



10 DOWNING STREET

19 May 1986

From the Private Secretary

STUDENT SUPPORT

The Prime Minister has seen the minutes of the discussion of H on Thursday, 15 May, about social security benefits paid to students.

The Prime Minister has noted in particular that it would be necessary to lay Regulations before Parliament early in June. She believes that the timing of this is appalling, bearing in mind, among other things, the likely controversy this week about funding for the universities.

I am sure that at this stage she would not want any action put in hand to change or delay the timing. But I expect the Prime Minister would welcome an opportunity to comment before a final decision is taken about the date of the announcement.

I am copying this letter to Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster) and to Michael Stark (Cabinet Office).

DAVID NORGROVE

Miss Joan MacNaughton,
Lord President's Office.

CONFIDENTIAL

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CONFIDENTIALPRIME MINISTERSTUDENT SUPPORT

The Green Paper on the reform of social security set the objective of returning to a situation in which publicly-funded help for students is provided through the grant system rather than through the social security system.

H Committee have now agreed a package of measures which go part of the way towards this, and save £14 million in 1986/87 and £23½ million a year thereafter. As recommended by the Social Security Advisory Committee, they have also agreed that there should be a review of student support.

In order to make the savings during the next academic year it will be necessary to lay the regulations before Parliament early in June. This will probably be done at or about 3 June, after another meeting of H Committee to discuss the proposed review in greater detail. (The review is likely to be internal, without a specified ending date.)

The sensitivity of these changes will of course be increased by the likely controversy next week about university funding, on which there are papers next to these in your box.

The timing is appalling.

DWS

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DAVID NORGROVE

16 May 1986

NBP7

MR ADDISON

16 May 1986

cc Mr Willetts

H COMMITTEE ON 15 MAY, STUDENTS AND BENEFITS

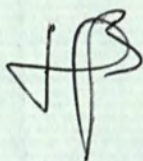
There was a consensus that £100m currently paid to students by DHSS (Sup. Ben. and Unemployment Benefit) should be paid to them through the DES. The main question arising was how this could be achieved. Keith Joseph made the fundamental point, supported by the Committee, that it was wrong to put students in a position of social dependency when they left school.

Norman Tebbit expressed deep-rooted unease about a review that might produce costly results. There was a dispute as to whether a review - if carried out - should be speedy, or should carry the matter past the next general election. The Lord President was against a review that continued during the next general election.

There was some discussion of the merits of loans. The Lord Chancellor said the courts could not cope with a new spate of student loan defaulters.

The package of proposals was desirable and the Lord President concluded that there should be a review, but that it should be internal under the chairmanship of Norman Fowler, and that it should be without a specified period. The details would follow discussions between Norman Fowler, John MacGregor

and Keith Joseph, when they could agree a way of presenting the decision concerning the package attractively.

A handwritten signature in black ink, appearing to be 'H. Booth', written in a cursive style.

HARTLEY BOOTH

PS Subsequently, the Cabinet Office informed me that it was intended to announce the package on or about 3 June, after another meeting of 'H'.

H COMMITTEE ON 15 MAY, STUDENTS AND BENEFITS

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See
SOCIAL
SERVICES:
Review of Social
Security: Part 4.

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The Lord President concluded that there should be a review, but that it should be internal under the chairmanship of Norman Fowler, and that it should be without a specified period. Any announcement would follow discussions between Norman Fowler, John MacGregor and Keith Joseph, when they could agree a way of presenting the decision attractively.



HARTLEY BOOTH