

CONFIDENTIAL

cc Mr. Mount O/R

MR. FLESHER

Prime Minister:

UNIVERSITY FUNDING

Do you agree to  
authorize Mr. Letwin to  
mention this  
idea to Sir  
Keith?

The government wishes to increase private funding for the universities; but no-one has yet found a sufficiently effective method of stimulating such an increase.

Dr  
29/7

Sir Keith Joseph will, in the near future, be bringing forward new ideas on this subject. There is, however, one idea which is so simple that it appears to have escaped the notice of his officials.

It would be possible for the UGC to allocate a proportion of its funds (say, 10%) on a pound-for-pound basis - the university to receive £1 from the Exchequer for every £1 raised from private sources. This would give universities an immediate and powerful incentive to seek private money. The effects on public expenditure could not be adverse and might be highly beneficial: the aggregate UGC grant could be reduced in the first instance by a small amount, and could - if the scheme succeeded - be reduced by a larger amount thereafter, without damage to the universities. It might, moreover, be possible to devise a similar scheme for the polytechnics.

Would the Prime Minister wish the DES to consider such measures?  
Would she favour my suggesting them informally to Sir Keith?

Yes

O.L.

OLIVER LETWIN  
28 July 1983

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MR. LETWIN

The Prime Minister has now seen your minute of 28 July about university funding. She agrees to your mentioning the idea set out in the minute to Sir Keith Joseph.

T. FLESHER

1 August 1983

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