

IN CONFIDENCE



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Lord Hailsham of
 St Marylebone CH FRS DCL
 House of Lords
 LONDON SW1

11 March 1982

Jan Quintin,

Thank you for your letter of 1 March about the Polytechnic of Central London.

I can well understand your disquiet. I do not know all the details but as I understand it the Inner London Education Authority have become extremely concerned about the financial management of the Polytechnic, particularly the seeming lack of accountability and control. The alleged deficit of £600,000 to which you refer was first mentioned in the press when the ILEA sent in a team of auditors towards the end of last year, and there have been subsequent references to it.

I gather that although the Polytechnic's own auditors (you will know that as a limited company they have to have independent auditors) reported in adverse terms on a number of aspects of the financial management two years or so ago, none of this was reported to the Polytechnic Court. Moreover, last summer, when faced with cash flow difficulties, the Polytechnic borrowed a considerable sum from a bank, incurring substantial bank charges, without involving the ILEA.

So seriously do the ILEA view the state of affairs that when they announce on 12 March their grant-in-aid to the London Polytechnics for the next academic year I understand that it is likely that PCL will not appear in the list of bodies receiving grants, and that it will be indicated that the Polytechnic's financial procedures are not adequate to manage any grant they receive. This will be followed by an announcement at the next meeting of the Court that the ILEA are to set up a joint committee with the Polytechnic Court to examine the affairs of the Polytechnic.

The ILEA have already strengthened their membership on the Court and have arranged for PCL's Finance and General Purposes Committee to be attended and advised by the Authority's Education Officer, Chief Finance Officer and the Head of Audit (or their representatives) who will be proceeding to introduce proper financial regulations for the management of the institution. The officers in fact attended the meeting of that Committee on 8 March.

The ILEA decision to deny grant-in-aid to the Polytechnic will doubtless attract a certain amount of publicity, and I thought you should be forewarned. But that should not in itself be a cause for alarm. It will not mean that resources are withdrawn for the educational provision at PCL; they will be released as deemed appropriate by the Authority's officers if matters are not regularised by that time (ie before the beginning of the next academic year). In effect, ILEA will be taking over direct financial control until they are satisfied that adequate financial procedures have been instituted.

Let me assure you, however, that none of this action with regard to the Polytechnic's financial management is in any way intended to cast doubts on the quality of the education provided by PCL, which is regarded by HMI (and more generally) in many parts as among the stronger higher education institutions, with particular strength in engineering and other vocational fields.

I hope that this will help to give you the background as I understand it.

Yours ever,

Kear

CR to chase



289
Education

10 DOWNING STREET

From the Private Secretary

16 March 1982

Thank you for your letter of 11 March, enclosing a copy of one from your Secretary of State to Lord Hailsham about the Polytechnic of Central London.

repeated The Prime Minister was interested to see this correspondence.

MAP

Mrs. Imogen Wilde,
Department of Education and Science.

JWP



Prime Minister

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

M. A. Pattison Esq
Private Secretary
10 Downing Street
LONDON
SW1

11 March 1982

Dear Mike,

I thought the Prime Minister would be interested to see the enclosed copy of a letter which my Secretary of State has today sent to Lord Hailsham about the Polytechnic of Central London. A copy of Lord Hailsham's letter of 1 March is also enclosed.

Yours ever,

Inogen Wilde

MRS I WILDE
Private Secretary

FROM:

SS/15417/H

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



HOUSE OF LORDS,
SW1A 0PW

1st March, 1982

The Right Honourable
Sir Keith Joseph, Bt., MP
Secretary of State for
Education & Science,
Elizabeth House,
York Road,
London,
SE1 7PH.

*Please check
me to reply.
W 3/3*

My dear Keith:

Polytechnic of Central London

I hope you will not think I am guilty of an impropriety in writing this letter. It is about the Polytechnic of Central London. As you may be aware, this institution was founded by my grandfather and I am still a member of the Court. During my many years in Office I have always been given leave of absence, and I am at present on leave of absence from the Court. Nevertheless I receive the papers and they are becoming increasingly alarming. What is going on there?

Only today I had an extraordinary letter addressed to the Chairman at his private home from a man called Bala Gnanapragasam at County Hall. I have also been circularised by various trade unions, and by the Chairman, and there have been notices about a £600,000 deficit in the newspapers.

I should be very sorry if anything happened to what is for me a family tradition. Could you possibly let me know discreetly what is going on, and if there is anything I can do to assist?

Yrs:

1. Secs Clerks

*Pl. cover a refer to
Mr Forester for draft
S/S reply*

2. Mr Forester

*We are still awaiting a
further report on PCL following
Mrs Alexander's minute last week
W 3/3*