



10 DOWNING STREET

*From the Private Secretary*

12 May 1982

*Dear Nick*

Committee of Vice-Chancellors and Principals

Thank you for your letter of 7 May to Caroline Stephens and the briefing for the dinner with the CVCP which the Prime Minister attended last night.

The Prime Minister, opening the formal discussion at dinner, said that it was important for the Universities to recognise that they were living in a market economy. They would only survive if they provided a service for which individuals were willing to pay. They could not rely on Government subsidies forever. She was aware of the problems caused for the Universities by the reductions in the UGC's grants. But difficult decisions had to be faced. Redundancies in the Universities were necessary. The system of tenure would have to be abolished. There was now an opportunity for the Universities to restructure themselves, so as to improve their effectiveness and to make them more responsive to the country's needs.

In response, Professor Quirk said that the Universities recognised the need to look elsewhere for finance, and to seek support from industry. The Universities should work more closely with industry and should tailor their research programmes accordingly. It would help if some tax reliefs could be offered to those making donations to the Universities. But it was not always possible for the Universities to respond to market needs. The provision of places for students in engineering and the sciences, especially computer science, was an example. The current UGC grant only allowed an increase in the provision of maths and science places over the 1979 base rate. Even with this increase, the Universities were producing at least 1,000 fewer maths and science students than needed.

Much of the subsequent discussion turned on this problem. The Prime Minister's immediate response was that the Universities try to teach too many subjects, and that this drains resources from maths and science departments. Professor Quirk suggested that the answer to this would be to increase the maintenance grants available for maths and science students relative to other subjects.

/ Mr. Butterworth

*lll*

BK

Mr. Butterworth felt that art subjects had a legitimate claim on resources, and he could not agree with the Prime Minister that some subjects, such as politics or "international affairs", were not suitable subjects for a University course. Lord Flowers argued that the provision of courses in subjects such as politics and international affairs was in fact a response to demand. It had been industry which had forced Universities into providing courses in non-academic subjects such as hotel management.

Some of those present felt that the problems in maths and science departments were caused by the lack of suitably qualified teachers, and that this was the inevitable result of the higher salaries paid to maths and science graduates in industry. Lord Flowers suggested that the only solution to this was to reduce the difference in the salaries paid to such graduates in industry and in the schools and the Universities. He acknowledged that this would mean paying maths and science teachers more than their colleagues on the arts side, and that this would be very difficult for the unions to accept. Others present felt that the problem was really a lack of students, and that it had its roots in the primary schools. Sir Andrew Huxley said that young people's attitudes were formed very early, and probably before they took 'O' levels. The question of how to encourage more people to study science and engineering had been considered for over 100 years, and at least since the time of the Prince Consort. To some extent, the market economy was giving the wrong signals; starting pay for engineers, for instance, was still too low. Many students went into vocational courses, such as law and accountancy, which they felt would give a better standard of living. Professor Whelan pointed out that the maths department at Liverpool could not fill all its places. But he questioned whether it was right to try to force more students to take up maths and science places. During the mineral boom in Australia, the Government had persuaded the Universities to provide more places for geologists; by the time these students graduated, the boom was over, and they found themselves with very few prospects of employment.

In conclusion, the Prime Minister said that she still felt the Universities tried to provide places in too many subjects, some of which could hardly be described as academically respectable. She recognised the problems that had been described, but felt that they could be solved with determination; the Universities should not duck difficult decisions, and should take advantage of the opportunity they now had to reorganise themselves for the future. In response, Professor Crawford said that he was not convinced that any opportunity faced the Universities; some of them might not be able to manage the problems of contraction successfully. Good lecturers might be driven to take up appointments in industry, and this would leave the Universities with the second rate. Lord Flowers added that the problems of contraction had been eased by your Secretary of State's decision to equalise the compensation available for voluntary and compulsory redundancies. But contraction of the Universities was continuing, and it was possible that a whole generation (10 years) of teachers would be lost. This would store up problems for the future.

/ The Prime Minister

The Prime Minister came away from the dinner disappointed that the Vice-Chancellors present had not spoken as frankly as they might. She felt that they had taken the opportunity to describe their problems, rather than suggest constructive solutions.

