by officials. On the other hand, the Government could be subjected to increased criticism if they themselves commissioned the study and then found themselves obliged to reject its recommendations. The Prime Minister would not object, provided that the Chief Secretary is content, to letting Lord Carr know that the Government would be ready to consider seriously any views which the Trust may wish to put forward off its own bat, after studying the subject; and would be ready to discuss the scope of such a study and to provide factual material for it. But it would have to be made clear to the Trust that there could be no question of any net addition to public expenditure in order to ease the problems of overseas students or to increase their numbers.

The Prime Minister hopes that a way forward will be found on this basis.

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I am copying this letter [to the Private Secretaries to the Secretaries of State for Education and Science, Industry, Employment, Trade, Scotland, Wales^{and} Northern Ireland, and to the Private Secretary to the Chief Secretary, Treasury, and to Sir Robert Armstrong.]

CONFIDENTIAL



Education

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

PRIME MINISTER

OVERSEAS STUDENTS' FEES

1. I have seen Peter Carrington's minute of 3 March to you on this subject.
2. Overseas student numbers in the Scottish institutions for which I am responsible outside the universities seem to have held up rather better than south of the border, but notwithstanding that I fully agree with the Foreign Secretary that we need to ensure that sufficient numbers of the right kinds of student continue to come to the UK. I therefore support his proposal that the Overseas Students' Trust should undertake a study, and am happy to offer the help of the Scottish Education Department in providing the Trust with the appropriate factual information.
3. I am sending copies of this minute to Peter Carrington, Mark Carlisle, Keith Joseph, Jim Prior, John Biffen, Leon Brittan, Nicholas Edwards, Humphrey Atkins and Sir Robert Armstrong.

A.Y.

9 March 1981



10 DOWNING STREET

MAP (O/R)

I've asked for Cabinet

Office advice on this -

not least because the PM is

very interested.

MS

6/3



PRIME MINISTER

OVERSEAS STUDENTS FEES

below I am somewhat concerned by the Foreign Secretary's proposal of 3 March to ask the Overseas Students Trust, a not entirely disinterested body, to devise for us a range of options running, broadly speaking, from present policy back to the old policy of indiscriminate subsidy.

2. It so happens that the Trust sent me, on 2 March, papers about its last private meeting on this subject which makes it very clear that, whether the Government asks for it or not, it will in any event be making just such a study. I have no doubt that the results will be sent to us in due course and it does seem to me that we would be unwise to confer any "official" status on the study in advance, even if it did give us a stake in the terms of reference.

3. I think that some of the talk of a "drop" in the number of overseas students is misconceived in the sense that only ten years ago the number was barely a third of what it is today. It was not regarded then as "inadequate". The benefits we can derive from the presence of overseas students in our education institutions and the trade benefits we can derive by virtue of the place of education of a foreign businessman are important but difficult, if not impossible, to quantify. I can see no reason for regarding the highest number of overseas students so far reached as any sort of target. The "right" level will always be a matter for judgement - in the light of the advantages, disadvantages, costs and priorities involved, and I accept that colleagues will differ in the assessment that they make of this. But I would suggest that as we shall have the Overseas Students Trust's conclusions anyway, if we then find we need a

dispassionate evaluation of the pros and cons of increasing the subsidy to overseas students we have the CFRS already in place to provide such analysis without any appearance of a prior commitment to make changes.

4. I hope therefore that we will not give an official role to the Overseas Students Trust. If we did decide to look into the whole question by whatever means, the terms of reference for any study would require very careful consideration indeed so that the options presented to us are not simply additional expenditure options.

5. I am sending copies of this minute to those who received the Foreign Secretary's minute.

L.B.

LEON BRITTAN



PM/81/7

PRIME MINISTER

Overseas Students' Fees

1. We are beginning to assess with some measure of accuracy the consequences of our decision to withdraw the subsidy on overseas students' fees for new entrants to British higher educational institutions in 1980 at net saving of some £100m (at 1980 Survey Prices) on planned expenditure by 1983-84. That decision, which was taken as part of general Government policy to curb public expenditure, has been widely criticised. Some Commonwealth countries, notably Nigeria, Malaysia, Cyprus, Mauritius and Singapore, and Hong Kong of the Dependent Territories, have been particularly outspoken; but the exchanges at the Commonwealth Education Ministers' Conference at Colombo last summer (which the Education Secretary attended), although restrained, made it clear that all the Commonwealth feel strongly on this issue.

2. The fact that the position of students from the EC countries (including those from the French Overseas Departments) remains unchanged has exacerbated the situation; and it has encouraged the Dependent Territories to press for similar treatment. However, the cost would be high. (At 1980 Survey Prices the cost of exempting (a) the Dependent Territories and (b) all Commonwealth countries would rise by 1983-84 to some £8m and £65m respectively.) Moreover, a widespread exemption of this kind would completely undermine the principle behind the Government's decision, namely that the open-ended indiscriminate subsidy of overseas students by the British tax payer should cease. And it would do so at a time when I think it is becoming increasingly recognised that there can be no question of returning to the /status quo ante.



status quo ante. This was one of the main conclusions of the recent colloquium on this subject (attended in part by the Education Secretary) organised by the Overseas Students Trust under Lord Carr's chairmanship.

