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UNIVERSITY GRANTS COMMITTEE  
14 Park Crescent London W1N 4DH

Telephone 01-636 7799 ext

Your reference

Our reference Circular letter 4/86  
44/52/031 Annex II

Date

20 May 1986

**PLANNING FOR THE LATE 1980s: RECURRENT GRANT FOR 1986/87**

**INTRODUCTION**

The Committee has considered universities' responses to Circular letter 12/85 ("the planning letter") and I am now writing to give you figures for recurrent grant for the academic year (AY) 1986/87 and planning numbers for students for 1989/90. The grants for all institutions for 1986/87 are given in **Annex A**: the 1985/86 grants are included for comparison. **Annex B1** sets out the total planning numbers for each institution and **Annex B2** the national planning numbers in each of the 20 academic subject groups. In a week's time I shall also be sending you an "institutional annex" (**Annex C**) giving you your planning numbers in each academic subject group and the Committee's initial comments on your response to the planning letter, particularly your research statement.

2. Your figures for 1985/86 and 1986/87 in **Annex A** indicate the direction in which your share of total grant is likely to move between 1987/88 and 1989/90 but, as I said in the planning letter and also in Circular letter 22/85, the Committee will not be announcing the provisional grant distribution for the years from 1987/88 onwards until later in 1986. It intends to make further comments on institutions' responses to the planning letter at that stage.

3. The Committee's approach to the distribution of grant represents a radical break with tradition. In the past grants have been settled by adjustments to figures rooted in the concept of deficiency funding and representing the accumulation of earlier decisions which, because they were taken at different times and for diverse reasons, may have produced inequities. Universities have rightly complained that the process is obscure and have encouraged the UGC to develop a more rational and systematic approach. The Committee has therefore started afresh and has devised a method of distributing grant based partly on teaching and research criteria to be applied uniformly to all institutions and partly on selective judgements on research. The Committee outlined its approach in Circular letter 17/84, confirmed it in Circular letter 12/85 and described in detail the procedures

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it would be following in Circular letter 22/85. It does not wish to add to what it said in these letters, but it would again emphasise that, although the approach and the procedures are new, the outcome is a block grant, as before. **Responsibility for deciding how the grant should be spent continues to rest with institutions in the light of their own circumstances and of any guidance which the Committee may provide.**

4. The Committee's own sub-committees have been its main source of advice but it wishes to acknowledge the help which it and they have received from the Research Councils, learned bodies, medical charities and individuals with specialist knowledge. The rule that academic members of the Committee or its sub-committees should not be party to discussions about their own institutions has been strictly observed throughout and has been applied also to any other academics who have been consulted.

5. The Committee recognises that provision of all the information requested in the planning letter placed a heavy burden on members of the academic and administrative staff and on lay members of Councils. Universities' general statements of their objectives for the planning period were particularly helpful to members of the Committee when they were meeting in their institutional groups. Nothing like the research statements and the financial forecasts has ever been asked for before and both proved to be of great value. The Committee and the sub-committees considered the former with great care in arriving at the selective distribution of funds based on research criteria. The latter have been examined with professional help and will provide the basis for a report on the financial prospects for the university system which the Committee expects to submit to the Secretary of State for Education and Science by mid-summer.

#### **RESOURCES DURING THE PLANNING PERIOD**

6. The Committee has of necessity conducted its resource allocation exercise on the basis of the Government's present plans but it intends, in its report on the financial prospects and elsewhere, to continue to press strongly the need for improved funding.

7. The recurrent grant for AY 1986/87 was originally announced as £1342m, but the Committee understands that £2m is being transferred to the Science Budget as a contribution to the cost of a second CRAY computer to be installed in the University of London Computer Centre. The resulting figure of £1340m can be compared with £1309m for AY 1985/86. The amount available for distribution as block grant in 1986/87 is £1213m, to which must be added £8m for the Engineering and Technology Programme (ETP). The directly comparable figure for 1985/86 is £1200m, to which must be added £2m for ETP. (Both these figures include £12m for the pro rata distribution of capital in recurrent grant.) The main reason why this increase is so small is that provision for local authority rates has increased from £84m to £102m. In detail, the arithmetic is as follows:



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£m

	1986/87	1985/86
Total grant	1340	1309
Deductions:		
Local Authority rates	102	84
Capital-in-recurrent - specific projects	5.5	6
- ETP (earmarked)	2.5	-
Overseas Research Students Awards Scheme and Universities Statistical Record	6	5
ETP (other than capital-in-recurrent)	5.5	2
Computers for teaching	1.5	3
Reserve	4	9
Distributed as block grant	1213	1200

The figure of £1200m for 1985/86 exceeds that given in Circular letter 2/85 (£1185m) because it includes £10m later distributed to improve resources for computer science and £5m later distributed to cover the final year of the new blood and IT programmes. Provision for both these items is included in the block grant for 1986/87.

8. The Committee has no firm figures for grant for the rest of the planning period but it has been given provisional figures, based on the Government's present plans for the financial years (FYs) 1987/88 and 1988/89. These, together with the figures for the FYs 1985/86 and 1986/87, are:

1985/86	1986/87	1987/88	1988/89
1280.5	1319.8	1355.2	1393.4
(2.5)	(6.2)	(8.9)	(12.4)

The figures include provision (shown in brackets) for student places being provided under the ETP, to which the Committee itself is contributing £16m over four years.

