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As

The Rt Hon Sir Keith Joseph Bt MP
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14 March 1985

NBPM

Dear Keith,

INCREASING THE OUTPUT OF ENGINEERS AND TECHNOLOGISTS

Thank you for copying to me your letter of 8 March to Norman Tebbit.

I agree with your general approach to the allocation of the funds which we are making available for this important initiative, but am afraid that I have the most serious difficulty with the almost token recognition of the Scottish universities in your proposed 1985/86 allocations. As you know my contribution to the programme is additional to the substantial funds I am myself providing to the Scottish Central Institutions, and I regard it as absolutely essential that the part those institutions will play in meeting the qualified manpower requirements of Scottish industry in the next few years is adequately matched by the universities. There are also important presentational grounds for a satisfactory Scottish share, particularly when only a week ago we received extensive adverse publicity following the decision by a major US company to establish itself in Ireland rather than Scotland precisely because of the shortage of skills here.

I appreciate that you are planning a phased approach, but the appropriate geographical balance you envisage within the programme must be established at the outset so far as Scotland is concerned. An allocation of funds to support the provision of 15 additional places in 1985/86 at one Scottish university out of 466 places nationally does not begin to recognise either the industrial priorities in Scotland - where the electronics industry's future expansion plans are at risk from manpower constraints - or the need to demonstrate that the Scottish universities' potential is fully understood by the Government. As you will know a question from Lord Mackie of Benshie as to why the Scottish universities have not shared in the funds I am making available to the Central Institutions is down for answer in the Lords on 3 April, and I am sure you will agree that a reply referring to the university programme which had to rely so far as 1985/86 is concerned on a tiny allocation to Heriot-Watt University is unlikely to cut much ice with Scottish industrialists or the universities themselves.

I understand that among the various bids entered by the Scottish universities Strathclyde's proposal for increased intakes to electronic and production engineering was accorded high priority by the UGC but was ruled out from Phase 1 on the grounds that the University's requirement for building works could not be met in time for a 1985/86 student intake. I have now seen Principal Hills' letter of 8 March to Sir Peter Swinnerton Dyer, from which it is quite clear that the University can get these developments underway without insisting on the capital allocations originally proposed.

As I think you are aware, Strathclyde is a technologically advanced university which has excellent industrial links, and it would in my view be wholly unreasonable - and presentationally difficult - if the flexibility shown by Principal Hills over his capital funding proposals were not matched by flexibility on the Government's part in respect of recurrent funding. I must therefore ask you to adjust your proposals to include Strathclyde in the first year. In the case of the very much smaller bid from Stirling, it appears to have been excluded from Phase 1 because it did not receive a sufficiently high grading for industrial relevance. I hope that on reflection you will agree that this is an inappropriate judgement on a university which has in many ways set the pace for liaison with industry, and whose campus Wang chose as the site for its Scottish personal computer factory precisely because of the higher education/industry links that were available. For these reasons I believe that Stirling should also be brought forward to Phase 1. If you can agree to the inclusion of both these universities in 1985/86 I shall be content for the bids from other Scottish universities to be considered for subsequent phases.

So far as the timing of an announcement is concerned I have no strong views, although it would seem sensible that it should be made before the answer in the Lords on 3 April, so that a positive line can be taken at that stage. You will no doubt be circulating a draft of the announcement in due course.

I have 2 additional points. First, I note that you will be giving further consideration to the inclusion in the programme of the public sector in England and Wales in the light of industry's views. I have no objection to this in principle. The output from the technical Central Institutions is well regarded by Scottish industry and my own programme is concentrated on that sector. You will however appreciate that it would be quite inappropriate for my contribution to your programme to be used for the polytechnics, and if you decide to go down this road it will have to be made clear in our public statements that my funding relates to your university programme only. Second, I understand that it was agreed between our officials that the Scottish Development Agency should work as a broker between universities and industry in Scotland in a role analogous to that proposed for the IT Skills Agency in the national framework. The SDA has a good deal of experience in this area and has the confidence of Scottish industry. I should therefore like to reiterate the suggestion that it should be given this task, and, in particular, I think it would be most desirable for the Chairman of the SDA, Robin Duthie, to be invited to attend the meeting planned for 21 May between the Prime Minister and industrialists to encourage support for the programme. By attending this meeting on a par with representatives of ITSA, the CBI and the Engineering Council, Mr Duthie will be in a much better position to spread the Prime Minister's word to the industrial community within Scotland.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Defence, Employment 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.

Wms Ws,
George

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