

010

CONFIDENTIAL



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

N bpm

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
1-19 Victoria Street
LONDON SW1

8 March 1985

Dear Norman,

INCREASING THE OUTPUT OF ENGINEERS AND TECHNOLOGISTS

As you know, officials from the Departments concerned have been meeting to prepare recommendations as to how we should allocate the resources identified at the Prime Minister's meeting on 6 February. Following recent correspondence, I think we have agreed a number of objectives. It is essential to secure some increase in intakes to universities this autumn to show that the Government is taking decisive action. But it is equally important to ensure a genuine and tangible commitment by industry to support our plans under this programme. And we have, as you know, adopted your suggestion that institutions should "bid" for resources: hence there is a need to judge proposals according to their relative value for money.

In order to achieve a rapid start on the ground while retaining scope to secure the maximum industrial involvement, I plan - as I said in my letter to you of 28 January - that the programme should have at least 2 phases. I now propose that the first phase of this programme - projects which will lead to additional student intakes this autumn - should be as set out in annex A to this letter. It will be noted that this programme would lead to some 450 additional students admitted to universities this autumn at a total cost of some £3m in 1985/86 (with consequent implications for later years). The spread of academic disciplines involved can be seen from Annex B (to which some marginal changes may result following clarification of bids currently being undertaken by UGC).

CONFIDENTIAL

CONFIDENTIAL

These projects are selected from bids put to the UGC which has awarded those I am recommending a high grading for academic excellence. In a related exercise, industrialists identified by Sir Robert Clayton have also given these selected projects a high grading for industrial relevance. As far as value for money is concerned, it is striking that - through the scope for marginal costing - the average unit cost of places under Phase 1 of the programme will be some £2,300 (recurrent) plus £2,200 (equipment). This compares very favourably with the standard unit cost of some £5,500 and £5,000 respectively.

The need to achieve an early announcement to institutions in phase one necessarily constrains the extent to which we can gain explicit assurances about tangible industrial support. That is one reason why I am proposing that this first phase should be small and based on excellence. Moreover the institutions concerned have shown evidence to the UGC of close and fruitful links with industry and commerce. But we shall nevertheless be making it clear to institutions in this first phase that we shall be looking for evidence from them of the explicit degree of further industrial support and commitment they receive. We shall also, of course, take steps to ascertain whether the extra students anticipated are, in fact, admitted this autumn.

I shall make separate proposals to you and other colleagues in due course about the composition of the second and larger phase of the programme. This will need to take account, inter alia, of the judgements we make about further bids already received from universities, leading to students admissions from autumn 1986 (and also judged to be of academic and industrial quality). We shall also need to agree our approach to the substantial bids from Cranfield and Salford and to a separate bid for innovative course provision by the Open University. These questions will be further considered by officials in the first instance. But I can at this stage say that my approach to phase two will be characterised by an intention to:-

- i. ensure the highest level of industrial commitment consistent with timely decisions;
- ii. ensure an appropriate balance within the programme as a whole as between disciplines; modes of provision; and balance as between England, Wales and Scotland;
- iii. accommodate, if appropriate, the public sector;
- iv. ensure that these resources are also spent with due regard to economy and student yield.

As far as the public sector of higher education is concerned, you will know that it is now likely to be some little while before the Prime Minister meets industrialists to encourage their support for this programme. I therefore propose that, to resolve the question of public sector involvement, we should both meet Sir Robert Clayton, members of the IT Skills Agency, and others to take their views on this important question. At

CONFIDENTIAL

CONFIDENTIAL

the same time we can broach the matter of industrial support for proposals approved under the programme. I have agreed, as you know, that the Agency should explicitly be involved in the procedures for ensuring industrial commitment by projects under phase two. I envisage, at this stage, that allocations under phase two of the programme should be provisional until such time as discussions have been held by institutions with the IT Skills Agency and satisfactory evidence of industrial commitment subsequently provided to the UGC.

We are now ready to make an early announcement about the total size of the programme and its timing is to be discussed at the Prime Minister's meeting next week. If it is decided that reference to it should be included within the Budget statement, I would plan to give fuller details in an arranged Parliamentary answer on the same day. Should it be decided to separate the announcement from other Budget issues, however, I would propose that our announcement be held over until early April at which time we would be in a position both to announce general details of the programme and the institutions to be included in the first phase. Either way, our announcement would need to make clear the importance we placed on achieving industrial commitment to the projects in the programme.

In sum, therefore, I now wish to secure the UGC's formal agreement to the package comprising phase one of this programme as set out above. For this purpose I would welcome your agreement, and that of other departments contributing to this programme, to my proposals for phase one by, at the latest, Friday 14 March.

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 Minister without Portfolio, the Chancellor of the Duchy of Lancaster, the Chief Secretary to the Treasury, Sir Robert Armstrong and Sir Robin Nicholson.

Emson,

Kear,

CONFIDENTIAL

IT 85 PROGRAMME: PROPOSED PHASE I INSTITUTIONS
INTAKES

ANNEX A

UNIVERSITY	DEPARTMENT	Electronics Engineering		Software Engineering and Design		General Engineering		Production Engineering		Applied Physics & Material Science		INTAKE TOTALS	
		UG	PG	UG	PG	UG	PG	UG	PG	UG	PG	UG	PG
BANGOR	Electronic Engineering Science	25										25	-
BATH	Electrical Engineering	7										7	-
BIRMINGHAM	Engineering Production " " "							10	20			35	20
	Electronic and Electrical Engineering (with Computer Science)	25											
BRADFORD	Electrical Engineering " " "	30	20									30	20
CAMBRIDGE	Engineering					30						30	-
EAST ANGLIA	Information Systems			25								25	-
ESSEX	Computer Science			12								12	15
	Electrical Engineering Science		15										
HERIOT-WATT	Mechanical Engineering							15				15	-
HULL	Electronic Engineering	12										12	-
KENT	Computing Laboratory			10								10	-
LANCASTER	Engineering					10						10	-

INTAKES

UNIVERSITY	DEPARTMENT	Electronics Engineering		Software Engineering and Design		General Engineering		Production Engineering		Applied Physics & Material Science		INTAKE TOTALS	
		UG	PG	UG	PG	UG	PG	UG	PG	UG	PG	UG	PG
IMPERIAL	Mechanical Engineering							10				10	-
NOTTINGHAM	Production Engineering and Production Management							20				20	-
SALFORD	Electronic and Electrical Engineering	20										20	-
SURREY	Electronic and Electrical Engineering " " "	20	25									20	25
SUSSEX	Electrical, Electronic and Control Engineering and Computer Science	15										15	-
SWANSEA	Electrical and Electronic Engineering Metallurgy and Material Technology Mechanical Engineering	20						10				30	-
UMIST	Electrical Engineering and Electronics	20										20	-
WARWICK	Engineering					20						20	-
YORK	Computer Science			20								20	-
TOTAL		194	60	67	-	60	-	65	20	-	-	386	80
												<u>466</u>	

ANNEX B

IT 85 PROGRAMME

Phase 1

	<u>U/Graduate</u>	<u>P/Graduate</u>
Electronics Engineering	194	60
Software engineering and Design	67	0
General Engineering	60	0
Production engineering	65	20
Applied Physics & Material Science *	0	0
TOTAL	386	80

* There are eligible bids for Phase 2 in this category