9. To understand the implications of these figures it is necessary to compare them with inflation. The Government publishes figures for general inflation (technically the GDP deflator) including forecasts for three years ahead. University costs in the last few years have typically risen by about 1.5% a year more than general inflation. One reason for this is that university costs include a greater proportion of elements - wages and salaries, local authority rates, book prices and so on - which rise faster than the average figures for inflation: this is the so-called relative price effect,



which is measured by the index of university recurrent costs published by the CVCP. Another reason is the effect on pay expenditure of incremental pay scales. The following table compares increases over the previous year in general inflation, in university costs and in recurrent grant

	%			
FY	1985/86	1986/87	1987/88	1988/89
1. Increase in general inflation (GDP deflator)	6.0	3.75	3.75	3.5
2. Add 1.5% for increase in university costs above general inflation	7.5	5.25	5.25	5.0
3. Increase in recurrent grant	2.5	3.1	2.7	2.8
4. Fall in purchasing power of recurrent grant (2-3)	5.0	2.15	2.55	2.2

Thus on present plans and forecasts the university system faces for each year from 1986/87 a squeeze on recurrent grant relative to its costs of rather more than 2% a year. In addition it has in the last financial year suffered a squeeze of around 3.5% relative to general inflation and probably rather worse relative to its costs.

#### STUDENT NUMBERS

10. The Committee, the National Advisory Body for Public Sector Higher Education (NAB) and the Wales Advisory Body (WAB) have held discussions, in which the Scottish Tertiary Education Advisory Council also took part, about future numbers in higher education. As a result we jointly told the Government that in our view the needs of industry, commerce, and the public services for highly trained and qualified manpower required more than merely the maintenance of the present number of entrants to higher education. The UGC, the NAB and WAB were therefore seeking to provide as many places as was compatible with the preservation of standards, but for lack of funds it would not even be possible during the final years of the 1980s to meet the demand projected in the Government's Variant Y\*. Our primary responsibility was to ensure that there was adequate provision to meet student demand in those areas in which the national need was greatest, including health-related subjects, business and management studies and initial teacher training. On engineering and technology we said that the number of graduates that industry needed was substantially greater than the number of qualified candidates for places. However, as an insurance against inaccuracies in our forecasts of the number of qualified candidates, we would provide somewhat more places than we considered to be justified on present evidence.

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\* The Department of Education and Science's projection of future demand for higher education in Great Britain consistent with the actual level of entry in 1983 - see para 3.4 of the Government's Green Paper "The Development of Higher Education into the 1990s" (Cmnd 9524).



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11. In accordance with this statement to Government and after considering the advice of its sub-committees the Committee has adopted for the AY 1989/90 the numbers (FTE of full-time and part-time students) set out in **Annex B**. In aggregate they are:

	Arts	Science	Medicine	Total
Numbers, 1989/90	131,149	131,291	15,978	278,418
Percentage change from 1984/85	-0.4	+1.7	-0.5	+0.6

Numbers associated with the Engineering and Technology, Information Technology and New Blood Programmes are included.

12. Planning numbers include students on self-financing courses and other unfunded students. Subtracting these students gives funding numbers, which play an important part in the calculation of resources (see para 9 of the Notes to **Annexes A and B**). Neither planning numbers nor funding numbers are to be regarded as targets to be met regardless of the circumstances of individual institutions or the balance of applications for places. Reasonable adjustments of numbers between academic subjects are acceptable, though the Committee would be concerned if this led to a significant shift of students from more expensive to less expensive subjects or to a significant shortfall overall. There should be no overshoot in areas where numbers are a matter for national planning - ie medicine, dentistry, veterinary science and initial teacher training - or where the Committee itself has expressed views about intakes - ie architecture and pharmacy. Institutions are of course free to determine the number of students that they take on self-financing courses. They are also free to determine the balance between undergraduate and postgraduate students; but the Committee regarded as unrealistic the shift towards postgraduate students that was evident in many universities' responses to the planning letter. It will be noted that numbers are expressed in terms of FTE students: the Committee is giving no guidance on the balance between full-time and part-time students.

13. The Committee wishes to draw attention to the following points about numbers in certain subjects:

## Engineering and Technology

- (a) The figure of just over 38,000 FTE for engineering and technology for 1989/90, which includes the places planned under the Engineering and Technology Programme, is about 14% higher than the actual number in 1984/85. The Committee takes the view that until problems of early specialisation and staffing in the schools have been overcome the demand from qualified candidates is unlikely to increase much beyond this figure.

## Business and Administrative Studies

- (b) Because both student demand and employment prospects are buoyant the Committee accepted all reasonable proposals for increases in business and administrative studies and invited some institutions to add to their original bids.



**Oriental and African Studies**

- (c) The Committee has invited comments on Sir Peter Parker's Report on Oriental and African Studies and will be considering them later in the year. Meanwhile it asks universities not to reduce their support for this area.

**Italian and Dutch**

- (d) The Committee intends to review provision for the Italian and Dutch languages and will announce the results shortly.

**Initial Teacher Training**

- (e) As the universities concerned have already been told, the Committee decided that every effort should be made to achieve the targets set by the Secretaries of State for Education and Science and for Wales for intakes to initial teacher training for the rest of the decade. It is grateful to universities for agreeing to accept the additional numbers and for their willingness to adapt themselves to a shift in the balance between the training of secondary and primary school teachers. Notwithstanding possible problems of recruitment, especially in certain subject areas, funding will follow universities' acceptance of intake targets and will not be reduced if in the event the targets cannot be attained.

