

CONFIDENTIAL



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

David Norgrove
10 Downing Street
London SW1

*NW Flesch
I told DES
P. M. Cant*

NLU

20.5

19 May 1986

Dear David,

ms

UNIVERSITY FUNDING

I attach the text of a statement that Sir Keith Joseph intends to make in the House tomorrow following the Prime Minister's meeting this morning.

I am sending copies of this letter and the attached ^{ment} to private secretaries of all Cabinet Ministers, to the private secretaries to the Chief Whips in the Commons and Lords, and to Michael Starck.

Prime Minister

yours sincerely,

Rob Smith

B.G. believes this infinitely better than the earlier version. I agree, but have suggested a few "taste and fancy" changes.

R L SMITH
Private Office

Agree generally, subject to any drafty changes

CONFIDENTIAL

Sir Keith and other Ministers might want to make?

yes

N.L.W

19.5.

CONFIDENTIAL

DRAFT STATEMENT ON UNIVERSITY FUNDING

The University Grants Committee is today writing to the universities to inform them of their grants for the 1986-87 academic year in the context of their planning to the end of the decade. They will also inform the universities next week of the detailed outcome of the important initiative ^{to allocate the funds available} [they have taken]

So as to encourage and reward excellence in university departments. ~~by selective reallocation of the funds available~~]

(X)

→ This ^{initiative} is a landmark in university funding which the Government strongly supports. I am particularly grateful to the UGC for the commitment, skill and energy they have shown in pressing forward in the interests of excellence this initiative directed towards greater effectiveness and value for money at a time when all budgets are under pressure.

If we are to continue to improve the quality and effectiveness of our universities we must provide positive incentives to individual institutions for better management and better teaching and research. This is what the new selective arrangements for grant allocation are designed to achieve. Instead of basing future funding simply on the accumulation of decisions of the past, the UGC have started afresh and devised a method of distributing grant based on positive judgements about the needs of teaching, the quality of research and the rewarding of institutional enterprise. In this task the UGC and its sub-committees have been

CONFIDENTIAL

CONFIDENTIAL

helped by advice from the Research Councils, the Royal Society and other bodies.

Insert
above
at (X)

The detailed results of this ^{initiative} [exercise] will be conveyed to the universities by the UGC. In plain language, they mean the following:-

- more funds for the better research departments and less for the less good;
- a greater incentive to all universities and departments to improve both their academic standards and their management and use of resources.

The Government is under no illusions about the difficulties of restructuring and rationalisation involved. As some departments gain, others may have to be reduced and even closed. Universities will have to grasp every opportunity for greater efficiency and effectiveness in using the resources available to them. However,

[in order to help cushion the hard corners of the change,] and give the universities a reasonable chance to adapt, I have told the UGC that the Government will be ready to consider with them some further financial provision in 1987-88 and the following financial years. The precise amounts will be for consideration in the forthcoming public expenditure survey. The Government's willingness to make such additional provision will, however, depend crucially on evidence of real progress in implementing and building upon the changes now proposed. This will include, as well as the development

Small
Treasury
size
to omit []
- others
could claim
it as well -
+ to emphasize
accepted
nature of
locating

CONFIDENTIAL

CONFIDENTIAL

of the policy of selectivity and the rationalisation and where appropriate closure of small departments, better financial management and improved standards of teaching. If there is to be a new structure for academic pay, Ministers will need to be satisfied that it will provide the necessary flexibility to enable institutions to respond to market forces and to recruit and retain staff of the required quality.

I am arranging for details of the grants to individual universities to be published in the Official Report on Thursday. The general letter of guidance that the Chairman of the UGC is sending to all universities will be placed in the Library of the House tomorrow. That letter will be followed in about a week's time by an institutional annex relating to the student numbers and research funding of each university. These annexes will also be placed in the Library.

CONFIDENTIAL