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W.R.



Prime Minister

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Content with
these arrangements?

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PRIME MINISTER

1. You raised recently with the Chairman of the University Grants Committee the convention of silence which restricts public accountability and explanation for the allocation of funds between universities. Subject to your views, I now propose to tell Dr Parkes that he should feel free, at his own discretion, to give such explanations of the Committee's policy and the decisions that flow from it as he considers appropriate. Such explanations might be given in correspondence with MPs and others, by engaging in public debate, by talking to the press and by broadcasting, in addition to his now fairly frequent appearances before the PAC and the Education Select Committee.

2. I do not propose to make any public announcement of this development, as Dr Parkes will want to feel his way gently into the public arena. As to what and how much he does he will have to be guided largely by his own good sense, though I am sure that in cases of doubt there would be consultation with my Department - bearing in mind that my Permanent Secretary is the Accounting Officer. In the ordinary way no problem should arise over the UGC's making public its broad approach to its allocation decisions. This will not, of course, entirely satisfy public interest in their impact on individual institutions. Here, as Dr Parkes has pointed out to me, the UGC will have to be careful not to be so frank that it destroys the mutual confidence and trust on which its relationships with individual universities depend and only succeeds in damaging the standing of entire institutions or of individual departments within them. I shall ask Dr Parkes to keep his activities in this area under review so that the success of this experiment can be considered in the light of experience.

3. I should say that I see this step as a part of a move towards a much fuller debate about the formulation of higher education policy, in which the UGC would play a part. This is desirable partly because

of the establishment of the new National Advisory Body for Local Authority Higher Education, which because of its different role and composition is likely to be a much more "public" body than the UGC, but mainly because we must now be seen to be looking beyond the effect of the present economies to the kind of higher education system we want over the next ten or twenty years. I do not think, for instance, that Ministers should necessarily distance themselves from the priorities which the UGC apply in allocating taxpayers' funds - whether increased funds as generally in the past or decreased in real terms, as this time, or stable. Ministers should, collectively, perhaps issue guidance - after discussions between the holder of my office and the Chairman of the UGC - about such priorities. I shall write to you again when I have considered these matters further, but in the meantime I should be glad to know that I have your endorsement for the arrangements outlined in my opening paragraph.

4. Finally, I am uneasy about the trend which has made the universities nearly totally dependent upon the taxpayer. Their independence is flawed, however much we respect the buffer of the UGC. It is ironic for those who have welcomed the tax-borne growth of recent decades that today Buckingham should be the only university institution which is expanding. I realise that the dependence cannot be quickly or substantially changed but I hope to encourage the pursuit of private endowments not just for research - though valued and valuable - but for a modicum of financial independence for at least some of our universities.

Department of Education and Science

KJ

24 February 1982

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