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PRIME MINISTER

E(LF): THE COMMUNITY CHARGE AND STUDENTS

The Education Secretary's minute to you yesterday evening argues that in England and Wales it would be very difficult to find a way of reimbursing students through their grants that could take account of the wide variety of community charges there. Accordingly, Mr Baker suggests a totally new approach for putting students in funds to pay 80% of the charge, separately from the grant system. Such a scheme would be operated by educational institutions themselves and would represent a substantial new administrative machinery for them.

2. We understand that Scottish ministers may very well take the view that their educational institutions would simply not take on the extra work that Mr Baker is suggesting. They will say that for Scotland a grant-based system with an element of rough justice remains the best approach. It was specifically agreed in the E(LF) discussion last October (E(LF)(86)4th meeting) that the decision on students in Scotland "did not necessarily commit the Government to adopt the same approach to compensation when the community charge was introduced throughout Great Britain".

CONCLUSIONS

3. Mr Baker's minute merely underlines that any system of applying the community charge to students in England and Wales is likely to be very different from what is proposed for Scotland.

4. The first point that you will want E(LF) to address is simply to confirm that it will be politically sustainable for the Scotland arrangements to be cast as presently proposed, in the knowledge that England and Wales will be markedly different.

5. Assuming that E(LF) endorse that, the second point to consider will be Mr Rifkind's specific suggestion for a 50% regime for foreign students etc. The earlier brief suggested that this might risk appearing to raise some anomalies.

A/L

A J LANGDON

23 April 1987

