



DEPARTMENT OF EDUCATION AND SCIENCE
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FROM THE SECRETARY OF STATE

The Rt Hon Norman Tebbit
Secretary of State
for Trade & Industry
LONDON SW1

28 February 1985

See Norman,

attached

Thank you for your letter of 20 February about the approach we might adopt to allocating the resources decided upon at the Prime Minister's meeting on 6 February. John Butcher also wrote to Peter Brooke about this on 22 February.

The main point of substance that both you and John Butcher raise is the possibility that some of the resources for this programme should be allocated to the polytechnics. This is a new suggestion. When I put proposals to E(A) Committee last November, I made it clear that they related only to the universities plus Henry Chilver's new Institution. I therefore assumed that, when John Butcher gave the support of your Department for my proposals in his paper to the Committee, he was satisfied on this point too. In my revised proposals put to the Prime Minister's meeting early this month, I also made it clear that these concerned only the universities and the record of that meeting acknowledges support for that approach and recognition that effective action had already been taken in the polytechnics. In deciding to focus my proposals on the universities in this way, I was acting on the clear advice of the Engineering Council (among others) who argued that the most urgent industrial need was for an increased output of top-quality engineers and technologists from those universities which are best in this field.

I do not dispute that the public sector of higher education, through the National Advisory Body, has shown itself to be extremely responsive to Government calls to reorientate provision - without specific additional resources - to secure greater industrial relevance. And this is particularly true in the area with which this correspondence is concerned. I agree that there will be strenuous protests from that quarter if our programme is directed solely towards universities. For my part I am prepared to stand up to such protests because I do not think it right that the Government should imply that the balance of output from higher education can only be changed if extra funding is provided. You will recall that it was only after careful study of the constraints

securing rapid increases in relevant graduate output from the universities that we concluded that extra resources were essential if we were to secure our objectives in that sector.

Having reconsidered the question in the light of your letter, I do accept that, if there were strong pressure from industry for some of the additional output from this programme to come from the polytechnics, ie. if the Engineering Council's advice were shown to be wrong, then we ought to think again. I would expect industry to prefer only a very few polytechnics to our best universities - I have no wish to see any of these extra resources going to the weaker university departments. The Prime Minister has agreed to arrange a meeting with leading industrialists to discuss the switch and this will provide a good opportunity for Ministers to find out what industry really does want. We have advised No. 10 accordingly.

If it were decided to include a few carefully chosen polytechnics, there would be time to add them in 1986-87. As your officials know, the present plan is to divide the switch programme into at least two stages. To ensure that at least some additional students are admitted to courses this Autumn, we shall need to announce a first phase of projects very soon. I shall be proposing that this be limited to a small number of exceptionally good universities where industrial commitment is either already evident or can be reliably assured. The second and larger phase - of institutions admitting students from 1986-87 - could be organised in such a way as to allow the stronger polytechnics to contend for a portion of the resources available. But I would only want to extend the scheme to polytechnics if industry asked us to do so. I hope you will agree.

You also made some procedural suggestions in your letter. Events have been moving rapidly. Officials of the Departments concerned including the DTI met under the chairmanship of my Permanent Secretary on 11 February to agree the broad outlines of how to proceed with the implementation of Ministers' decisions. By agreement, a working group was set up under the chairmanship of Mr Roy Walker, Under Secretary in this Department. The procedures worked out by that group are intended to meet the particular points in your letter. As regards your suggestion that ITSA be directly involved in the first phase of the programme, I believe that this is met by the invitation that Sir Robert Clayton, the Chairman of the new Agency, has issued to a group of industrialists to help the UGC sift the bids received from universities. I do not think that we can do more because ITSA does not yet actually exist. I would certainly be content for a representative of the Agency to be involved in the second phase of the programme and, if your officials would let Mr Walker know with whom to get in touch, he will so arrange.

I am sending copies of this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Defence, Employment, Scotland and Wales, the Chancellor of the Duchy of Lancaster, the Chief Secretary to the Treasury, the Minister without Portfolio, Sir Robert Armstrong and Sir Robin Nicholson.

G. Lawson
Kevin

1 MAR 1985