Yours ever

Willie Rickett

N.J. Cornwell, Esq.,  
Department of Education and Science

PRIME MINISTER

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DINNER WITH THE COMMITTEE OF VICE-CHANCELLORS  
AND PRINCIPALS OF UNIVERSITIES: 11 MAY

The Dinner is at 1930 for 2000, and you will have to leave at 2145 in order to get to the Vote in the House at 2200. I attach notes on:

- (A) possible topics for discussion (universities and the community; development of the university system; science and research; technology and engineering);
- (B) a background note on university finance and restructuring;
- (C) biographical notes on those attending the Dinner.

Sir Keith Joseph and William Waldegrave will also be attending the Dinner.

WM

10 May 1982

BRIEFING FOR CVCP'S DINNER FOR THE PRIME MINISTER

POSSIBLE TOPICS FOR DISCUSSION

Universities and the Community

1. University/industry links (how can constructive cooperation be increased?).
2. Increased external funding for universities (how can universities become less totally dependent on Exchequer monies?).
3. Determining priorities for higher education (the future development of the system within the resources that are likely to be available/respective role of universities, polytechnics and other HE colleges/how to encourage constructive debate about the future of the system in terms of demand for manpower and research needs).

Development of the university system

4. Future of tenure (impact of the CVCP's proposals).
5. Innovations in organisation (possibility of shorter and perhaps more intensive courses in some subjects, e.g. two year, eight term course/easing the teaching burden by more "programmed" learning).
6. Revising the student maintenance awards system (loans etc.).

Science and Research

7. The future of research\* (how to ensure a healthy and balanced research base within available resources).
8. "Science and Government" (the CVCP may ask about this report from the House of Lords Select Committee on Science and Technology, particularly the recommendation that a Minister responsible for coordination of science should be appointed. No decisions by the Government have yet been made).

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\* The UGC/ABRC Working Party report is to be published soon. This recommends inter-alia that universities should channel more of their funds into research and that each university should establish a research committee to select research areas and devise ways to support these.

Technology and Engineering

9. High technology (can suitable arrangements be made by the UGC and universities not only to protect electronic engineering, computer science, biotechnology etc from disproportionate damage, but also to allow growth in vital areas?).

10. Engineering education (how to achieve a sensible disposition of forces in dealing with engineering education at higher technician and degree level; this cannot be simply a matter of engineering science for the universities and engineering applications for the public sector colleges).

## BACKGROUND NOTE

## UNIVERSITY FINANCE AND RESTRUCTURING

1. The UGC estimates that the Government's current policy on university finance, including the loss of fees resulting from the withdrawal of the subsidy for overseas students, will involve a total reduction in resources for the universities of at least 11% by 1983-84. The total number of academic, academic-related and non-academic staff who will have to be made redundant as a consequence of the reductions will depend on decisions currently being taken by universities on plans for achieving their lower levels of funding. The UGC's confidential estimate based on returns from the universities is that 5,000 academic posts will be lost involving about 3,500 redundancies.\* The total cost of these academic redundancies will depend on the age and status of those who go (and whether any staff pursue litigation successfully) but the AUT and the UGC estimate that it is likely to be in the order of £100m. In December the Government announced plans to make an additional £50m available to the UGC for "restructuring" in the university system (including the cost of redundancies) in the financial year 1982-83 and said a further sum for 1983-84 would be announced later. In January the Secretary of State announced the Government's broad agreement to guidelines for redundancy compensation for academic and academic-related staff proposed by the Committee of Vice-Chancellors and Principals. This scheme is exceptional and generous because most of these staff hold tenured posts. On 23 March the Secretary of State announced his support for proposals that the CVCP have put to the universities on the future of tenure (see annex 1).

2. The principal management problem currently facing universities, particularly those who are to make relatively large savings and whose staff hold tenured posts, is how to achieve the reductions in staff necessary to meet their financial targets. Many universities believe they have now exhausted the possibility of "voluntary" redundancies but need more staff to go, both to reach their manpower targets and to allow essential posts which have been frozen to be filled. Some universities would be acting ultra vires their statutes if they purported to make tenured staff redundant. While some vice-chancellors are considering asking their Senates and Councils to seek amendments to their statutes in line with the

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\* The UGC also estimate from returns that there are likely to be 800 academic-related and 3,000 non-academic redundancies.

proposals on tenure put forward by the CVCP, in some cases such amendments would not bite on the contracts of staff already in post. If they do not get the compulsory redundancies they require to avoid bankruptcy they will be faced with abandoning their academic plans and making crippling unplanned savings to pay the salaries of staff who will not leave.

