

CONFIDENTIAL



CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7089

27 July 1981

Dear Prime Minister,

I write first to thank you for allowing me to take part in the launch of CAMPUS (Campaign to Promote the University of Salford). The response to our advertisement (a copy of which I attach) has been excellent and we now have well over 200 firms as members. I have been largely successful, so far, in keeping the campaign criticism focussed on the UGC rather than the Government.

However, my second reason for writing is to warn you that I do not think I can hold this line for much longer because of an argument that was presented to me on 23 July when I attended the first meeting of the North West Regional members of CAMPUS. In outline this argument runs as follows:

One of the criteria which the UGC used to discriminate between different departments in different universities was "research excellence" as judged by the ability of the department in question to attract funds from the Research Councils. It would never have occurred to me to question this (brought up as I have been within the UGC/Research Council system) but my new-found industrial friends were livid. They pointed out to me that the Research Councils are "quangos" of the same type as the UGC (which is true), staffed by the same sort of people (again largely true) and subject to the same sort of biases (again probably true; I enclose a table which shows how the universities which have done "best" are those which either educated or now employ members of the UGC). This procedure thus amounts to one "quango" rewarding a university with grants of public money according to its success at extracting public money from another set of similar "quangos" and all this at the expense of other universities whose aim is to have their research supported directly by industry. In the middle of a recession it is difficult to attract support from industry and the UGC, instead of noting, dismissively, that Salford's research income had not grown very fast, might instead have recognised that building up the Salford University Industrial Centre Ltd, to a profitable turnover of over £500,000 pa was a more impressive achievement than attracting, say, an equivalent amount of soft money from the likes of the Medical Research Council for academic research. What made the CAMPUS members

The Rt Hon Mrs Margaret Thatcher MP

CONFIDENTIAL

CONFIDENTIAL

so angry was that they thought that in voting for the Conservative party they were voting against government by "quango" and for the imposition of the disciplines of the market on public sector institutions. As they see it Mr Carlisle, by endorsing so readily the decisions of the UGC, has done exactly the reverse of this. The argument is a good one and, unless countered, will do the Government damage - particularly I would guess amongst those firms in the Midlands and the North West who have come to work closely with universities like Aston, Bradford and Salford.

As I see it, Prime Minister, you have three options:

1. Do nothing and disregard the opinions of those who are your natural supporters;
2. Give a token but effective gesture to the technological universities by reducing the net cut in recurrent grant to the University of Salford from 44% to 22% (cost £3.5m over three years). If this were done in the form of a grant in recognition of the role of the University in supporting local industry and because of the unique part the University was intending to play in the development of the neighbouring enterprise zone this could be presented in such a way that protests from the UGC and the other universities could be minimised. Salford is unique in being adjacent to an enterprise zone in an inner city area. The new 22% cut would still be greater than the average for the universities as a whole (which is 17%) but would be equal to the average for the technological universities - I am sure it would be accepted as equitable by CAMPUS;
3. Reject the UGC's advice and reallocate the cuts in such a way that utility rather than academic excellence was rewarded. This is obviously the course that I would prefer but it would also inevitably mean a major row; the resignation of the UGC and arouse waves of protest from the traditional universities.

In hoping that you would decide to follow the second of the three courses outlined above I should explain that I have chosen to write directly to you rather than to Mr Carlisle because the case being presented by CAMPUS on behalf of the University of Salford rests on industrial rather than educational policy grounds.

Yours sincerely,

John Ashworth

DR J M ASHWORTH

PS At the request of Mr Adam Ridley I have kept him informed of the case being made by CAMPUS, not least because of the Chancellor's interest in the success of the enterprise zone concept.

CONFIDENTIAL