3. I believe that there are strong arguments for the introduction of some kind of selective system. The figures so far available show a drop of 28% in first year enrolments of overseas students in 1980-81 as against 1979-80 resulting in a reduction in their total numbers from 79,000 to 67,000. The reduction will almost certainly be even greater this coming academic year - perhaps to a figure in the region of 50,000 - and the trend continues downwards. I do not think that any of us quite contemplated that our decision would produce such a steep and speedy decline. A full breakdown for 1980/81 by country and discipline will not be known for some time. I fear, however, that it may well show a yet less acceptable tendency, eg that students will continue to come here in numbers from oil-rich Arabia, but that those from, say, Nigeria, Malaysia and Hong Kong where we have substantial political and commercial interests may decline by as much as 50%. The ODA have made proposals for the use of existing aid funds to restore the earlier level of aid funded training, and the DES and British Council programmes will also play their part. (Indeed, the present reduction in the number of overseas students would have been substantially greater were it not for the 10,000 Government funded students who continue to come here under the aid programme.) But the ODA's programmes do not extend to the developed and newly industrialising countries and their assistance is still small compared with the magnitude of the problem.

4. In the circumstances, I have considered what we should do to meet the growing pressure both at home and
/abroad



abroad for some remedial measures to deal with the consequences of the original Cabinet decision; and in particular to counter the advantage which our competitor countries (chiefly France, Germany, the USA and the Soviet Union) seem likely to enjoy over us now that we no longer subsidise overseas students. We must reject any thought of widespread exemption of categories of countries eg the Commonwealth, the Dependent Territories, for the reasons given in paragraph 2 above, and it is not the purpose of this letter to seek any additional funds.

5. What I should like to ensure, however, irrespective of the money that is, or might become, available, is that the right students come here, and in sufficient numbers, to preserve our wider political and commercial interests abroad.

6. The subject is complex and goes further than the remit of any one Government Department. But it is certainly very relevant for the Foreign and Commonwealth Office. I am therefore writing to you to propose that, as a matter of urgency, we commission a study which will take account of the different interests and factors involved with the object of presenting a range of options from an entirely open-ended, indiscriminate subsidy on the one hand to a highly selective system of scholarships for particular disciplines to students in particular countries through aid programmes and the like on the other. A number of Government Departments can make an input to such a study but I question whether they can or should take a lead. No one Government Department has the necessary overview or the resources required. The Overseas Students' Trust however is well placed to undertake this role, having already done some groundwork. The Trust is a registered charity set up in 1961. Its income derives from donations from industry, commerce and banking in the UK. The

/Education



Education Secretary has already had some discussion with Lord Carr, who is Chairman of the Trust. OST would be prepared to embark on a study of the kind I have mentioned if it can be assured that the Government would take it seriously (but without any financial commitment or commitment to accepting the results), and provided it can get factual help as needed from Departments in Whitehall. While we should have to take care about the interface between the work of the Trust and the official input, I think that a reasonably practical modus vivendi could be worked out without too much difficulty.

7. I hope very much that you can agree to this proposal which is strongly supported by the Education Secretary.

8. I am sending copies of this minute to Mark Carlisle, Keith Joseph, Jim Prior, John Biffen, Leon Brittan, George Younger, Nicholas Edwards, Humphrey Atkins and Sir Robert Armstrong.

(CARRINGTON)

Foreign and Commonwealth Office

3 March 1981



jo B
Education

10 DOWNING STREET

From the Private Secretary

5 August 1980

Thank you for your letter of 4 August, about the Government's reply to the Report of the Education, Science and Arts Select Committee on Overseas Students' Fees.

I confirm that we are content with publication on Thursday 7 August simultaneously with the reply from the Foreign and Commonwealth Secretary.

I am sending copies of this letter to Petra Laidlaw (Chancellor of the Duchy of Lancaster's Office), Richard Prescott (Paymaster General's Office) and Paul Lever (Foreign and Commonwealth Office).

M. A. PATTISON

KRB

Mrs Mary Bowden,
Department of Education and Science.



ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9222

FROM THE SECRETARY OF STATE

NJS to see

MM 4/8

M Pattison Esq
Private Secretary
10 Downing Street
LONDON SW1

4 August 1980

Dear Mike

SELECT COMMITTEE ON EDUCATION, SCIENCE AND ARTS: REPORT ON
OVERSEAS STUDENTS FEES

I attach a copy of the reply which it is proposed to make to the Report by the Education, Science and Arts Select Committee on overseas students fees. The proposed reply is in the form of a Command Paper and was prepared in close consultation with the Foreign Secretary, who will be replying to a parallel report from the Overseas Development Sub Committee of the Select Committee on Foreign Affairs.

The text of the reply has been cleared with H Committee and it has been agreed that we should seek to lay both replies before Parliament before the recess. Because of the timetable for printing the reply cannot be laid before Thursday 7 August.

I should be grateful if you would confirm that we may proceed with publication on Thursday 7 August simultaneously with the reply from the Foreign Secretary.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Duchy of Lancaster, the Paymaster General and the Foreign Secretary.

Yours ever

Mary Bowden

MRS M E BOWDEN
Private Secretary



ELIZABETH HOUSE,
YORK ROAD,
LONDON SE1 7PH
01-928 9221

FROM THE SECRETARY OF STATE

The Rt Hon William Whitelaw MP CH MC
Secretary of State for the Home Department
50 Queen Anne's Gate
LONDON SW1H 9AT

DES	
Mr. K. Robinson	
ADVICE	INFO
	✓
C O P I E S	Miss Stewart
	Mr. Wilson
	Mrs. Nisbet
	Mr. Simpson

Mr. Ullrich 29 July 1980

Mr. Bird	Mr. CA Clark
SCI	Mr. C. Booth
Mr. Lloyd Jones	Mr. Harvey
Mr. N. Thompson	Miss Price
Mr. J. I. Jones	Mr. Raban
Mr. E. E. H. Jenkins	

Dear Willie,

I am writing to you as the Chairman of H Committee about the First Report from the Education, Science and Arts Committee Session 1979-80, "The Funding and Organisation of Courses in Higher Education: Interim Report on Overseas Student Fees". I enclose a copy of a draft Government response to the Report which has been prepared in close consultation with Peter Carrington because the Third Report from the Foreign Affairs Committee Session 1979-80, about which he will be writing to you, also deals with overseas students' fees and their aid and development implications. We have in our consultations sought to keep both replies closely in line.