3. With the exception of Aston and London, the universities actually represented at the dinner are facing average or somewhat below average reductions in grant. In March a number of vice-chancellors of universities being asked to make relatively large savings, including Professor Crawford of Aston, met the Secretary of State to discuss management problems. A copy of the letter that Sir Keith Joseph sent in reply, designed to make clear that it is up to universities to face the reality of achieving the savings needed, is at annex 2.





PRESS NOTICE

Annex 1

68/82

23 MARCH 1982

CVCP PROPOSALS RECOGNISE NEED FOR FLEXIBILITY

Education Secretary Sir Keith Joseph welcomed proposals from the Committee of Vice-Chancellors and Principals to reshape the present basis of academic appointments in universities in the House of Commons today.

In a written answer to a Question from Mr K Harvey Proctor, MP for Basildon, who asked if the Secretary of State had seen the CVCP proposals and if he would make a statement, Sir Keith replied:

"I have seen the proposals of the Committee of Vice-Chancellors and Principals for the structure of the academic profession in the universities. The CVCP have, very responsibly, recognised that institutions that are significantly dependent on the annual voting of public funds by Parliament for their support must be able to respond flexibly to changes in the level of that support and that it is inconsistent with this need for flexibility that academic and related staff should be appointed until retirement age on terms which protect them against dismissal for reasons of redundancy or financial exigency.

"I welcome the CVCP's initiative in putting forward proposals designed to achieve the necessary flexibility without inhibiting academic freedom in teaching and research. These proposals are now for individual universities to consider. I hope that this consideration will lead them to bring forward in due course, where necessary, proposals for appropriate amendments to their charters and statutes. I hope also that from now on, in making appointments of new academic staff, they will do so as far as possible consistently with the long term arrangements which they propose to adopt."

NOTE FOR EDITORS

The Committee of Vice-Chancellors and Principals proposals for the structure of the academic profession were sent to universities by the CVCP on 16 February.



## DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

Dr A Kelly  
Vice-Chancellor  
University of Surrey  
GUILDFORD  
Surrey  
GU2 5XH

4 May 1982

*Dear Dr Kelly,*

When you and some of your fellow Vice-Chancellors came to see me on 25 March you put certain points to me about the difficulty your universities are experiencing in achieving the reductions in staff necessary for them to adjust to and operate effectively within their reduced budgets. I promised to write to you about the matters which you raised, and as these are of concern to the universities generally I am copying this letter to the Chairmen of the UGC and the CVCP and releasing it to the press as well as sending it to the group who came to see me.

The main point that you made to me was that some universities had reached the limit of what could be achieved by encouraging academic staff to go voluntarily and had no power under their statutes to dismiss such staff for reasons of redundancy. In these circumstances universities were paralysed, however carefully they had formulated academic and financial plans for the operation of the university at its new level of funding. They would either drift towards insolvency or, more likely, be forced into steadily more damaging economies in other areas of expenditure in order to pay the salaries of staff who no longer formed part of the university's academic plan. The end result was likely to be at best a crippled and unbalanced university.

I entirely appreciate the concern which you express and I am sure that everything possible must be done to avoid this situation arising. But I have to say to you that the one thing universities cannot do is to assume that the Government are bound to come to the rescue: the answer lies in the universities' own hands. The Government have already endorsed generous compensation terms for academic staff in recognition of the fact that the majority of them have some form of tenure. These terms were agreed on the assumption that, although universities would naturally try to secure as many voluntary departures as possible, they might have to resort to dismissal in order to achieve the necessary reductions in staff. There is no possibility of the terms being improved to encourage more voluntary departures. If the staff will not agree to go and cannot, under existing statutes, be dismissed, then the only way in which universities can avoid making potentially crippling economies in order to go on paying unnecessary academic salaries is to ask for their statutes to be amended.

