

PRIME MINISTER

Meeting with Sir Keith Joseph

i) Higher Education Policy

Flag A - Sir Keith's minute of 21 December

DES have been planning a Green Paper in the spring but this was given further impetus in the discussion on the "switch". You suggested that you hold a meeting to discuss the role of the universities and government's relations with them but before embarking on this, Sir Keith Joseph wanted to have a discussion with you first. The object is to find a way of exerting further influence over the balance of courses which universities provide without having recourse to a major structure of controls which would damage academic freedom. This raises the question of tenure where it has been agreed to legislate to remove tenure from the future appointments while leaving existing tenure intact. This will limit the speed of future change in the balance of university teaching and Sir Keith argues that more money will be needed to finance redundancy if the process of change is to be speeded up.

ii) The "Switch"

Flag B
Flag C - Sir Keith's minute of 21 December
- Sir Robin Nicholson's minute of 2 January

Sir Keith has been engaged in discussion with other Departments and the UGC to see if some resources can be found at least to get the "switch" underway in the short-term.

iii) Science Budget (no papers)

Sir Keith may want to discuss the question of science generally though I do not know whether he has any new ideas or proposals to put forward on the subject. He may well press again the case for resources to be made available for redundancy payments.

iv) Student Support

Flag D

- Sir Keith's letter of 21 December to the Chancellor

You expressed reservations about the way in which Sir Keith intended to conduct the review. He has proposed that the drafting of the document should take place within the Department, with consultation to follow. You may feel that a Fowler-style review, where consultation and the development of policy options run hand in hand, may be better. At the same time, you might want to raise the question of whether students should continue to be eligible for SB and HB

Flag E

- see David Young's letter of 21 December.

v) Exploitation of Research Council Inventions

Flag F

- Sir Keith's minute of 19 December and
Flag G Sir Robin Nicolson's minute of 21 December

You were disappointed in the proposal to devolve rights in research to institutions as opposed to the individual researcher. Is it not possible to combine both approaches with rights going to the institution in the first instance with individual researchers having the opportunity to exploit an invention in return for a royalty?

vi) Teachers' Pay, Assessment and Training

The issue is whether there should be a bargain with teachers where, in return for conceding assessment and the weeding out of poor teachers, the teaching profession is given somewhat better pay scales, merit awards, and improved in-service training.

vii) Education Block Grant

DES favour a separate block grant for education instead of the current system of notional allocation within AEG. Sir Keith may seek to convert you to the idea.

viii) Economic Awareness

You have expressed reservations about Sir Keith's proposals for the teaching of the "economic facts of life". The question is whether, without further training itself, the existing teaching profession is capable of imparting the sort of economic awareness that the Government wishes to see.

AT

2 January 1985

PRIME MINISTER

MEETING WITH SIR KEITH JOSEPH: 3 JANUARY

You may wish to discuss two issues:

(i) The 'switch' to engineering and technology in universities;

(ii) the management of higher education.

1. The Switch to Engineering and Technology

Keith Joseph offers to scrap the UGC's 'industrial seed corn' fund, and to use the £3 million p.a. as his contribution towards increasing the provision of Information Technology in universities.

We believe that this is a bad idea.

The 'seed corn' fund would reward universities for attracting extra money from industry. A university would receive X pence additional grant for each £1 of industrial funding. This would induce universities to co-operate more with industry and to raise more private funds. It would provide an invaluable push towards the long-term goal of increasing university independence from the taxpayer. Even if short-sighted businessmen and university administrators do not like the prospect of such independence, they should be given strong incentives to achieve it.

If the 'seed corn' money were removed to fund new courses in information technology, the long-term gain of greater industrial funding would be sacrificed for a short-term purpose. As a result, a few years from now universities would doubtless be coming back for more money to spend on IT or whatever else was needed - without

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having done anything in the meantime to increase independent funding.

The money for the switch to information technology should be found either from reduced funding for weak university departments in other fields or from other government departments or from the private sector.

2. The Management of Higher Education

All the options discussed in Keith Joseph's paper on the management of higher education involve increased action from the centre. He is supported in this by David Young. But we believe that it is entirely the wrong approach.

In higher education as elsewhere, long-term efficiency depends not on ever closer central inspection but on ever greater connection with, and responsiveness to, the private sector. If you wish to make the universities more economically useful, the right thing is to force them to raise more money by charging for courses, doing contract work for industry, raising private donations, etc.

There is no chance of privately funded institutions like Cranfield and Buckingham being inefficient or unresponsive in the long run: they would very quickly collapse. It is the cushion of taxpayer's support that allows other institutions of higher education to doze pleasantly while Cranfield and Buckingham alter and adapt.

3. Conclusion

We suggest that you should ask Keith Joseph:

(i) to return the 'seed corn' fund giving universities incentives to raise industrial money;

(ii) to find money for the 'switch' from weak university departments in other fields or from other government departments or from the private sector;

(iii) to propose means of increasing efficiency and higher education not by additional central planning but by exerting additional pressure on higher education to respond to the private sector.

Jinda Reed

RP Oliver Letwin

28 December 1984

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File

MR. TURNBULL - on return

Meeting with Sir Keith Joseph

Sir Keith Joseph has asked for a private meeting with the Prime Minister, which we have arranged for 1700 on Thursday 3 January.

I understand from Elizabeth Hodgkinson that Sir Keith is likely to raise three topics:

Principally about

1. Higher education policy in general - he will be sending across a minute on this before the meeting.

Paper coming today.

2. "Economic awareness" - his proposals for increasing economic awareness in schools, and the Prime Minister's comments.

No further papers

✓3. Teachers' pay - he will not be asking for money directly, but will wish to draw the Prime Minister's attention to what he regards as a burgeoning crisis.

No papers

short term

4. It is possible that he may also raise the subject of "the switch", on which he will be circulating a letter to colleagues shortly.

Minuting today

5. *He may also talk generally about science*

DWB

20 December 1984