Both reports deal with the Government's policy of introducing full cost fees for overseas students in order to withdraw the prior subsidy they receive through the education budget, amounting to some £90 million a year. This measure is an integral part of our general policy of reducing public expenditure. In view of that, Peter Carrington and I are both anxious to make a prompt and firm response to the two Reports. We would propose therefore that the Government's replies, on the lines we have drafted, be laid before the end of the present session and in fact on the same day. This I am afraid means asking you and other colleagues to let us have your agreement by Wednesday 30 July.

I am sending a copy of this letter to all members of H Committee, and to Peter Carrington.

Yours ever
Mark

MARK CARLISLE

GOVERNMENT OBSERVATIONS ON THE FIRST REPORT FROM THE EDUCATION, SCIENCE AND ARTS COMMITTEE (HC 522 - 1)

1. The Government have studied the comments and recommendations made by the Education, Science and Arts Committee in their First Report entitled "The Funding and Organisation of Courses in Higher Education: Interim Report on Overseas Student Fees" (hereinafter referred to as the "Report"). Detailed observations on the recommendations are given below, but the Government consider that it would be helpful first to explain in general terms their attitude to overseas students in the United Kingdom, the factors which led to their decision progressively to withdraw the present indiscriminate subsidy enjoyed by overseas students and the measures they have taken to modify in certain cases the effects of their new policy.
 2. While it is difficult to quantify any longer term economic or other benefits that they may bring to this country, the Government recognize the contribution overseas students make - particularly academically and culturally - and therefore welcome their presence in the United Kingdom. However, the rise in their numbers; from 31,000 in 1967-68 to some 86,000 in 1978-79, had become unacceptable because the system of indiscriminate and open-ended subsidy (representing in the current year on average 60% of the recurrent cost of their education) was placing an unduly heavy burden on the British taxpayer at a time when educational expenditure is under increasingly stringent scrutiny.
 3. The previous administration sought to meet the problem by limiting the number of overseas students to be taken into account for the purpose of funding universities and public sector institutions. The aim was to reduce numbers from the 1976-77 total 83,000 to 66,000 by 1981-82; in the event numbers continued to grow and reached 86,000 in 1978-79. The present Government, reviewing the problem in the light of the lack of impact of the previous policy and within the framework of the need to reduce public expenditure, therefore decided upon the present policy, which is aimed at phasing out the financial burden of overseas students without placing any general limit on the numbers who can be admitted.
 4. Certain limited exceptions have been made to the general policy:-
 - a. A scheme has been introduced to enable overseas postgraduate research students of high calibre (initially 500, rising to 1,500 by 1982-83) to attend universities in the United Kingdom at a fee no higher than that charged to home postgraduates.
- * Unless otherwise stated the numbers quoted relate to the total overseas student population in the university and public sectors including those on non-advanced courses.

This is a permanent feature designed to ensure that the academic excellence of our universities remains open to the best students in the world who wish to come here, and to help universities whose research projects rely to a high degree on overseas postgraduates.

b. A sum of £5 million has been made available to universities for 1980-81 to meet transitional difficulties and help these institutions to adjust to the new policy.

c. Exception has also been made for students from member countries of the European Community, who will be charged the home rates for tuition: this accords with the Government's acceptance of the principle of student mobility, on a reciprocal basis, within the Community. The children of migrant workers will continue to be treated as home students as required by EC regulation.

d. A student from any part of the world, if admitted to a course under an arrangement with an institution outside the United Kingdom for the exchange of students on a fully reciprocal basis, will also be charged the home rate of fee.

5. Any further general concessions, however, would prevent the achievement of the necessary savings in public expenditure as a whole.

6. The new fee structure will apply only to those overseas students starting new courses on or after 1 September 1980. This phased introduction will enable the Government to monitor developments. To this end, arrangements will be made to enable the Government to assess at an early date the impact of the new fees on overseas students entering courses in the academic year 1980-81.

7. The Government's response to the individual recommendations of the Select Committee as summarized in paragraph 63 of their Report is as follows:-

Recommendations (i) and (ii)

"(i) In future, and as a general principle, the accounting treatment for the funding of overseas students should mirror the division of departmental responsibility. (para. 26)"

(ii) Subsidies for overseas students should be carried on the Overseas Development Administration (ODA) budget. (para. 27)"

Response

The Government accept that as a general principle the funding of overseas students should mirror the division of departmental responsibility. The use of the Aid

Programme would however be appropriate only for students from developing countries with aid allocations available for the purpose. The Government does not consider that indiscriminate subsidies for overseas students however financed, are an appropriate use of public resources.

