

PRIME MINISTER

MS

You will need to consider whether to endorse the £50 million cut in university current expenditure in 1986/87 which the MISC 99 group is recommending. Sir Keith Joseph is arguing that this is inconsistent with your letter to the AUT of 7 June - copy attached.

There are several points to note:

- (i) The letter refers to higher education as a whole and not just to university current expenditure;
- (ii) Sir Keith Joseph's letter to the UGC - copy attached - has effectively put the universities on notice that the Government may not be able to adhere to "level funding" and has set out quite comprehensively why some reduction might be necessary. You could simply say that the eventualities of which Sir Keith was warning have indeed come to pass;
- (iii) Your AUT letter spoke of "intentions", which Sir Keith has described as "hopes". This falls a good deal short of the terms in which the commitment was made on NHS expenditure;
- (iv) It will be hard for anyone to tell from the next White Paper, if the tables follow the traditional layout, (though this has not yet been decided upon) whether or not any cuts have been inflicted on higher education in the final year. There will on past form be one single figure for higher and further

/ education

education, including non-advanced, which
is getting on for £1 billion. A copy of
last year's table is attached.

AT

Andrew Turnbull

4 November 1983