**Earth Sciences**

- (f) I wrote on 7 March to ask universities to avoid, as far as possible, making any irrevocable decisions until after the Committee has completed a review which it hopes to undertake later this year.

**History of Science**

- (g) This is to be the subject of a rationalisation exercise and the Committee asks to be consulted about any proposal to phase out a course meanwhile.

**Town and Country Planning**

- (h) The Committee has asked universities concerned for comments on the recent report of the Transbinary Town and Country Planning Working Party. Pending decisions on the report numbers have been included for all institutions which now offer courses in this area.

**Librarianship and Information Studies**

- (i) The Committee awaits the report of the Transbinary Group on Librarianship and Information Studies. Meanwhile it asks institutions to consult it about any proposals regarding courses in this field.

**Metallurgy and Materials Science**

- (j) The Technology Sub-Committee expects to offer institutions advice shortly on numbers in this subject.



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## THE RESOURCE ALLOCATION PROCESS

14. The purpose of the resource allocation process is to enable the Committee to determine the grant to each institution, not to determine how the institution should spend it. However institutions need to be aware of the main factors that may have changed their share of the total grant in 1986/87 and will continue to do so for the next few years. The extent to which these have worked in the same direction or in opposite directions will have differed from one institution to another.

15. First, the major part of the allocation is now firmly based on a common level of resourcing for funded student load in a given cost centre. This has turned out to be the most important of the causes of change. The Committee has also made a number of changes in the relativities between the units of resource for cost centres as compared with figures based on current patterns of expenditure: details are given in para 20.

16. Second, the allocations reflect the distribution of student load. This is affected by the funding numbers, which both in total and in subject mix may differ from universities' current targets. It should be remembered that these changes relate not only to full-time but also to part-time students. The latter have also been affected by the Committee's new resourcing policy (described in para 24 of Circular letter 12/85). However the changes in full-time student load are much smaller than in 1981, and they have had less effect than the common level of resourcing (para 15) and the Committee's judgements of research quality (para 17).

17. Third, institutions differ significantly in the resources they have attracted as a result (a) of the Committee's judgements of their research quality; and (b) of their grants from Research Councils and certain charities and of their income from contract research. I should add that grants received by an institution under the Alvey programme have been included with other research grants. The calculation of research grants has also taken account of the value of the time that is allocated by the Science and Engineering Research Council on its expensive research facilities. The calculation of income from contract research has taken account of income from research contracts gained by universities' associated companies.

18. Fourth, as was foreseen in Circular letter 19/85, the Committee has been very sparing in making provision for special factors; in general these were only taken into account if they reflected exceptional and inescapable resource commitments or related to an activity which might be at risk because its costs were above average but which the Committee wished to see retained in the national interest. At this stage the Committee has included a very few national libraries as special factors but it intends in due course to review its treatment of major libraries which serve a national or regional role. I should emphasise that, if a particular item which a university has claimed as a special factor is not mentioned in an institutional annex, this does not imply that the Committee considers that the university should not be spending money on it. For example, animal houses have not been treated as a special factor, because almost all universities with the relevant disciplines need them; but to say that is not to cast doubt on their importance.



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19. The Committee said in para 12 of Circular letter 12/85 that in 1986/87 no institution would suffer in real terms a reduction in its total grant that was worse by more than 1.5% than the average loss for all institutions. In the event average treatment means an increase of 1% in cash terms (foot of Column 3 of **Annex A**). The maximum reduction applied to any institution is therefore a fall of 0.5% in cash terms compared with 1985/86. Eleven institutions whose grant on the Committee's initial calculation would have fallen by more than 0.5% have benefited from this "safety net". Another 20 institutions, as **Annex A** shows, have changes in grant that fall within the range -0.5% to +1%. The remaining 22 institutions did better than average on the Committee's initial calculation. The Committee has decided that these 22 institutions should provide the resources needed to allow the "safety net" to be applied as described above: their grants for 1986/87 have therefore been reduced pro rata to the extent to which they did better than average on the initial calculation.

20. The Committee is not intending to publish details of the resource weights that it has adopted for 1989/90 for the 37 cost centres. Since these figures are averages for GB as a whole they are of limited relevance to individual institutions for internal resource allocation. However institutions may find it useful to know that a number of changes have been made from the figures derived from expenditure data for 1984/85:

- (a) The Committee has maintained for the period up to 1989/90 the improvement in the unit of resource that it made for computer science in 1985/86.
- (b) The unit of resource for Education has been slightly increased to take account of the cost to the institutions concerned of extending the PGCE teaching year from about 30 weeks to 36 weeks even though the Secretary of State did not provide any additional resources when this longer year became necessary to meet new conditions for the approval of PGCE courses which he laid down in DES Circular 3/84. The funding also takes full account of the extra student numbers in Education.
- (c) The average unit of resource for the engineering cost centres has been brought more nearly into line with the average for the physical sciences. The Committee said in Circular letter 14/84 that it shared the Engineering Council's view that engineering was underfunded. It noted in particular that the student:staff ratio in engineering departments was significantly worse than the ratios obtaining in the physical sciences.
- (d) The Committee has been concerned about the high student:staff ratios in business and management studies (the average for GB in 1984/85 was 13.6:1), in accountancy (14.2:1) and in law (16.1:1). It has provided for an increase in the resource weights for the first two of these cost



centres commensurate with an improvement in the student:staff ratio to about 12:1 and has slightly increased the unit of resource for law. The Committee knows there may be valid reasons for high student: staff ratios in some departments, but it asks universities having high ratios to review them and, if appropriate, to redeploy resources in favour of the departments concerned.