It has always seemed to me anomalous that universities that have allowed themselves to become dependent for the great bulk of their income upon the voting of funds by Parliament should have denied themselves the capacity to respond flexibly to changes in the level of that support. Academic tenure exists to protect freedom of thought and of expression - freedom in teaching and research. These are vital freedoms. But their cause is not served by the abuse of academic tenure to protect not freedom but individual jobs irrespective of the consequences to the universities, other members of staff and the students. The preservation of freedom in teaching and research is not incompatible with provision for staff redundancies in circumstances of financial exigency. Any university which needs to make academic staff redundant but believes that it does not have the power to do so should now be considering the necessary changes to its statutes. For my part I can say that we shall do our best to secure the speediest possible consideration of such changes when they are submitted for approval by the Privy Council. The Department and the Privy Council Office are always ready to be consulted about the nature of the changes that are necessary and the procedures involved.

The Government's decisions about the future financing of the universities were taken reluctantly in the light of the need to restrain the growth in public expenditure. I am conscious that we have faced universities with difficult tasks and unpalatable decisions. But there is no reason why any university should not be able to continue to function effectively if those concerned undertake these tasks and face up to these decisions, and I was much heartened by the commitment to the future of your universities shown by you and your colleagues who came to see me.

I turn now to some other points which you and your colleagues raised with me.

In the discussion it was suggested that for universities with four-year courses it might be desirable to extend the availability of the special compensation arrangements for redundancies taking effect after the present end date of 30 September 1984. I cannot agree to this and I do not see why it should be impossible to dispense with the full-time service of members of staff by 1983-84 at the latest. There is, of course, the possibility of such staff being engaged part-time with special assistance from the UGC until 1984-85 to provide for the phasing out of particular courses and, if you wanted this to be extended, you could pursue it as a special case with the Committee.

One of your number suggested that, given that the Government had withdrawn all subsidy for overseas students, we were now allowing universities to charge fees which were too low, and thus encouraging them to make optimistic forecasts of the contribution overseas students make to their finances. I do not have the impression that this view is widely supported. Although subsidy for overseas students was withdrawn at average costs, this does not mean that overseas students recruited at less than average costs cannot make a positive contribution to university income. It must therefore be for universities themselves, in the light of advice from the UGC as to recommended minima, to decide the level of fee they should charge to meet the actual cost to them of the education they are providing.

Finally, you raised the question of the adequacy of the redundancy compensation scheme for older staff with limited university service who had been recruited precisely because of their previous industrial experience. I see the point but there is no prospect of improvement in the compensation terms on offer which, taken all round, we regard as generous. To make exceptions in particular cases which were not as easy to define would only create anomalies and uncertainties, and lead to further pressure for change.

Yours sincerely,  
Henry Joseph

Members of the  
Committee of Vice-Chancellors and Principals  
attending the dinner

Dr A E Sloman

Age 61

Vice-Chancellor, University of Essex, since 1962

Chairman, Committee of Vice-Chancellors and Principals  
of UK Universities, 1981-

Modern Linguist

Professor of Spanish, University of Liverpool, 1953-62

President, Conference of European Rectors and Vice-  
Chancellors, 1969-74

Lord Flowers

Age 57

Rector of Imperial College of Science and  
Technology since 1973

Nuclear Physicist

Head of Theoretical Physics Division, Atomic Energy  
Research Establishment, Harwell 1952-58 and  
Chief Research Scientist, 1958

Professor of Physics, University of Manchester, 1961-72

Chairman: Science Research Council, 1967-73

" : Royal Commission on Environmental Pollution, 1973-76

" : Standing Commission on Energy and the Environment, 1978-

" : University of London Working Party on future of  
medicine and dental teaching resources, 1979-80

President: Institute of Physics, 1972-74

" : European Science Foundation, 1974-80

Professor R F Whelan

Age 59

Vice-Chancellor, University of Liverpool, since  
1977

Physiologist

Professor and Head of Department of Human Physiology  
and Pharmacology, University of Adelaide, 1958-71

Vice-Chancellor, University of Western Australia, 1971-76

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Professor R F Whelan (continued)

