

PRIME MINISTER

ENGINEERING AND TECHNOLOGY PROGRAMME

Sir Keith Joseph's letter of 12 July (Flag A) to Norman Tebbit seeks agreement to his general approach on allocating the resources under the second phase of the "switch". You will remember you chaired a meeting with industrialists to discuss the programme on 31 May.

Sir Keith's proposal is that £20 million should go to universities, £1.5 million to Salford, £0.6 million to Cranfield (Sir Henry Chilver's initiative), £1.5 million to the Open University, and £5 million to the polytechnics.

Policy Unit advice is at Flag B. They do not think it sensible to decide in advance how to split up the resources, and believe that all proposals should simply be dealt with on their merits. This seems sensible, though I am not sure the polytechnics (despite the noises being made at your meeting) would necessarily score more than the £5 million allocated under Sir Keith's method.

The Policy Unit also propose that industrial usefulness should be the sole criterion for judging proposals. It is of course true that some of the industrialists at the meeting (notably Harvey Jones of ICI) did stress the importance of excellence. But there seems no reason why the primary factor should not be industrial relevance, because excellence can surely be expected to be part and parcel of that assessment.

Agree that:

- (i) applications for funding should be dealt with on their merits, and that arbitrary amounts should not be allocated at this stage to different kinds of institution?
- (ii) industrial usefulness should be the primary factor in assessing applications?

Mark Adder

16 July 1985

PRIME MINISTER

15 July 1985

ENGINEERING AND TECHNOLOGY PROGRAMME

We have two doubts about the way that Keith Joseph proposes to distribute the additional £30 million for electronic engineering and information technology.

- i. Why has it been decided, in advance, to allocate £20 million to UGC universities and only £5 million to polytechnics? Many of the industrialists at your meeting wanted more money for the polytechnics on the grounds that their courses were more useful. Shouldn't all the proposals be judged on their merits, so that the money can be put where it will be best spent?
- ii. Why is "academic excellence" a relevant criterion? Given that the point of this extra money is to help industry, shouldn't industrial usefulness be the sole test?

We recommend that you should write to the DES, raising these doubts.

Ol Letwin

OLIVER LETWIN

Peter Warry

PETER WARRY

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

19 July, 1985

ENGINEERING AND TECHNOLOGY PROGRAMME

The Prime Minister has seen your Secretary of State's letter of 12 July to the Secretary of State for Trade and Industry. She believes it would be better, rather than to decide in advance how to allocate the resources to be made available under the second phase of the programme, to deal with applications for funding on their merits. She has also commented that industrial usefulness, rather than academic excellence, should be the primary factor to be taken into account in assessing applications.

I am sending a copy of this letter to Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence), Geoff Dart (Department of Energy), John Graham (Scottish Office), Colin Jones (Welsh Office), Leigh Lewis (Office of the Minister without Portfolio), Richard Broadbent (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

(Mark Addison)

R.L. Smith, Esq.,
Department of Education & Science.

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The Rt Hon Nicholas Edwards MP

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From The Secretary of State for Wales

25th July 1985

NBPM

Dr Keith

ENGINEERING AND TECHNOLOGY PROGRAMME

Thank you for copying to me your letter of 12 July to Norman Tebbit.

I would be content with the general distribution of funding you propose, as set out in Annex A to your letter, though I would have thought that £5 million represented the bottom end of what was desirable for the public sector in view of its established track record in this area. I note that discussions are continuing in the attempt to squeeze down the very high costs of some of the high prestige UGC institutions and I welcome that, given the emphasis we have placed on value for money in the criteria we set for the competitive bids.

You will not, however, be surprised to hear that I am concerned at the geographical distribution of the proposals. In your letter you draw colleagues' attention to the fact that while Scottish universities are well represented in this second phase of the programme, no Welsh UGC institution is included, though the Polytechnic of Wales is likely to be a strong contender for funds in the public sector element of the programme. I understand that the National Advisory Body's special meeting on 17 July did not include the Polytechnic of Wales in its recommended list, indeed it seems it recommended five polytechnics of which four are in or near London and one in the south west. This raises difficulties for the geographical balance that you set as one of your objectives in your letter of 8 March. I realise that in view of the urgency of the timescale you may not want to hold up preliminary decisions on the rest of phase 2 until the public sector allocation can be agreed. In these circumstances I would be content to agree the proposals you set out, subject to your assurance that this decision does not pre-empt the resources that would be necessary to ensure

/a fair geographical ...

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education and Science
Elizabeth House
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SW1 7PH



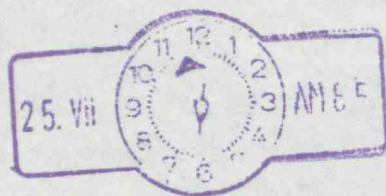
a fair geographical balance between England and Wales, irrespective of whether the Polytechnic of Wales is to form part of the public sector phase. I suggest our officials should discuss this matter urgently as soon as the National Advisory Body and Wales Advisory Body recommendations are available.

