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cc/Brief

PRIME MINISTER

25 January 1988

Education Reform Bill: Higher Education Provision

The Education Reform Bill has come under heavy attack from the universities: this is partly the voice of traditional vested interests and partly that of the Left. But it has also come from enterprising Vice-Chancellors who are sympathetic to government policy. The three criticisms which have emerged are that:-

- (a) the Secretary of State is arrogating to himself excessive powers of direction;
- (b) the two new funding councils (UFC and PCFC) should have the right to advise government on university funding needs;
- (c) the abolition of tenure will threaten academic freedom  
- hence alternative arrangements need to be made.

The note from Kenneth Baker proposes changes in three major areas to the Bill to meet these criticisms.

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1. Powers of the Secretary of State

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The Secretary of State proposes five changes which would restrict his ability to interfere in the affairs of individual institutions:

- (i) government would not interfere with the allocation of their private income;
- (ii) any power of direction would be subject to negative resolution;
- (iii) he would not be able to discriminate between individual institutions except in situations such as impending insolvency;
- (iv) the new funding bodies would not be conferred with additional functions, as and when necessary, and ?
- (v) institutions would not be required to repay funds if the conditions of grant had not been met.

All of these seem sensible with the exception of the last. If universities are prepared to risk misallocating their funds then there is no reason why they should not be put under pressure.

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- There must be some penalty -  
could it be to withhold future grants?

Recommendation

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Accept the amendments (i) - (iv) but reject (v).

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2. Advice from the Funding Councils

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From the universities' point of view, having the right to offer advice to Government on the needs of universities is a much less important issue than the previous one.

The problem in funding a way forward is that if we start making limited concessions over the rights of the Funding Councils to offer advice to government, it is difficult to envisage some intermediate arrangement short of making them a lobby. The Secretary of State's proposal is that the Funding Councils should be given an explicit duty to advise on the needs of publications but in a manner agreed with the Secretary of State. This means however that the Funding Councils objected to the manner in which they were required to advise the Secretary of State and if the issue was sufficiently important to them, they could just go ahead and take their advice.

Recommendation

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It would seem far better for the Secretary of State to stick to his present robust line, namely:

- that the government will seek the advice of the new Universities Funding Council and the new Polytechs and College Funding Council much as it does at present with the UFC;
- that the Bill already provides for the UFC to give advice, through the clause "to undertake such other activities as the Council consider it necessary or expedient to undertake for the purposes of or in

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connection with the exercise of any of their functions  
....."

3. Academic Freedom

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It would be counter-productive to create new rights for academics at the same time as tenure is being removed. Kenneth Baker is right to leave the protection of academic freedom, at least in the first instance, to the newly appointed Commissioners, who will be charged under the Bill with altering the statutes of each university.

Recommendation

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Resist any temptation to insert a clause in the Bill, requiring the Commissioners to secure observance of the principle of academic freedom, which would involve them or the courts attempting a definition of such freedoms.

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