- (e) The numbers in dentistry and veterinary science shown in **Annex B** for 1989/90 are smaller than the current numbers. However for 1986/87 the Committee has not in its own calculations reduced the share of total resources attributed to those subjects and it asks the institutions concerned to take this into account.

21. Universities will need to bear in mind that the selective distribution of resources for research has implications for student: staff ratios. The Committee realises that universities habitually compare their own figures with those of similar institutions, but institutions or departments should not plan to adjust staffing simply in order to align their student:staff ratio with the average for the subject group. In Arts cost centres, for example, if the Committee's research assessments for a particular institution are favourable, an improved ratio may be appropriate. The opposite also applies.

#### **CONTINUING EDUCATION**

22. Vocational continuing education is not covered by the resource allocation process because it is Government policy that it should be self-financing. Nevertheless the Committee will continue to give pump-priming support during the planning period. Resources will be provided in recurrent grant at the level of £164 per FTE student (1986/87 prices) on the basis of institutions' own estimates of FTE numbers in 1989/90 (see **Annex C**). The Committee wishes these resources to be used to create and strengthen the infrastructure required to forge and maintain close links with employers and to develop and start new courses. The Committee wishes to encourage co-operation with other institutions including institutions in the public sector, and it welcomes the consortia arrangements which some universities are developing. The Committee also wishes to encourage institutions to take full advantage of the various external sources of developmental funding for continuing education.

23. The Committee has also provided some additional support for those courses of extra-mural or liberal adult education which receive direct grant from the Education Departments at the level of £82 per FTE student for the FTE numbers shown in **Annex C**. Resources are also included on the same basis for other non-vocational provision.



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**CONCLUSION**

24. The Committee will shortly be seeking discussions with a number of institutions; one purpose of this, but not the only one, is to consider how they might adapt to a lower level of funding over the planning period. The Committee will not announce provisional grant distributions for 1987/88 onwards until these discussions have taken place. It hopes that the announcements can be made in the autumn but they may have to be delayed for reasons which are not under the Committee's control.

25. So far as the resources available for its own running costs permit, the Committee will also be ready to hold discussions with other institutions which request them - though not in every case before the autumn - and it will consider as quickly as possible any proposals for rationalisation which universities put forward as a means of making the most effective use of their academic and financial resources.

26. The Committee will wish to keep itself informed about the decisions which universities take in the light of their allocations. It will say more about this in the next grant letter.

27. Questions arising on this letter should be addressed to me or to the territorial officers in the Committee's Secretariat (whose names were given in **Annex C** of Circular letter 22/85).

Yours sincerely

*Peter Swinnerton - Dyer*

SIR PETER SWINNERTON-DYER

ENCs:



