

PRIME MINISTERPa
/Higher Education Green Paper

H are due to consider Sir Keith Joseph's draft Green Paper on Wednesday. His covering minute and paper are attached at Flag A.

The Policy Unit have doubts about whether Sir Keith should publish a paper of this kind at the moment. Their advice is at Flag B. They feel the paper does not expose the options properly to enable sensible discussion to take place, and that it would be better to delay until some substance can be injected into the paper, e.g. by including a discussion on student grants.

Sir Keith himself is very keen that the paper should go forward. He believes the time is ripe to open up the debate on higher education, now that the White Paper on schools has been published.

Normally, you don't get involved in H business unless it is clearly necessary. But if you decide to do so on this occasion, having looked at the draft paper, read Sir Keith's covering minute and considered the Policy Unit advice, we should need to make your views known in advance of the H meeting. Before you make your views known to H generally, Sir Keith would, I understand, welcome the opportunity to write to you personally, setting out his point of view.

Content to let the Green Paper go forward to H without comment? If not, do you wish me to reflect your views to Sir Keith and give him the opportunity to reply?

(Mark Addison)

25 April 1985

If K.S. wants to go ahead
we should let him do so
out

HIGHER EDUCATION GREEN PAPER

Keith Joseph has been promising a Green Paper on higher education for some time. He argues that this document sets out the Government's policies to make higher education more economically useful, more efficient and of better quality.

In particular, the Green Paper:

- i. affirms the Government's wish to see more emphasis on technology and vocational studies (para 2.9 - 2.11);
- ii. lays down new guidelines for academic consultancy and other links with industry (paras 5.9 - 5.12);
- iii. re-states the commitment to legislate against tenure (para 7.6);
- iv. announces a review of the UGC (para 8.5)
- v. states that the system will have to contract in the years following 1990, when the number of qualified entrants should begin to fall (paras 9.9 - 9.12).

Keith's intention is to open up a debate on higher education by issuing both this Green Paper and - shortly afterwards - the promised consultative paper on student grants and loans.

We doubt whether the Green Paper, as it stands, will achieve these aims.

The recent Jarratt report on the universities revealed that the system is in a mess. It is clear that university administrators have little sense of direction, and do not

know what criteria should be used to make decisions about the allocation of resources. This is not surprising, since neither the UGC nor the Government have told them whether it is the employability of their students, their research quality, or the standards of their degrees that count when central funds are being distributed. Much the same undoubtedly applies to the polytechnics and colleges.

There are two possible ways through this mess:

either proper central management, with a more rigorous UGC and NAB, real output measures, defined objectives, open allocation of resources according to the achievement of targets etc.

or opening the system to competitive pressures by ensuring that universities, polytechnics and colleges depend for their funds upon their ability to satisfy 'customers' such as research councils, industrialists, donors, and students.

We believe that the second option is preferable, for several reasons:

- i. increased reliance on private funding is the only method of getting higher education off the public money ratchet;
- ii. pressure from 'customers' is, in the long run, more likely to keep up standards than a whole host of cosy, public sector managerial bureaucracies;
- iii. centralised management tends to stifle initiative and enthusiasm, whereas 'customer' choice tends to favour the new and exciting;

- iv. centralisation will be deeply unpopular, whereas increased 'customer' power is difficult to oppose;
- v. institutional morale will improve if institutions are more independent and self-reliant.

But the choice between these alternative routes cannot be made unthinkingly. The proper course is to float both options - centralisation and decentralisation - in such a way as to cause a genuine public debate. Unfortunately, the Green Paper fails to do this. Instead, it is vaguely managerial in tone (thereby probably alienating many academics), and pessimistically phrased (eg the politically dangerous passage on 'cuts' in paragraph 9.1). As a result, it may fail to stimulate the Government's friends, and may instead be cited by the Opposition as an admission of defeat, and proof of the Government's ill-intentions towards higher education.

We reluctantly recommend that the Paper should either be delayed until the student grants discussion is ready for inclusion (thereby giving it more substance), or else withheld until the Government is ready to enter a genuine debate about the way forward.

Oliver Letwin

OLIVER LETWIN


Department of Education and Science

Elizabeth House York Road London SE17PH

Direct Line 01-934

Switchboard 01-934 9000

GTN Number 2914

Telex 23171

 T J Flesher Esq
 Private Secretary
 10 Downing Street
 London SW1

17 May 1985

Dear Tim,

Mr Flesher

 This makes about the best of a
 bad job.

17.5.85

1. Mr Letwin

Any comments?

or

HIGHER EDUCATION GREEN PAPER: PROPOSED MINISTERIAL STATEMENT

H Committee discussed the draft Green Paper on ^{at} 1 May, and agreed that it should be published. Sir Keith Joseph said that he would like to publish it on 21 May (although the minutes incorrectly record this as 22 May) but the precise date was left for discussion with the Leader of the House.

The date of 21 May has now been provisionally agreed with the Leader of the House's office, and because of the importance of the Green Paper Sir Keith Joseph would like to make an oral statement on that day. The draft of the statement he would like to make is enclosed. The draft has been agreed with Treasury officials.

Because of the keen interest in higher education in the House of Lords the Secretary of State would like the statement to be repeated in that House by the appropriate Government spokesman.

I should be grateful for your agreement to our Secretary of State proceeding as proposed.

Copies of this letter and the draft statement go to the private secretaries to the Leader of the House, the Lord President, the Secretaries of State for Scotland, Wales and Northern Ireland, the Chief Whip (Commons), the Chief Whip (Lords), the Secretary of the Cabinet and to the Chief Press Secretary at No 10.

Yours,

A B Thompson

 A B THOMPSON
 Parliamentary Clerk

CCND



DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222
FROM THE SECRETARY OF STATE

Andrew Turnbull Esq
Private Secretary
10 Downing Street
LONDON SW1

2 April 1985

OR/cf
I take it the PM is laying
down to this. For assistance with
PPRS ideas by
energy.
MCA 3/4
- with TF/PM

Dear Andrew,

UNIVERSITY EFFICIENCY

My Secretary of State has seen Sir Robin Ibbs' minute of 29 March to the Prime Minister on this subject. He is clear that the Jarratt Committee report has important implications for the Green Paper on higher education, and will minute his colleagues on the subject after Easter.

One small point arises from paragraph 6 of the minute. The OU report makes clear that the specific savings referred to fall well short of bridging the gap between what the OU needs in order to maintain its present level of operation and the proposed funding by Government. The University will have to find a further £4m by 1986 through economies elsewhere.

I am copying this to Sir Robin Ibbs.

Yours,
Elizabeth

MISS C E HODKINSON
Private Secretary

- 3 APR 1967

9 0 11 12 1
8 4 2
7 6 5 4