Recommendation (iii)

"(iii) Pending our final report, [it is recommended that] "full cost" fees, as at present calculated, indexed annually for inflation, should remain the basis for accounting in the DES budget; that, in the interests of consistency and certitude, further changes in the method of 'full cost' calculation should be avoided; and that the DES should distinguish in future between changes in arrangements for overseas students proposed on overseas development or educational grounds, and those proposed on financial grounds. (para. 30)"

Response

The Government accept that full cost fees indexed annually for inflation should remain the basis for accounting in the DES budget. This will be borne in mind in discussion with the local education authorities and the UGC regarding fees for 1981-82. For the purpose of public expenditure plans it is not proposed to change the method of assessing savings accruing from the withdrawal of the general subsidy for overseas students or the cost of certain exceptions to full cost fees. The Government will keep in mind the Committee's recommendation to distinguish between educational and financial factors although it may not always be practicable to do so since these could be closely interdependent.

Recommendation (iv)

"(iv) The Government should, as a matter of urgency, find ways of analysing the distribution of overseas students in Britain by level of course, subject, origin of student and nature of student support in such a way that it can better forecast trends in detail, and publish such information annually, concurrently with their recommendations for fee and overseas student target assumptions in paragraph 52. (para. 40)".

Response

It is not the Government's intention to set target numbers for overseas students nor, except in the case of the Overseas Aid Programme where it is a matter for

discussion with the countries concerned, to take any decisions as regards subjects to be studied, level of course or geographical origins of students. Matters relating to the admission of students are for the institutions themselves to determine.

Information on overseas students is already available for country of origin, subjects studied and course followed. Extra information in the detailed form recommended in the Report would be of interest; but it has no direct relevance to Government policy which, with the withdrawal of subsidy from overseas students, will not be based on such considerations. Information is available already for those students who are funded by the Government. The Government have devoted, and will continue to devote, considerable thought to the improvement and refinement of statistics. But their collection and analysis impose a heavy financial and manpower burden on institutions, on the UGC and on local education authorities.

Recommendation (v)

"(v) The Secretary of State should clarify the meaning of 'level funding'. (para. 44)"

Response

The term "level funding" has been used to indicate that the resources available in real terms for home students in higher education in 1980-81 were planned at about the same level as for 1979-80. It has also been used as a guide to universities to indicate that for planning purposes they should work on the basis that grant for home students for the academic years 1981-82 and 1982-83 would not be very different in real terms from that announced for 1980-81.

Recommendation (vi)

"(vi) Further clarification and guidance should be given both as to interpretation of 'ordinary residence' and as to the administrative procedure to be followed by institutions in determining the status of applicants. (para. 47)"

Response

The "ordinary residence" concept does not lend itself to determination in accordance

With rigid rules; it falls to be determined in the light of all the circumstances of the individual concerned. The Secretary of State for Education and Science has already given in ACL 1/78, the relevant extract from which is set out in the Annex, guidance on this matter; further advice will be offered as necessary taking into account cases recently determined in the Courts.

Recommendation (vii)

"(vii) A wider bursary scheme for overseas students of high standard should be set up as a matter of urgency. It should be administered by a body representing, among others, academic, research, industrial and commercial, overseas development and local government interests, as well as those of the relevant central government departments. (para. 50)"

Response

The present financial situation does not admit of any extension of the bursary scheme described in paragraph 4 a above, or indeed of the other arrangements set out in that paragraph. This, as the Report acknowledges, is a matter of public expenditure priorities, which are for the Government to determine. The bursary scheme already announced is being administered by the University Grants Committee (UGC) and the Committee of Vice Chancellors and Principals (CVCP). The Government see no case for setting up under their aegis a wider body of the kind recommended to deal with matters that are essentially in the province of Government policy.

Recommendation (viii)

"(viii) The Government should publish by 1st January each year (a) the recommended levels of overseas student fees and of overseas student targets for the following academic year, (b) levels of expenditure for bursaries for the following academic year. (para. 52)"

Response

The Government recognise the importance of making known as long as possible before the start of the academic year the recommended fee levels and the extent of financial support available for postgraduate bursaries (as stated above on Recommendation (iv)), there is no question of prescribing overseas student target

numbers). The aim is to make such information available by 1 January each year, but it is not always possible to achieve this because of the many factors that have to be considered by the bodies concerned, namely the local authority associations and the UGC.

Recommendations (ix) and (x)

"(ix) The UGC should be encouraged to issue a Note for Guidance regarding overseas students' fees, after consultation with the DES. Similarly, we recommend that the DES should ensure that guidance is given to local authorities and the colleges and polytechnics. (para. 56)

(x) A policy of encouraging institutions to behave in an entrepreneurial manner in generating income from overseas students should be given greater emphasis and administrative arrangements should be examined to ensure that universities, polytechnics and colleges enjoy incentives to pursue this policy. (para. 57).

Response

Present guidance on the level of fees to be charged in the university and public sectors was given on the advice of the UGC and the local authority associations respectively. The guidelines recommended to universities, which set only minimum fees, gave them some scope for an entrepreneurial approach and there is evidence that several are taking advantage of this. The advice given to the public sector of education which laid down the actual fees left less scope in this respect; it is in any case for the local education authorities to consider the extent to which the Education Acts allow them to assume the role of entrepreneur. The Government have noted that the Report recommends (para. 30) that the present recommended methods of full-cost fee calculation should be maintained for the time being.