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ANNEX A

Recurrent Grant includes

University or College	Basic Distribution 1985/86	Basic Distribution 1986/87	Percentage change from 1985/86 to 1986/87	Other Additions	Earmarked capital-in-recurrent			ETP (Non-CIR)	Recurrent Grant 1986/87
	£m	£m		£m	General	Shared Medical	ETP	£m	£m
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Aston	14.977	14.939	- 0.3	0.003	0.145	-	-	0.120	15.21
Bath	12.976	13.437	+ 3.6	0.013	0.142	-	-	0.021	13.61
Birmingham	37.338	37.622	+ 0.8	0.039	0.272	0.128	-	0.331	38.39
Bradford	14.639	14.742	+ 0.7	-	0.148	-	-	0.174	15.06
Bristol	28.636	29.410	+ 2.7	0.182	0.220	0.091	-	-	29.90
Brunel	12.954	13.014	+ 0.5	0.007	0.114	-	-	-	13.13
Cambridge	43.047	43.344	+ 0.7	0.032	0.369	0.039	0.250	0.271	44.30
City	11.605	11.547	- 0.5	-	0.097	-	-	-	11.64
Durham	17.402	17.315	- 0.5	0.028	0.149	-	-	0.095	17.59
East Anglia	14.856	14.782	- 0.5	-	0.113	-	-	0.114	15.01
Essex	8.529	8.648	+ 1.4	0.035	0.074	-	-	0.085	8.84
Exeter	15.229	15.512	+ 1.9	-	0.150	-	-	-	15.66
Hull	14.325	14.278	- 0.3	0.018	0.141	-	-	0.088	14.52
Keele	8.470	8.428	- 0.5	-	0.073	-	-	-	8.50
Kent	10.509	10.770	+ 2.5	-	0.104	-	-	0.124	11.00
Lancaster	13.600	13.693	+ 0.7	-	0.126	-	-	0.044	13.86
Leeds	42.308	42.550	+ 0.6	0.024	0.320	0.135	-	-	43.03
Leicester	17.765	18.063	+ 1.7	-	0.143	0.063	-	-	18.27
Liverpool	37.237	37.394	+ 0.4	0.042	0.245	0.154	-	0.037	37.87
London Business School	1.876	1.867	- 0.5	-	0.009	-	-	-	1.88
London University (of which Imperial College)	231.671	235.171	+ 1.5	0.145	1.142	1.144	0.524	0.467	238.59
Loughborough	30.059	30.421	+ 1.2	-	0.198	-	0.524	0.364	31.51
Manchester Business School	17.930	18.311	+ 2.1	0.520	0.180	-	-	-	19.01
Manchester	1.107	1.101	- 0.5	-	0.007	-	-	-	1.11
UMIST	46.574	47.353	+ 1.7	0.438	0.332	0.225	-	0.172	48.52
Newcastle	16.290	16.517	+ 1.4	0.185	0.134	-	-	0.064	16.90
Nottingham	31.909	31.819	- 0.3	0.021	0.231	0.121	-	0.094	32.29
Oxford	27.166	27.575	+ 1.5	-	0.227	0.072	-	0.162	28.04
Reading	44.224	44.244	0	0.034	0.344	0.066	-	0.102	44.79
Salford	18.855	18.872	+ 0.1	0.018	0.168	-	-	-	19.06
Sheffield	12.798	12.935	+ 1.1	0.023	0.127	-	-	0.522	13.61
Southampton	31.367	31.507	+ 0.4	0.057	0.242	0.117	0.250	0.145	32.32
Surrey	24.694	25.465	+ 3.1	0.137	0.213	0.072	-	0.179	26.07
Sussex	12.797	12.890	+ 0.7	-	0.121	-	-	0.225	13.24
Warwick	13.991	14.349	+ 2.6	0.002	0.129	-	-	0.058	14.54
York	17.633	18.344	+ 4.0	0.207	0.166	-	-	0.421	19.14
York	11.181	11.525	+ 3.1	0.018	0.111	-	-	0.104	11.76
<b>Total England</b>	<b>938.465</b>	<b>949.333</b>	<b>+ 1.16</b>	<b>2.228</b>	<b>7.028</b>	<b>2.427</b>	<b>1.024</b>	<b>4.219</b>	<b>966.26</b>
Aberystwyth U.C.	10.120	10.075	- 0.4	0.010	0.089	-	-	-	10.18
Bangor U.C.	10.961	10.906	- 0.5	-	0.088	-	-	0.096	11.09
Cardiff U.C.	17.009	16.965	- 0.3	0.024	0.154	-	-	-	17.14
St. David's, Lampeter	1.939	1.954	+ 0.8	-	0.018	-	-	-	1.97
Swansea U.C.	13.533	13.465	- 0.5	0.002	0.123	-	-	0.198	13.79
UWCM	6.520	6.693	+ 2.7	-	0.011	0.115	-	-	6.82
UWIST	8.434	8.562	+ 1.5	-	0.091	-	-	-	8.65
Welsh Registry	2.180	2.202	+ 1.0	-	-	-	-	-	2.20
<b>Total Wales</b>	<b>70.696</b>	<b>70.822</b>	<b>+ 0.2</b>	<b>0.036</b>	<b>0.574</b>	<b>0.115</b>	<b>-</b>	<b>0.294</b>	<b>71.84</b>
Aberdeen	22.146	22.035	- 0.5	-	0.168	0.068	-	-	22.27
Dundee	14.837	14.763	- 0.5	-	0.082	0.088	-	-	14.93
Edinburgh	44.260	44.143	- 0.3	-	0.300	0.138	1.137	0.308	46.03
Glasgow	43.415	44.220	+ 1.9	-	0.317	0.164	-	0.104	44.80
Heriot-Watt	10.614	10.658	+ 0.4	0.110	0.119	-	-	0.120	11.01
St. Andrews	11.308	11.266	- 0.4	-	0.102	-	-	-	11.37
Stirling	8.189	8.148	- 0.5	0.014	0.073	-	-	-	8.24
Strathclyde	22.797	23.211	+ 1.8	0.013	0.237	-	0.440	0.252	24.15
<b>Total Scotland</b>	<b>177.566</b>	<b>178.444</b>	<b>+ 0.5</b>	<b>0.137</b>	<b>1.398</b>	<b>0.458</b>	<b>1.577</b>	<b>0.784</b>	<b>182.80</b>
<b>Total Great Britain</b>	<b>1,186.727</b>	<b>1,198.599</b>	<b>+ 1.0</b>	<b>2.401</b>	<b>9.000</b>	<b>3.000</b>	<b>2.601</b>	<b>5.297</b>	<b>1,220.90</b>

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## PLANNING NUMBERS, 1989/90, BY INSTITUTIONS

