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PRIME MINISTER

Guidance to the UGC

You may be interested to glance at Sir Keith Joseph's letter to the Chairman of the University Grants Committee setting out the Government's approach on major issues of university policy. The letter covers:

(i) The level of the grant in 1983/4 and 1984/5;

(ii) The changes in direction in particular towards science and technology underlying the UGC's allocation of grant in 1981 and 1982. Sir Keith invites an appraisal by the UGC of how the changes are being implemented in the universities;

(iii) Scientific research;

(iv) Recruitment of good quality staff;

(v) Student numbers;

(vi) Teacher education;

(vii) Medical education;

(viii) Relations between universities and other higher education professions and in particular on consultation between the UGC and the National Advisory Body for Local Authority Higher Education (NAB);

(ix) Longer term spelling out of the Government's intention to take more responsibility for determining priorities affecting the broad character of the allocation of resources to the universities.

6 July 1982

DRAFT LETTER FROM THE SECRETARY OF STATE TO DR PARKES

1. When I visited the Committee with Mr Waldegrave on 29 April I said that I hoped to let you have shortly a letter which would offer some guidance about the Government's view on several matters of current interest, and which would also seek the Committee's advice on a number of questions relevant to future Government policy for the universities and higher education generally.

2. Mr Bird's letter of 27 April gave you, as I promised, the earliest possible indication of the Government's plans for the financing of the universities in Great Britain beyond the 1982-83 academic year. I can now confirm that what the Government at present have in mind for the universities is, in cash terms, recurrent grant of around £1180m in 1983-84 and of around £1240m in 1984-85, compared with £1137m in 1982-83. Pay and price increases will, of course, have to be accommodated within these figures. As with all planned public expenditure, the figures are provisional and are subject to review in the course of future public expenditure surveys. The Government's intention underlying these figures is that the grant for 1983-84 should complete the period of contraction planned in Cmnd 8175 and that the level of grant provision then reached should be maintained in 1984-85. Our ability to achieve this will, of course, crucially depend upon the performance of the economy and on universities' success in controlling their costs.

Principles and priorities

3. Following the Government's decision to make a lower level of resources available for the universities, our general objective must be to achieve a university system which is able to operate effectively at that level, while as far as possible preserving and enhancing that which is most valuable in the present system. I therefore commend the principles underlying the Committee's allocations of grant in July 1981 and

May 1982. Namely:

a) that reductions should be applied selectively in the context of subject provision across the country as a whole;

b) that appropriate guidance should be given to universities to help in the restructuring of provision;

c) that the restructuring should involve a change in the distribution of students towards the natural sciences and technology.

In planning for the lower level of funding proposed the Committee have rightly tried to strike a balance between protecting scholarship across the whole range of university subjects, and seeking to enhance the contribution which the universities make to commerce and industry and the production of wealth.

4. I should welcome an appraisal of the universities' responses to the Committee's proposals and of how the restructuring process is progressing following the Committee's further discussions with universities. It is essential that the universities should maintain and develop the capacity to respond positively and speedily in terms both of structure and staffing to changing national needs. I endorse the reference in your letter to universities of 20 May to the importance to the vitality of the universities of being able to initiate and sustain new developments in teaching and research. I should be glad to receive the Committee's views on what the priorities in the universities should be in specific areas of science and technology which are or may be of particular relevance to industry. I welcome in this context the Committee's recent decision to earmark funds for developments in biotechnology and would encourage further initiatives of this nature where specific needs are identified. The Committee will also no doubt wish to give particular attention to the demands for manpower

and research that are likely to contribute to and be generated by our economic recovery, and I am glad that they intend in the next academic year to study the need for and the contribution that ought to be made by post-experience vocational education, whether in the form of short courses or of part-time undergraduate and postgraduate studies, to enhance the skills and update the knowledge of those in employment. In formulating their views on these matters the Committee should feel free to consult as appropriate other bodies with a major interest in the relevant areas, for example, the Engineering Council.

