40,000 applications have already been received by the Open University. The University has been sifting these over the last few months. They intend, and, as things now stand, they are entirely free, to send letters of acceptance to 25,000 students from 1 August. There has been no consultation about a departure from this commitment with the Chancellor (Lord Crowther), the Vice-Chancellor Dr. Walter Perry, the Treasurer (Sir Paul Chambers) or with any other member of the Council. We simply could not defend the abrupt termination of the University's existence, without consultation, by Saturday. Quite apart from this political consideration the unit cost per graduate produced in this new institution could well be substantially less than in the orthodox university system. Its successful development could offer significant off-setting savings in higher education costs in later years. It has aroused considerable interest and expectation and attracted a surprisingly wide range of influential support. We would be open to further criticism, within the educational world and from public opinion at large, if we decided to write off £8 million or more of public expenditure as nugatory without allowing any opportunity of proving that the claims made for the Open University can be substantiated and without any firm evidence that they cannot. I must therefore ask my colleagues to reject its immediate termination.

2. I would not rule out the alternative of reducing the first intake from 25,000 to 15,000 students, although I should point out that the saving in 1971 would be negligible and less than £2 million in 1973-74. Moreover, to pursue this course would have undesirable consequences. The decision would have to be announced before Saturday 1 August. The first of the Government cuts would thus be seen to be falling on education. This would lend credence to the recent Press speculation that other cuts totalling £100 million in the education sector were to follow. For two or three months I could neither confirm nor deny these rumours. I believe we should have trouble out of all proportion to the money saved.
3. I invite my colleagues to consider leaving the intake for this year at 25,000. The Government would need to do nothing publicly at this stage. But I would put the Open University on notice that later this year (when the Government proposals as a whole on reductions in public expenditure had been announced) I would want to consider with them:

(i) the rate of entry for the second and succeeding years;

(ii) the need to provide for students under 21 who might otherwise go to other, more costly forms of higher education;

(iii) the prospects of them increasing their own revenue with a view to limiting the continuing level of public financial support. I believe this approach could be made to save almost as much as the alternative while avoiding the immediate political difficulties.

4. I propose that we should follow the course outlined in the last paragraph. But if my colleagues wanted a gesture towards economy, despite the political consequences which I am sure would follow, I would be prepared to accept an entry of 15,000 students this year.

M H T

Department of Education and Science W1
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