ANNEX B1

*Historic figures for comparison*

University or College	Arts	Science (Incl. ETP)	Medicine	Total	Current Targets	Funded FTE Part-Time Students
					<i>Get into jobs</i>	<i>Current</i>
Aston	1,753	2,234	-	3,987	3,665	220
Bath	1,234	2,474	-	3,708	3,270	280
Birmingham	3,959	3,925	679	8,563	7,780	340
Bradford	1,753	2,378	-	4,131	3,590	180
Bristol	3,044	3,200	484	6,728	6,470	190
Brunel	1,130	1,898	-	3,028	2,480	300
Cambridge	5,272	5,621	207	11,100	10,640	650
City	1,152	1,479	-	2,631	2,030	250
Durham	3,061	1,755	-	4,816	4,370	130
East Anglia	2,583	1,215	-	3,798	3,650	110
Essex	1,428	927	-	2,355	2,200	60
Exeter	3,690	1,445	-	5,135	4,600	250
Hull	3,287	1,476	-	4,763	4,220	210
Keele	1,880	631	-	2,511	2,240	180
Kent	2,604	991	-	3,595	3,250	170
Lancaster	3,056	1,169	-	4,225	3,970	270
Leeds	4,397	4,611	719	9,727	9,280	440
Leicester	2,767	1,657	335	4,759	4,200	274
Liverpool	2,958	3,785	819	7,562	6,980	490
London Business School	355	-	-	355	290	90
London University (of which Imperial College)	13,336	18,075	6,093	37,504	32,790	6,400
Loughborough	95	4,434	-	4,529	4,050	180
Manchester Business School	2,341	2,637	-	4,978	4,810	390
Manchester	302	-	-	302	200	-
UMIST	4,711	4,954	1,200	10,865	9,790	510
Newcastle	923	2,492	-	3,415	3,085	110
Nottingham	2,506	3,817	642	6,965	6,670	230
Oxford	2,536	3,709	386	6,631	6,210	400
Reading	6,596	4,353	349	11,298	10,590	1,160
Salford	2,618	2,263	-	4,881	4,770	180
Sheffield	1,057	2,414	-	3,471	2,750	370
Southampton	3,102	3,850	625	7,577	6,870	460
Surrey	2,662	3,451	382	6,495	5,860	180
Sussex	966	2,210	-	3,176	2,530	230
Warwick	2,424	1,619	-	4,043	3,760	120
York	3,962	1,971	-	5,933	4,725	190
York	1,945	1,522	-	3,467	3,140	110
<b>Total England</b>	<b>103,350</b>	<b>102,208</b>	<b>12,920</b>	<b>218,478</b>	<b>197,725</b>	<b>16,124</b>
Aberystwyth UC	1,875	994	-	2,869	2,710	10
Bangor UC	1,341	1,366	-	2,707	2,415	80
Cardiff UC	2,821	1,867	-	4,688	4,370	230
St David's, Lampeter	729	-	-	729	712	10
Swansea UC	1,991	1,712	-	3,703	3,230	90
UWCM	-	216	613	829	750	30
UWIST	605	1,620	-	2,225	2,180	10
<b>Total Wales</b>	<b>9,362</b>	<b>7,775</b>	<b>613</b>	<b>17,750</b>	<b>16,367</b>	<b>460</b>
Aberdeen	2,392	2,359	361	5,112	4,945	130
Dundee	1,061	1,220	471	2,752	2,480	110
Edinburgh	4,421	4,458	737	9,616	8,990	600
Glasgow	4,175	4,816	876	9,867	8,885	1,030
Heriot-Watt	558	2,356	-	2,914	2,190	170
St Andrews	1,538	1,470	-	3,008	2,880	70
Stirling	1,610	714	-	2,324	2,100	90
Strathclyde	2,682	3,915	-	6,597	5,670	320
<b>Total Scotland</b>	<b>18,437</b>	<b>21,308</b>	<b>2,445</b>	<b>42,190</b>	<b>38,140</b>	<b>2,520</b>
<b>Total Great Britain</b>	<b>131,149</b>	<b>131,291</b>	<b>15,978</b>	<b>278,418</b>	<b>252,232</b>	<b>19,104</b>

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## PLANNING NUMBERS, 1989/90, BY ACADEMIC SUBJECT GROUPS

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ANNEX B2

Academic Subject Group	Planning Numbers, 1989/90			Actual Numbers, 1984/85		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
Pre-clinical Medicine	8,051	242	8,293	8,004	203	8,207
Pre-clinical Dentistry	962	12	974	1,008	8	1,016
Clinical Medicine	10,726	2,423	13,149	10,624	2,350	12,974
Clinical Dentistry	2,576	253	2,829	2,899	192	3,091
Subjects Allied to Medicine	6,242	1,351	7,593	6,492	1,276	7,768
Biological Sciences	17,163	3,103	20,266	17,972	3,663	21,635
Agriculture and Related	4,673	627	5,300	5,008	714	5,722
Physical Sciences	23,052	5,195	28,247	23,893	5,165	29,058
Mathematics & Statistics etc.	10,681	889	11,570	10,904	826	11,730
Computer Science	5,816	1,299	7,115	5,213	1,187	6,400
Engineering & Technology	29,361	4,763	34,124	28,891	4,482	33,373
Architecture, Building, Planning.	3,102	709	3,811	3,305	828	4,133
Economics... Geography	21,257	4,285	25,542	22,201	4,107	26,308
Politics, Law and other Social Studies	15,045	2,346	17,391	15,762	2,291	18,053
Business and Administrative Studies	11,369	3,561	14,930	10,097	2,875	12,972
Mass Communications and Documentation	234	347	581	231	393	624
Languages and Related Disciplines	30,567	2,681	33,248	31,614	2,556	34,170
Humanities	18,660	2,480	21,140	19,579	2,472	22,051
Creative Arts	3,537	494	4,031	3,748	503	4,251
Education	3,947	10,339	14,286	3,501	9,725	13,226
<b>Total</b>	<b>227,021</b>	<b>47,399</b>	<b>274,420</b>	<b>230,946</b>	<b>45,816</b>	<b>276,762</b>
ETP	3,860	138	3,998	-	-	-
<b>Grand total - all subjects</b>	<b>230,881</b>	<b>47,537</b>	<b>278,418</b>			

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**NOTES TO ANNEXES A AND B**

**FINANCE**

**Resources and Grant**

1. The Committee's planning is conducted in terms of "resources" ie income from grant and home fees. As explained in para 29 of Circular letter 22/85, the grant distribution is derived from the resources distribution by deducting the fee income which is expected from the planned number of home and EC students.