EXTRACT FROM ACK 1/78 Of 27 JANUARY 1978

Ordinary residence appears to the Secretary of State to be essentially a question which does not lend itself to determination in accordance with rigid rules but which falls to be determined in the light of all the circumstances of the individual concerned. The question is one of mixed fact and intent. Though statutory references to ordinary residence must be construed in their context, authorities should have regard to the approach of the courts to the question of ordinary residence in context other than that of the Act of 1962. In particular, the Secretary of State would draw the attention of authorities to STRANSKY V STRANSKY [1954] P.428 in which Karminski J (at p.437) appeared to equate a person's ordinary residence with his "real home". It would seem that, on the one hand, a person whose real home is in this country may sometimes remain ordinarily resident here notwithstanding that he has gone abroad for some special purpose for a limited (but possibly protracted) period and, on the other hand, that a person whose real home is abroad may sometimes not be ordinarily resident here notwithstanding that he has come to this country for such a purpose and period. Other cases which authorities will doubtless wish to consider include MACRAE V MACRAE [1949] p 397 and the Australian case CLARKE V THE INSURANCE OFFICE OF AUSTRALIA LTD [1965] 1 Lloyd's List Law Reports.

FILE

RH



B/C PRESS OFFICE

10 DOWNING STREET

From the Private Secretary

4 August, 1980

Thank you for your letter of 1 August to Michael Alexander about the Government reply to the Report by the Overseas Development Sub-Committee of the Select Committee on Foreign Affairs on the issue of full cost fees for overseas students in Britain.

The Prime Minister is content that this should be published on Thursday, 7 August simultaneously with the reply from the Secretary of State for Education and Science.

I am sending copies of this letter to Petra Laidlaw (Chancellor of the Duchy of Lancaster's Office), Richard Prescott (Paymaster General's Office) and Mary Bowden (Department of Education and Science).

M. A. PATTISON

Paul Lever, Esq
Foreign and Commonwealth Office

TJR



Foreign and Commonwealth Office

London SW1A 2AH

1 August 1980

Prime Minister
Content for this reply to the
Select Committee report on Overseas Students Fees
to be published on August 7?

Dear Michael,

Select Committee on Foreign Affairs:
Report on Overseas Students Fees

I attach a copy of the reply which it is proposed to make to the Report by the Overseas Development Sub-Committee of the Select Committee on Foreign Affairs on the issue of full cost fees for overseas students in Britain.

The proposed reply, in the form of a Command Paper, has been prepared in close consultation with the Secretary of State for Education and Science who is replying to a parallel report from the Select Committee on Science, Education and Arts.

The text of the reply has been cleared with H Committee. It has been agreed by the Foreign and Commonwealth Secretary and by the Secretary of State for Education and Science that we should seek to lay both replies before Parliament before the Recess. The exigencies of the printing timetable mean that this is just possible but that the reply cannot be laid before Thursday 7 August.

I should be grateful if you could confirm that we may proceed with publication on Thursday 7 August simultaneously with the reply from the Secretary of State for Education and Science.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Duchy of Lancaster, the Paymaster General and the Secretary of State for Education and Science.

Yours etc

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

OVERSEAS STUDENT FEES: AID AND DEVELOPMENT IMPLICATIONS DRAFT
GOVERNMENT OBSERVATIONS ON THE REPORT OF THE SUB-COMMITTEE ON OVERSEAS
DEVELOPMENT OF THE SELECT COMMITTEE ON FOREIGN AFFAIRS

The Government welcome the interest which the Select Committee and the House as a whole has taken in this subject. The Select Committee coordinated its enquiry with that of the Select Committee on Education, Science and the Arts (HC 552-1) and this reply is similarly being made in coordination with that made to that Committee. The questions raised by the Select Committee on Education and referred to in paragraph 16 of the report of the Select Committee on Foreign Affairs concerning the conventions regarding disclosure of information on interdepartmental discussion have been the subject of a further separate reply.

2. The Government consider that it is still too early to make confident statements about the effect of the introduction of full-cost fees and abolition of quotas on overall numbers of students from overseas, or on individual countries or institutions in the United Kingdom. The Government will be monitoring the situation closely. While considering that as a general rule courses should be paid for on a full cost basis, the Government welcome the presence of overseas students and appreciate that it can bring benefits to Britain as well as to their countries of origin.

3. From the technical cooperation funds allocated to individual developing countries and to schemes such as the Commonwealth Scholarship and Fellowship Plan, it should remain possible to maintain a substantial level of training in the United Kingdom as part of the overall contribution to the education and training needs of developing countries. The Government do not consider that an indiscriminate scheme of support for private students from developing countries or even for students sponsored by their Governments would be an appropriate use of limited aid funds. Support available from the Aid Programme will thus continue to be deployed on carefully-selected students and trainees on courses which enable them to make an early contribution to the development of their countries on their return.

4. The Government's response to the individual recommendations made by the Select Committee are as follows:-

Recommendation Para 37

"The Government should take steps, involving appropriate coordination between the DES, the ODA, the British Council, The Central Statistical

Office, and other associated bodies, to ensure the collection of accurate and up-to-date statistics on overseas students in the UK in universities, polytechnics and other colleges supported by public funds, showing:

- (a) the distinction between students and trainees, and between those on short courses and those on courses lasting for a full academic year;
- (b) the countries of origin of all students and trainees;
- (c) the sponsorship and financing of all students; and
- (d) subjects studied and courses followed."

