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PRIME MINISTERINDUSTRIAL SPONSORSHIP OF INDIVIDUAL STUDENTS

You may remember that at the meeting on Industry and Employment last December, Sir Keith Joseph raised the need to increase the extent of industrial sponsorship of students in universities and polytechnics. He was worried that the level of the disregard, i.e. the amount of money a student can receive from other sources before his grant is abated, would be a disincentive. You will be pleased to know that he has reached agreement with the Chief Secretary to raise this from £980 to £1,600.

Sir Keith has also proposed an extension of the rules on tax relief so that a company can set against tax the costs of any students it sponsors. At present only those of course relating directly to the company's trade are eligible. The Chief Secretary is resisting this because it would allow the cost of sponsorship to be offset not simply sponsorship of students in subjects where there are shortages such as electrical engineering and computer science but anywhere including sponsorship for sport or the arts. The Chief Secretary believes that there are already adequate reliefs and that the solution lies in encouraging companies to take full advantage of them and in increasing their contribution to the training of engineers.

Sir Keith may return to the charge on this. I will report on progress.

21 June, 1984