Research

5. In scientific research I support the Committee's declared aim of seeking to sustain their share of the dual support system, so as to enable universities to provide both for a basic level of research activity and for a research floor capable so far as possible of putting to good use monies available from the Research Councils and elsewhere. The report of the Joint Working Party of your Committee and the Advisory Board for the Research Councils is relevant here: its advocacy of selectivity in funding is in line, I understand, with the Committee's own practice and intentions.

Staffing

6. Concern that the limited opportunities for recruitment of staff will deny universities a sufficient supply of young able people to ensure the continuing vitality of teaching and research is widely shared. I would hope that the Committee will give particular attention to the present situation and to what might be done to secure improvements and will give me explicit advice on this in due course.

Student numbers

7. The Committee have given the universities student number targets to be

achieved by 1983-84 or 1984-85. These are important both in terms of bringing about the desired change of emphasis in favour of science-based subjects and also to protect the capacity of the universities to undertake research and to provide teaching of high quality. The Committee are aware that the targets they have set have been incorporated into the Government's plans for expenditure on student awards, and that the Department need to be kept in touch with any proposed changes. But the degree of uncertainty about the total number of students in higher education as a whole is such that the adoption by the Government of these targets for planning purposes does not mean that there is no scope for subsequent amendment of student number targets by the Committee in a relatively modest way when, after consultation with a university, the Committee believe that there is a good case for such a change and resources permit it.

Teacher education

8. The Secretary of State for Wales and I are studying the views of the Advisory Council on the Supply and Education of Teachers on the demand for primary and secondary teachers in England and Wales during the rest of the decade. In the light of our consideration of these views we may wish formally to offer guidance to the Committee on the provision that should be made for teacher training in the universities. In the meantime I welcome the connections between the Committee and the Council, both between you and Dr Butler and through cross-membership with your Education Sub-Committee.

Medical education

9. The Government have recognised that current financial constraints are likely to delay for several years achievement of the established annual entry target of 4080 for medical schools in Great Britain. The Government welcome the fact that the Committee have provided universities with funds to enable

the medical school entry nationally to exceed 3,900 in the 1981-82 academic year and hopes that this level may be at least maintained in future years. As you are aware, a detailed statement on medical manpower is contained in the Government's response to the fourth report from the Social Services Select Committee in the 1980-81 session, published as Cmnd 8479.

10. The Government have accepted the UGC's view that they were no longer able to include in recurrent grant to universities funds to enable them to offer to clinical medicine the protection it had hitherto enjoyed. The Health Ministers and I hope that the Committee will continue to stress the need, within the long-standing arrangements for uncosted mutual assistance, for early and continuing discussions locally between universities and health authorities on how best to reconcile reductions which may have to be made in clinical academic staff with the need to maintain clinical services. This is particularly important in medical specialities where a high proportion of services to patients are provided by clinical academic staff. We are also concerned that the medical schools should try to maintain their contribution in specialities which have more recently become the concern of academic departments and thus may not be well established. We are of course currently considering together the recommendations of the First Report from the Social Services Committee (Session 1981-82) on university

funding and medical services.

Relations with higher education outside the universities

11. Successive Governments have been conscious of the value of the overall view of university higher education possessed by the Committee, and contrastingly of the lack of any corresponding view of the rest of higher education and, in consequence, of higher education as a whole. You have commented on a number of occasions on the difficulties for your Committee, when planning provision within the universities, of not being able to take proper account of what is happening outside them. To fill the major part of this gap the Government have now established for England the National Advisory Body for Local Authority Higher Education (NAB) and have announced the intention to set up a similar body for Wales. In Scotland the Secretary of State is currently considering the recommendations of the Council for Tertiary Education on the structure and management of public sector higher education The Council's recommendations include the setting up of a body to oversee the whole system, to determine the allocation of funds among constituent authorities and colleges and to liaise with your Committee on course provision.