Response

The ODA have already had consultations with the DES and the British Council on the collection and presentation of statistics of overseas students. The position is as follows:-

- (a) in all cases students can be distinguished from trainees although definitions need to be clarified. In addition complete coverage of trainees is available for those funded by ODA.
- (b) complete statistics of overseas students on courses lasting for a full academic year or more are available and those funded by HMG can be separately identified;
- (c) in addition statistics are available on students funded by HMG on short courses;
- (d) the ODA and British Council publications currently show the countries of origin of all students and trainees that fall within their respective scope;
- (e) sponsorship and financing is known for students funded by HMG. For other students reliable information is not readily available; and it is incumbent on Government departments to require the minimum amount of detail compatible with the efficient implementation of policy;
- (f) the subjects studied are already known, but published only at an aggregated level;
- (g) details of the level of course are collected and are shown in British Council publications. The Government intend in addition to compile a register of the institutions at which students funded by HMG are studying.

Recommendation Para 38

"Machinery should be established within the Foreign and Commonwealth Office to ensure proper coordination of all aspects of Government policy towards overseas students and to provide appropriate liaison between the Government and all other interested parties. One Minister within the Foreign and Commonwealth Office should be given specific responsibility for this role".

Response

The Government agree that proper coordination of Government policy on overseas students is necessary. Close contacts between DES and FCO (and between the two wings of FCO) already exist and the Government does not consider that new machinery needs to be established within FCO for this purpose. At Ministerial level the Government see no particular advantage in giving a Minister from one department general oversight of overseas student questions. Within FCO a Minister, Mr Blaker, has responsibility for overseas student questions in so far as they affect that Department; within DES Dr Rhodes Boyson has corresponding responsibility for overseas student questions

Recommendation Para 39

"The necessary research should be conducted, complementary to the work already done by the Overseas Students Trust, to determine the appropriate long-run marginal costs for different levels of courses in different disciplines; further research should seek to establish the economic costs and benefits to the UK arising out of the presence of large numbers of overseas students".

Response

The Government will await the results of research recently commissioned by the Overseas Student Trust. They do not therefore propose to commission additional research on them at this point.

Recommendation Para 40

"A special pilot study should be put in hand in November 1980 to assess the impact of the higher fees on the intake of students into universities, polytechnics and other colleges in the academic year 1980-81".

Response

The Government are making arrangements to enable them to assess at an

early date the impact of the new fees on overseas students entering courses at further education establishments in the academic year 1980-81. The University Grants Committee are also proposing to collect some additional early information on overseas students at universities.

Recommendation para 41

"The ODA should undertake a comparative study of costs to overseas students of education and training in the OECD countries, making allowance for length and type of course, cost of living, fees (if any) and current exchange rates".

Response

The Government understand that the Institute of Education, European Cultural Foundation, Paris is undertaking an extensive comparative survey of overseas student provision in a number of countries, including the large majority of those of OECD. The Government propose to await the results of this research, which are expected shortly, before considering whether any additional studies are desirable.

Recommendation Para 42

"A substantial increase in funds should be made available for technical cooperation within the aid budget to ensure that the number of students and trainees financed under the Aid Programme does not fall below the level of 1979-80".

Response

As was explained in the memorandum submitted by ODA to the sub-committee training is generally only one element in a package of UK assistance to a developing country. In the light of the present situation, in our discussions with recipient Governments we are making it clear where appropriate that there are possibilities of increasing technical cooperation at the expense of capital aid; although the extent of these possibilities depends on the level of existing commitments. Based on our contacts with Governments we are confident that a substantial though smaller training programme will remain a feature of our bilateral programmes; and the Government are not at present contemplating special measures to secure a particular overall level of aid-financed training. It is worth noting that the number of new arrivals of students and trainees, financed from the Aid Programme

was at a particularly high level in 1979, as follows:-

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
<u>Students</u>						
New Arrivals	3756	4248	3828	3879	3741	4611
<u>Trainees</u>						
New Arrivals	3447	3361	2745	3400	3784	4097

A significant decline from the higher level is to be expected in 1980.

Recommendation Para 43

"Action should be taken to halt and then reverse the decline in the number of students from poorer countries studying in the UK, which has been occurring for some years, by providing the ODA with sufficient funds and administrative resources to reimburse nationals of these countries with a suitable proportion of the fees payable, on a basis which takes into account national per capita income levels."

Response

The cost of any general subsidy for non-aid funded students would be high and does not, in the Government's view, deserve priority from limited aid funds. It is better to continue to concentrate these funds on supporting students and trainees nominated by their governments and placed on selected courses which enable them to make an early contribution to the development of their countries on their return.

Recommendation Para 44

"Action along these lines should also be taken for the benefit of students from Commonwealth countries or dependent territories where appropriate higher education institutions do not exist at all or provide a severely limited range of courses".

Response

Deficiencies in local higher education provision are of course one factor taken into account in establishing the scale and sectoral allocation of aid to Commonwealth countries and dependent territories. The Government are not persuaded, however, that a general scheme of

subsidy for students from these countries deserves priority from aid funds.

Recommendation Para 45

"A similar scheme, effectively waiving the new fee increases, should also be instituted in respect of technicians, craftsmen and other trainees".

Response

Trainees are not generally directly affected by the fee increase for students, and a special scheme is therefore unnecessary.

Recommendation Para 46

"The ODA should carry out a special study in conjunction with the appropriate EEC bodies, of the position of students from the ACP countries that are signatories to the Lome II Convention, with a view to giving help to students from these countries".

Response

The Lome Convention provides substantial funds for training of students from the ACP countries. The British Council maintain close contact with the European Commission about these schemes, and the Government do not consider that a special study of their operation is needed. Nor do the Government consider that a study of the question of treating students from ACP countries as home students is needed. Contrary to para 30 of the Select Committee report, a concession to ACP students would be extremely expensive on the basis of existing numbers (14,000, of which the large majority are not funded from British aid.) Neither the Treaty of Rome nor the Lome Convention creates an obligation to extend to ACP citizens the same privileges as are enjoyed by citizens of the EC.