**Basic Block Grant**

2. Basic block grant means the recurrent grant whose distribution is to be determined by the resource allocation process described in Circular letter 22/85. It excludes provision for local authority rates, capital-in-recurrent grant, continuing education and the Engineering and Technology Programme (ETP) and any other amount which the Committee decides to withhold for contingencies and new policies.

**Basic Grant Distribution (1985/86)**

3. The basic grant distribution for 1985/86 that is shown in Column 1 of **Annex A** is essentially the distribution announced in Circular letter 2/85 excluding capital-in-recurrent grant but including the grants for new blood and IT posts and for computer science that were announced in Circular letters 5/85, 6/85 and 15/85. It implicitly includes provision for continuing education.

**Basic Grant Distribution (1986/87)**

4. The basic grant distribution for 1986/87 shown in Column 2 of **Annex A** has been obtained by:



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- (a) deriving a grant distribution from a resource distribution on by the process described in para 29 of Circular letter 22/85;
- (b) adding provision for continuing education; and
- (c) applying the safety net as described in para 19 of this letter.

## **Block Recurrent Grant for 1986/87**

5. The total grant for each institution announced in this letter is arrived at by adding to its grant from the basic distribution:

- (a) its share of capital-in-recurrent grants;
- (b) ETP grants (where applicable); and
- (c) any adjustments needed to ensure that any of the special additions shown in the Annex to Circular letter 2/85 not already taken into account in the allocation process are correctly dealt with.

## **Rounding**

6. The various components of the block grant are calculated to 3 decimal places but the final figure is rounded to 2 decimal places.

## **Arrangements for Payment of Block Grant**

7. The arrangements for paying monthly instalments of block grant will be the same as this year.

## **Rates Grant**

8. Rates grant will continue to be paid separately because the increases in local authority rates still have an unpredictable and differential effect on individual institutions. The Committee's



decision on the rates grant will be announced before the end of July 1986. The Committee's provision for rates in AY 1986/87 is based on a 13% increase in FY 1986/87 and a 6% increase in FY 1987/88. (Its provision for AY 1985/86 was based on a 6% increase in FY 1986/87. The need to provide in AY 1986/87 for the likely shortfall is one of the reasons for the increase in the amount withheld for rates in that year.)

**STUDENT NUMBERS**

**Planning numbers**

9. The glossary of terms attached to Circular letter 22/85 defined "planning/planned numbers" as the full-time equivalent (FTE) of full-time and sandwich and part-time home and EC degree and diploma students. Planning numbers correspond to USSR-registered students and are therefore comparable with the numbers shown in Table 1 of Annex 2 of the responses to the planning letter and with Column 1 of Table 2 of that Annex ie the student load table. Planning numbers therefore include students on self-financing courses and other unfunded students (notably those described as "off campus" in the student load table) who do not attract resources and hence grant.

10. The planning numbers include the student places that have been allocated under the ETP even though the associated grant was determined outside the main resource allocation exercise. Since these numbers were not allocated to academic subject groups, they are shown separately in **Annex B2**.

**Arts:Science:Medicine**

11. Because of the new approach to classification of students adopted by USSR/UCCA (set out in "Universities' Standard Classification of Academic Subjects"), students taking a "balanced combination" of Arts and Science subjects are allocated in equal part to each one. The classification into Arts:Science:Medicine shown in **Annex A** is therefore not exactly comparable with previous figures (when students on combined Arts/Science courses were all classified as science). The allocation of the 20 academic subject groups to the 3 major groups is as follows:



**Arts**

13. (L) Economics ... Geography
14. (M) Politics, Law and Other Social Studies
15. (N) Business and Administrative Studies
16. (P) Mass Communications and Documentation
17. (Q,R,T) Languages & Related Disciplines
18. (V) Humanities
19. (W) Creative Arts
20. (X) Education

**Science**

1. (A1) Pre-clinical Medicine
2. (A2) Pre-clinical Dentistry
5. (B) Subjects Allied to Medicine
6. (C) Biological Sciences
7. (D) Agriculture and Related Subjects
8. (F) Physical Sciences
9. (G1,4,9) Mathematics & Statistics
10. (G5) Computer Studies
11. (H,J) Engineering & Technology
12. (K) Architecture, Building & Planning

**Medicine**

3. (A3) Clinical Medicine
4. (A4) Clinical Dentistry

(The bracketed symbols are the Group designations adopted in the USSR/UCCA "Standard Classification".)

**Targets**

12. The figures for student number targets in **Annex B1** are those that applied to institutions prior to the present exercise. They are the same as those which were set out in Table 4 to Annex 2 of the planning letter and related to full-time students.



**Funded Part-Time Students**

13. The figures for funded part-time students shown in **Annex B1** are the numbers (FTE) that were given in Circular letter 10/81 as having been taken into account by the Committee in determining grant. These figures were based on the universities' own conversion factors.

**Actual Numbers**

14. The figures for actual numbers shown in **Annex B2** are those that were returned by institutions in response to the planning letter, as amended in certain cases by agreement between the Committee and the institutions concerned.

**New Blood Posts**

15. The new blood posts awarded during the three-year period of the programme, 1983/84 to 1985/86, were taken into account by the Committee either as student places or as a special factor. Thus, in particular, posts awarded in subjects to which national planning limits apply still result in an appropriate level of grant for the institutions concerned.

**Part-Time Students**

16. The planning letter left institutions free to decide how to convert part-time students to FTEs. However the responses showed such a wide range of conversion factors that in the event the Committee decided it would be fairer to all if it adopted a conversion factor of 0.5 in all cases, both for determining resources and for showing numbers.