Member of the Review Body on Higher Education in Northern Ireland, 1979-

Chairman, Council for Postgraduate Medical Education in England and Wales, 1980-

Dr J H Burnett

Age 60

Principal and Vice-Chancellor, University of Edinburgh, since 1979

Mycologist/Botanist

Professor of Botany, University of Newcastle, 1963-68

Professor of Botany, University of Glasgow, 1968-70

Professor of Rural Economy, University of Oxford, 1970-79

Chairman:- Scottish Horticultural Research Institute, 1959-74

Mr J B Butterworth

Age 64

Vice-Chancellor, University of Warwick, since 1963

Lawyer

Fellow of New College, Oxford, 1946-63

Managing Trustee, Nuffield Foundation, 1964-

Chairman: Inter-University Council for Higher Education Overseas, 1968-77

" : Universities' Committee for Non-Teaching Staffs, 1970-

Professor F W Crawford

Age 50

Vice-Chancellor, University of Aston, since 1980

Plasma Physicist

Professor, Institute of Plasma Research, Stanford University, California, 1969-

Chairman: Institute for Plasma Research, 1974-80

International Chairman: Union Radio-Scientifique Internationale, 1978-81

Member: UK National Committee, 1980-

Chairman of Council: University Space Research Association, 1977-78  
(Member, 1973-81)

Member of numerous committees on space shuttle, NASA, 1972-80

/...

Sir Alec Merrison

Age 58

Vice-Chancellor of the University of Bristol since  
1969

Physicist

Professor of Experimental Physics, University of Liverpool,  
1960-69 and Director of the Daresbury Nuclear Physics  
Laboratory, 1962-69

Chairman: Committee of Inquiry into Design and Erection  
of Steel Box Girder Bridges, 1970-73

" : Committee of Inquiry into the Regulation of the  
Medical Profession, 1972-75

" : Royal Commission on the NHS, 1976-79

" : Advisory Board for the Research Councils, 1979-

" : Committee of Vice-Chancellors and Principals, 1979-81

Member: Council for Scientific Policy, 1967-72

Professor R Quirk

Age 61

Vice-Chancellor of the University of London  
since 1981

Quain Professor of English Language and Literature,  
University College, London, 1968-81

Chairman: Committee of Inquiry into Speech Therapy Services

Chairman: British Council English Committee

Member: BBC Archives Committee

Mr M Shock

Age 56

Vice-Chancellor of the University of Leicester  
since 1977

Fellow and Praelector in Politics, University College  
Oxford, 1956-77

Chairman: University Authorities Panel, 1980-

Mr G J Warnock

Age 58

Vice-Chancellor of the University of Oxford since  
1981

Principal, Hertford College, Oxford, since 1971

Philosopher

Fellow and Tutor in Philosophy, Magdalen College, Oxford 1953-71

Mr G K Caston

Age 50

Secretary General, Committee of Vice-Chancellors and  
Principals, since 1979

Lawyer

Assistant Secretary, Department of Education and  
Science, 1964-66

Joint Secretary, Schools Council, 1966-70

Under-Secretary, University Grants Committee, 1970-72

Registrar of Oxford University, 1972-79

Mr B H Taylor

Age 50

Executive Secretary, Committee of Vice-Chancellors  
and Principals, since 1966

Economics and Government

Formerly University Administrator, University of London.

Involved in work of Standing Conference of European Rectors  
and Vice-Chancellors

Member of Executive Committee, United Kingdom Council for  
Overseas Student Affairs

SIR ANDREW HUXLEY, AGE 64

President of the Royal Society

Professor in Department of Physiology, University College, London

Educated Trinity College, Cambridge

(Operational research for Anti-Aircraft Command 1940-42 and for Admiralty 1942-45)

Nobel Prize for Physiology/Medicine 1963

REVEREND PROFESSOR W O CHADWICK, AGE 65

President of the British Academy

Master of Selwyn College, Cambridge since 1956

Regius Professor of Modern History since 1968

Educated St John's College, Cambridge

Vice-Chancellor, Cambridge University 1969-71

DR E W PARKES, AGE 55

Chairman of the University Grants Committee

Educated St John's College, Cambridge

Head of Department of Engineering, University of Leicester 1960-65

Professor of Mechanics, Cambridge 1965-74

Vice-Chancellor, City University 1974-78