Recommendation Para 47

"Action must be taken as a matter of urgency to safeguard the future of such centres of excellence as the London School of Hygiene and Tropical Medicine, the School of Oriental and African Studies, the London School of Economics, and the University of Manchester Institute of Science and Technology, which could be gravely threatened by a serious fall in overseas student numbers. Apart from their importance to the UK, these institutions provide an invaluable resource to developing countries, and indeed to the whole world."

/Response

Response

The fact that the policy of phasing out the subsidy in respect of overseas student fees is to apply only to new overseas students from 1980-81 will, of course, ensure that its impact is spread over a period of two or three years. The Government are aware that despite the gradual impact, there may be transitional problems for certain universities, or particular schools or departments within them, which have a high proportion of overseas students. In recognition of this, the Government have included in the universities' grant settlement of £987m for the academic year 1980-81 an ear-marked sum of up to £5m to be made available to universities, on the recommendation of the University Grants Committee, to help to ensure that uncertainty about prospective income from overseas students does not adversely affect selected postgraduate work of particular importance to this country while universities are adjusting to the new policy.

It is also open to all overseas postgraduate research students of high ability including any who propose to attend these establishments, to apply for one of the postgraduate fees bursaries provided by the Government which, when the scheme is fully operational, should benefit some 1,500 overseas students.

Recommendation Para 48

"The Government should discuss with the Commonwealth Secretariat the future funding of students from the developing countries, in order that they can study in the developed countries of the Commonwealth."

Response

The Secretary of State for Education and Science has had an exchange of correspondence with the Commonwealth Secretary-General on matters arising from the increase in fees. The Secretary of State informed the Secretary-General that the Government would be very ready to consider proposals and alternative strategies which Commonwealth countries might have to suggest taking account of the points made by the Select Committee; but explained that he saw no prospect of a general exemption from fees for students from the Commonwealth.

The Association of Commonwealth Universities has tabled a paper on the subject of student fees for discussion at the Eighth Commonwealth Education Conference which is being held in Colombo in August and at which the Secretary of State for Education and Science is representing the UK; and the Government will play their full part in these discussions.

/Recommendation

Recommendation Para 49

"An effort should be made to determine coherent policies on overseas student affairs as part of a consistent policy on development, on the following points

- (a) the number at which the Government is seeking to stabilise admissions;
- (b) the desired distribution of students by country of origin is regarded as desirable;
- (c) the preferred distribution by type of institution and subject area;
- (d) the suitable safeguards needed for centres of excellence;
- (e) the priority which should be given to the creation and preservation of political and commercial goodwill."

Response

The Government have made it clear that they welcome the presence of overseas students, including those financed from the Aid Programme, at British institutions of further and higher education but consider that as a general rule courses should be paid for on full cost basis. The Government are not seeking to stabilise admissions, nor, apart from students financed under the Aid Programme, do they propose to regulate the distribution of students by country of origin, type of institution or subject area. They have made funds available to the UGC to help protect selected postgraduate work of particular importance to this country and are monitoring closely the effects of increased fees on admissions. They will continue to make substantial contributions through the Aid Programme to the education and training needs of developing countries.

The Government consider that this approach will be more conducive to the creation and preservation of political and commercial goodwill than the quota system imposed by the previous Administration.

Recommendation Para 50

"The new level of fees should not be charged to students studying at present in the UK progressing from a preliminary course to a higher one."

Response

Overseas students beginning courses on or after 1 September 1980 will be charged full cost fees at the rates and in the form recommended. For this purpose a course would be defined as a period of organised study complete in itself so that the student may leave on completion

/without

without necessarily going on to another. If a preliminary course is of this nature, the Government would expect the institution to charge an overseas student the full cost fee for any subsequent course undertaken on or after 1 September 1980.

Recommendation Para 51

"In view of the developmental limitations of the fee support scheme which has been established for a limited number of research students, we would like to see a scheme established to cover a wider category of students, especially those engaged in studies in clear priority areas, such as agriculture, veterinary science, rural development, natural resource development, engineering and medicine."

Response

In addition to the new postgraduate fees bursary scheme being administered on its behalf by the Committee of Vice-Chancellors and Principals for overseas research students of high ability, the Government are continuing to operate in 1980/81 through the Aid Programme a fee support scheme for up to 600 postgraduates already in the UK and studying courses of high developmental priority. The Government do not, however, consider that limited aid funds should be used in support of a much wider scheme as proposed. The numbers involved, and consequently the funds required, would be very large. In 1977/78 the numbers studying agriculture, veterinary science, engineering and medicine who had come from Commonwealth and foreign countries exceeded 32,000.

PRIME MIN 15732

MJS

Tuition Fees for Overseas Students

Members may find the following brief useful for the Opposition's Half Day Supply Debate on Thursday, June 5th, 1980.

Background

Over the last ten years the number of foreign students attending educational establishments in Britain has almost trebled from 30,000 in 1967-8 to 86,000 in 1977-8. This dramatic increase in numbers has required an ever-increasing volume of subsidy from public funds. The current subsidy on the tuition fees of overseas students is about £100 million a year or 60% of the real cost of each course.

Labour Policy

The last Labour Government attempted to solve this problem by raising post graduate fees by 100% and undergraduate fees by more than 55%. In addition they introduced an admissions quota to reduce the total numbers from 83,000 in 1976/77 to 66,000 in 1981-2.

