

PRIME MINISTER

ENGINEERING AND TECHNOLOGY PROGRAMME

You commented to Sir Keith that allocations under Phase 2 of this programme should be based primarily on the criterion of industrial usefulness rather than academic excellence, and that you thought there was no reason arbitrarily to allocate the sum of £5 million to the polytechnics in advance.

Sir Keith's response is at Flag A. He does not believe there need be a clash between proposals which commend themselves on the grounds of industrial usefulness and those which are academically excellent. Sir Keith's note does not confront directly the issue of whether the £5 million allocated to the polytechnics should be determined in advance. He does, however, say that "precise allocations remain to be settled in the light of progress on such matters as the capital costs of some universities".

The Policy Unit advice from Oliver Letwin is at Flag B. Oliver remains convinced that polytechnic and university courses can be judged by the same criteria. He is particularly concerned that this point should be established now for the sake of any further allocations that might be made under similar programmes in the future. Oliver accepts, however, that so far as this tranche of money is concerned the polytechnics will probably end up with about £5 million anyway.

Content that you should indicate to Sir Keith that:

- (i) You are grateful for his further explanation, and are reassured that industrial usefulness will not be traded off against academic excellence.
- (ii) You are also reassured that basically similar criteria will be applied both to university and polytechnic applications, and that you remain unconvinced of the

need for advance allocations to be determined for each group. You do, however, look forward to seeing the list of proposals which Sir Keith proposes he should support, before they are announced, and in time to comment upon them.

Signed *ms*

Mark Addison

MARK ADDISON

26 July 1985

VC4AAQ

ENGINEERING AND TECHNOLOGY PROGRAMME

Mr Addison's letter of 19 July conveyed your view that decisions on resources under Phase 2 of the Engineering and Technology Programme should be decided on the merits of individual bids rather than being determined in advance and, in addition, that industrial usefulness should take priority over quality in assessing applications.

2. Your comment implies that we are in danger of rejecting courses judged excellent by industrialists in favour of courses judged excellent by academics. That is not the case. Our proposals reflect the considered advice of industrialists. They stress the need for high quality and that is why we have also asked our academic advisers to rate them. But as no course is selected unless it is judged alpha by the industrialists on grounds of usefulness, the trade-off that you fear does not in practice arise. One point I should perhaps emphasise is that we are bearing down on the high capital costs of some of the leading universities.

3. I understand that you are also concerned about the role of public sector colleges, mainly polytechnics. As in the case of the other non-UGC institutions, we have established appropriate but different procedures for assessing both industrial relevance and academic quality. The National Advisory Body, Information Technology Skills Agency and HMI are involved. It is already clear that some worthy bids have been made.

4. An important aspect of our procedures for both universities and polytechnics is that appropriate industrial support will have to be demonstrated before conditional offers of assistance are confirmed.

5. As I explained in my letter of 12 July to the Secretary of State for Trade and Industry, precise allocations remain to be settled in the light of progress on such matters as

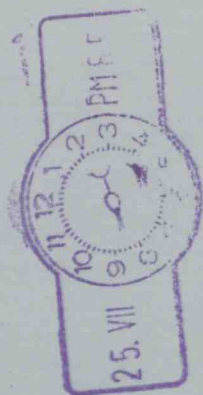
the capital cost of some universities. I will therefore inform you and other colleagues of the final list of proposals I would expect to announce. In the light of this, I hope you will now feel reassured about our approach to this phase of the programme.

6. I am sending copies of this minute to the Chancellor of the Exchequer, Secretaries of State for Trade and Industry, Defence, Employment, Energy, Scotland and Wales; the Minister without Portfolio and Sir Robert Armstrong and Sir Robin Nicholson.

KJ.

KJ

25 July 1965



PRIME MINISTER

26 July 1985

ENGINEERING AND TECHNOLOGY PROGRAMME

It is good to know that industrial usefulness will be the overriding criterion for choosing new courses, and that academic quality will be considered only as an additional necessary condition.

But if this is the method of selection, why decide in advance how to divide the cake between polytechnics and universities? The same group of industrialists can rank proposals from both sectors in order of industrial usefulness, and Keith Joseph can then check on the academic quality of the front-runners with the appropriate bodies - the UGC etc for the universities, and HMI/NAB for the polytechnics and colleges.

DES say that this will cause problems because polytechnics do different sorts of work from the universities. But the different nature of the courses is neither here nor there: the only questions are whether a given course - for whatever reason - will be useful to industry, and (as an additional necessary condition), whether the course is of high quality academically. These questions can be asked without any arbitrary initial division of the spoils.

The truth is that this programme has been hijacked by the educational establishment. Everyone wants a nice, cosy life with set quotas and no nasty competition between sectors.

We recommend that you should write again to Keith Joseph, insisting on an open competition.

Ol Letwin

OLIVER LETWIN



10 DOWNING STREET

From the Private Secretary

29 July 1985

Per Lab

ENGINEERING AND TECHNOLOGY PROGRAMME

The Prime Minister has seen your Secretary of State's minute of 25 July.

The Prime Minister is grateful for your Secretary of State's further explanation about the way he proposes to handle applications under this programme, and she is glad to have his reassurance that industrial usefulness will not be traded off against academic excellence. She is also pleased that basically similar criteria will be applied both to university and polytechnic applications, though she remains unconvinced of the need for advance allocations to be determined for each group. She looks forward, however, to seeing the list of proposals which your Secretary of State identifies for support, before they are announced and in time to comment upon them.

I am sending copies of this letter to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), David Normington (Department of Employment), Geoff Dart (Department of Energy), Colin Williams (Welsh Office), Leigh Lewis (Minister without Portfolio's Office), Richard Hatfield (Cabinet Office) and Sir Robin Nicholson.

Y er

Mark Addison

Mark Addison

Rob Smith Esq
Department of Education and Science.