I am sorry to be insistent on what may seem to colleagues a narrow concern. At present institutions in Wales stand to benefit by some £1 million from phase 1 of the Engineering and Technology Programme. This compares with the £1.5 million that my Department will be contributing. My main concern is for the very negative message we would send to high technology industry if we announced that not a single Welsh institution deserved support in the UGC or public sector elements of phase 2 of the Programme. I do not think that that would be a fair reflection of the merits of Welsh higher education institutions in this field.

/ I am copying this to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Defence, Employment, Energy, Trade and Industry and Scotland, the Minister without Portfolio, the Chief Secretary to the Treasury, Sir Robert Armstrong and Sir Robin Nicholson.

J. E.
Nicholson

Science; Budget; Pt 4



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The Rt Hon Sir Keith Joseph MP
Secretary of State for Education & Science
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22 July 1985

AS F. M. T.

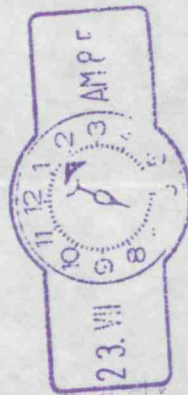
ENGINEERING AND TECHNOLOGY PROGRAMME

You copied to me your letter to Norman Tebbit of 12 July, seeking comments on a complex scheme of allocation of resources between universities and other institutions.

When I offered my Department's contribution (my Private Secretary's letter of 21 February 1985 to No. 10 refers), I expressed the hope that it would be possible to take account of the needs of universities at which programmes bearing on offshore technology were being carried out. The correspondence does not make it clear what has been done in this direction so far, but I note that you have not yet completely finalised the proposals, and hope therefore that you will bear my point in mind in doing so.

P. Walker

PETER WALKER





SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

NBPM

17 July 1985

Dear Keith,

ENGINEERING AND TECHNOLOGY PROGRAMME

Thank you for copying to me your letter of 12 July to Norman Tebbit.

You will recall from my letter of 14 March that I was anxious for it to be made clear that my own contribution to the programme related to UGC institutions rather than the public sector. If more than £5m were to be suggested as a target figure for NAB, I might find myself in some difficulty on this point. But on the basis you outline, I am content that you should proceed with an announcement.

As far as the UGC institutions are concerned, I have taken careful note of your proposals for the short list to be announced. I trust that with the assistance of the Scottish Development Agency, Edinburgh, Glasgow and Strathclyde will be able to confirm industry's commitment to each of the courses of study mentioned in Annex B. I am glad that the Scottish institutions appear to be well represented in the final programme.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Defence, Employment, Energy, Trade and Industry and Wales, the Minister without Portfolio, the Chief Secretary to the Treasury, Sir Robert Armstrong and Sir Robin Nicholson.

Yours we,

George

ANNEX

Scottish Phase I courses:

		<u>Annual Entrants</u>
Heriot Watt	Mechanical Engineering	15 UG
Strathclyde	Electrical & Electronic Engineering	25 UG
Strathclyde	Manufacturing Technology	10 UG
	Phase I Scottish entrants	50
	Phase I UK entrants*	579
	Scottish share	9%

*All are UGC.

Provisional Scottish Phase II courses:

Edinburgh	Electronic Engineering	22 UG 12 PG
Edinburgh	Artificial Intelligence and Computer Science	22 UG
Edinburgh	Computer Science	28 UG
Glasgow	Electronic Engineering	40 UG
Glasgow	Production Engineering	35 UG
Strathclyde	Electronic Engineering	25 UG
	Phase II Scottish entrants	184
	Phase II UK entrants*	804
	Phase II UK UGC entrants	504
	Scottish share of:	
	all UK entrants	23%
	UK UGC entrants	37%

*Excluding Public Sector and Open University



CABINET OFFICE

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From the Minister without Portfolio
The Rt Hon Lord Young of Graffham

The Rt. Hon. Sir Keith Joseph M.P.,
Secretary of State,
Department of Education & Science,
Elizabeth House,
York Road,
London, S.E.1.

16th July, 1985

NBPM

Re Keith,

ENGINEERING AND TECHNOLOGY PROGRAMME

in PM's box?

Thank you for copying to me your letter of 12th July about the outcome of discussions on the engineering and technology programme.

I have no comments on your detailed proposals for allocating funds in phase 2. I am, however, happy that you have allocated a significant amount of money to the public sector in response to clear indications of employers' preferences. I am also glad that it has been possible to accommodate Salford, Cranfield and the Open University, though not in each case on the scale that they were hoping.

I know that your officials are intending to monitor the effects of the programme. In doing so, I hope that they will look carefully both at the specific commitments of support which institutions claim to have received and at the subsequent performance. Since industrial support is clearly critical to the programme's success, it might be helpful if you could draw attention to this in your announcement about the package.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Defence, Trade & Industry, Employment, Energy, Scotland and Wales, the Chief Secretary to the Treasury, Sir Robert Armstrong and Sir Robin Nicholson.

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