This policy of limitation failed: in 1978-9 University and Rate Support Grants were adjusted to provide for a target of 72,000 overseas students, in the event this figure was exceeded by 21%.

Conservative Policy

On November 1st 1979 the Secretary of State, Mr. Mark Carlisle announced his recommendation that overseas students starting new courses after September 1st 1980 would be expected to meet the full cost of their tuition. The purpose is not to discourage those who wish to study in this country but to ensure that in a period of financial stringency overseas students, many of who come from countries where the per capita income is far higher than our own, make an economically realistic contribution towards the cost of their tuition.

In addition the Government has taken steps to ensure that this policy is phased in and that assistance is given to those overseas students who are in genuine need.

- Overseas students already on courses before 1st September 1980 will continue to pay a subsidised tuition fee.
- An additional sum of £5 million in 1980-81 has been made available to the University Grants Committee to meet specific transitional problems.

- A bursary scheme has been established to enable a number of overseas research students of high academic merit, irrespective of their financial means, nationality or subject field, to attend British universities for a fee no higher than that charged to home research students. When the scheme is fully operational, in 1982-3 some 1,500 postgraduate research students (17% of the present number) will benefit.
- Recognising the need for student mobility and reciprocity within the European Community, students from member countries are exempt from full cost fees.
- Some 14,000 students from developing countries have been assisted through the Overseas Aid Programme.

Appendix

a) Total numbers of Overseas Students

1971-2	39,000
1973-4	51,000
1975-6	75,000
1977-8	86,000
1978-9	87,000 (provisional)

b) Country of Origin in 1977-78

Malaysia	12,856
Iran	10,079
Nigeria	6,251
Hong Kong	4,585
EEC	2,976

c) Overseas applications to the University Central Council on admissions

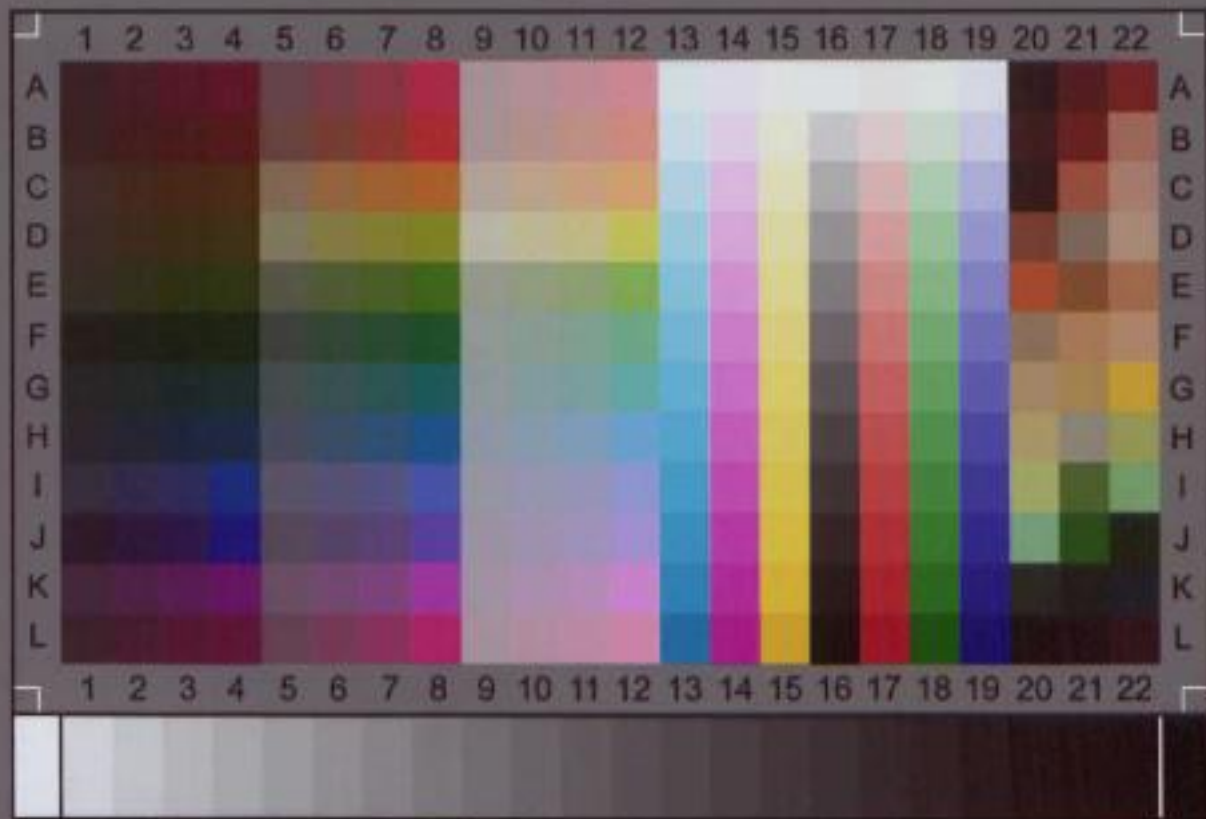
31st March 1978	21,749
31st March 1979	23,286
31st March 1980	20,528

% change 1979 to 1980 -12%

Members may find it useful to refer to the Times Survey of overseas applications to universities, which reports that post-graduate applications are running at broadly the same level as last year (Times Survey, 3rd June, 1980)

Conservative Research Department,
32 Smith Square, London SW1

CC/CD
4th June, 1980



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