17. Some responses indicated that part-time research postgraduate load tables included students who had completed their period of full-time study but had not yet submitted their thesis. There were other apparently anomalous inclusions and the Committee gave sub-committees discretion to discount such students where it seemed clear that the resultant load should not attract resources.



**Rationalisation**

18. The numbers in **Annexes B1** and **B2** take account of adjustments of numbers between one institution and another where proposals for rationalisation have already been agreed by the Committee in accordance with Circular letter 18/85. Further adjustments will be made as other rationalisation proposals are agreed.

**Student:Staff Ratio**

19. More than one definition of student:staff ratio is in use in universities. The definition that the Committee uses is the total full-time and FTE of part-time home and overseas student load divided by the total of full-time category A academic staff. In this definition the FTE of part-time students used is the figure supplied by the institution - see para 16 above.





## UNIVERSITY GRANTS COMMITTEE

14 Park Crescent, London W1N 4DH

Telephone 01-636 7799

*From the Chairman*

Sir Peter Swinnerton-Dyer FRS

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

23 December 1985

*Dear Keith*

## CLOSURE OF UNIVERSITIES

In my judgement, some time in the late Spring or early Summer the UGC will be writing to you to say that, on what we know of Government funding policy, we do not see how we can both preserve excellence in universities and keep all the present universities viable. I hope we shall decide that our prime duty is the former; if so, we shall have to ask you which universities are to have their grant phased out - which in practice means closure.

All this is of course speculative, but I thought you would want to have the longest possible warning. The Committee is still at an early stage in considering universities' plans for the next five years, and we have not as a Committee thought about anything so radical as this; but there are two or three individual members who may well have reached the same conclusions as I have. You will also know that most Vice-Chancellors believe some closures to be inevitable; but, for a Vice-Chancellor whose own university is not at risk, closures are bound to look like the least damaging response to present financial problems.

To justify my opening sentence, you will expect convincing answers to two questions:-

- (i) Why can the necessary savings not be made by contractions in most individual institutions, rather than by closing a few?
- (ii) Why this year, since it is just one more year in the long-drawn-out nibbling away at resources?



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You will also want the best guess I can make as to the numbers involved. I am thinking in terms of the closure of universities containing in total between 15,000 and 20,000 places; but I would expect to recover about half these places by increases in some of those universities that survive. I cannot ask for detailed calculations without explaining why I want them; and you will understand why, even within the office, I do not at the moment wish to do that.

As you know, we expect the real value of the grant to the UGC to drop by about 10% over the next five years. Because pay represents at least two-thirds of university expenditure, the drop in staff numbers will be at least comparable with this. But we must temper the wind to the better institutions, if we are not to do too much damage to research. And a good many of the smaller ones are already at the limit of viability - indeed often below it in my view. So the cuts will have to be very unequal, and those who get the worst treatment this time will mostly have had worse than average treatment in 1981. I do not believe they can take such cuts twice without being effectively destroyed.

Of course, if one were starting with a blank sheet it would be possible to design an institution which just about deserved to be called a university and was 20% cheaper than a typical British one is now. But that is not the situation. You know how inefficient it is to run a factory at well below its designed performance; we are doing that already and spreading the misery will only make things worse.

The other obstacle to spreading the reductions across the system is tenure - though if tenure did not exist, other forms of inertia would have almost the same effect. Because there are so few people over 55 left in the system after the way the 1981 cuts were coped with, it will be far harder this time to find people willing to take premature retirement - even if you were willing to find the substantial sums of money needed to buy them out. And if that were achieved, it would make the age-imbalance yet worse than it is now. There are few enough opportunities now for bright young researchers to enter the academic profession; to destroy those which there are will condemn the whole university system to a living death. Indeed it will even destroy the centres of excellence across most of the sciences. For they depend on good research students, and who will become a research student if he can see no prospect of it leading to a career?

If the contraction is managed largely through the closure of complete institutions, many of these difficulties are avoided. Those institutions which survive will not get smaller; and it is a great deal less damaging to have to teach 10% more students with the same money than to have to teach the same number of students with 10% less money. Tenure would not be a problem, and there would be no need to seek volunteers for early retirement; you would go willy-nilly if your institution closed. (Of course it will be necessary to rescue the good people at institutions which

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close; I have allowed for that in my assessment.) The age-structure will not be worsened, so there will continue to be vacancies for new entrants to the academic profession.

I hope that answers, at least in outline, the first of the two questions posed. I now turn to the second. Essentially, the answer to it is that the new allocation process has forced us to face the future, at least over the next five years, whereas in the recent past we have been able to think ahead only a year at a time. I don't yet know how far to believe the financial forecasts which we asked universities for; but the figures for 1985-86 should be reasonably accurate, and they are already alarming. Moreover we have committed ourselves to working out provisional grant up to 1989-90 inclusive as part of the present allocation process; and we have said that in the summer (once we have announced the 1986-87 allocations) we shall be discussing the provisional figures with at least the worst-hit institutions. We cannot discuss anything with an institution until we know whether or not it is going to survive beyond the end of the decade. Indeed I do not see what is to be gained by talking to an institution if we know that the sum of money we are minded to give them is not enough to keep them going.

As a first step, you will probably want to discuss this letter with me and Sir David Hancock. I have of course sent him a copy. On the other hand, no member of the UGC has seen it or knows that I am raising these questions with you.

*Yours sincerely*

*Peter Swinnerton-Dyer*

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