12. In setting up the NAB Ministers sought only the minimum level of formal cross-representation between your Committee and the NAB. I should now like to invite you and Mr Ball, Chairman of the NAB Board, to consider together, as the new machinery evolves: how co-operation and the exchange of information between the Committee and the NAB can best be pursued in the interests of providing the best advice to your Committee, the NAB and me; and prospectively how best the complementary roles of the two sectors of higher education are to be defined and developed. It will be helpful too to draw the Welsh into these discussions as soon as their Body is established and to forge links with any new body that might be established for Scotland. I hope that the Committee and the advisory bodies will do all that they can to foster mutual co-operation and the exchange of information. For Northern Ireland the Secretary of State has already sought your

advice and involvement in new arrangements for the structure and co-ordination of higher education in the Province.

13. I am conscious that however much planning may be done at a national level it cannot reduce the need for discussion and co-operation with other institutions locally if the most effective use is to be made of staff, buildings and equipment. I hope that the Committee will therefore continue to encourage universities positively to seek increased co-operation with other universities, polytechnics and other institutions of higher education of all types.

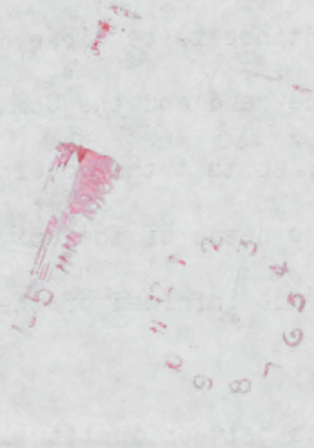
The longer-term

14. The adjustment at present being required of the universities is making substantial demands on all involved. I hope however that it will now be possible to look further ahead to the sort of higher education provision we need to meet the challenges of the next few years and into the 1990s, giving substantive consideration to questions like: the length and intensity of courses; the balance between undergraduate, taught postgraduate and research provision, and between initial and post-experience provision; subject balance; institutional relationships; the role of non-UGC funding, both governmental and private; and the overall scale of university provision. I hope that amid the many pressing concerns which beset your Committee they may find time to think about how such a view of higher education in the future might be developed and about the contribution which the Committee, within their particular responsibility for the university sector, might make to this process.

15. In this connection, you will be aware that I have both privately to you and the Committee and publicly before select committees expressed the view that it might be appropriate for Ministers to take more responsibility than they have hitherto for determining priorities affecting the broad character of the allocation of resources to the universities. The Committee are of course uniquely placed to assess and advise on the needs and capacities of universities both in relation to education and to the research base. But the main thrust of policy for the universities must take due account of policy for higher education as a whole, and of national social and economic policies; and at this

level there will be some strategic decisions for which it would be appropriate for Ministers to take explicit responsibility and to answer to Parliament. To this end there must continue to be close dialogue between Ministers and their officials on the one hand and the Committee, their Chairman and officers on the other, so that the Government have the benefit of the Committee's advice on the needs of the universities and that in their own deliberations the Committee are informed of the Government's views of requirements and priorities. Specific judgements about allocations between institutions must, of course, continue to be made by the Committee.

16. Although as a general rule our dealings are confidential, I believe it would be conducive to helpful public debate about the future of higher education and the universities for this letter and your Committee's responses to it to be published, and I am so arranging for this letter.



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FROM THE SECRETARY OF STATE

T Flesher Esq
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5 July 1982

Dear Tim,

GUIDANCE TO THE UGC

I enclose for information a copy of a draft letter of guidance to the Chairman of the UGC which my Secretary of State has today circulated to other Ministers most closely concerned. Subject to any comments which they - or the Chairman himself who has also been sent a copy of the draft - may raise, it is proposed to send the letter to arrive before the UGC's next meeting on I5 July and then release it to the press.

Yours ever,
Imogen Wilde

MRS I WILDE