

PRIME MINISTER

Public expenditure : universities

I should like you to know why I shall resist in Cabinet tomorrow the proposal from MISC 99 for a reduction of £50m in university current expenditure in 1986-87.

With the efficiency savings which I have already accepted (starting in 1984-85) and which I must make to meet unavoidable cost increases it would amount to a reduction of at least 5 per cent in one year, on top of all that has gone before. This would be impracticable without either additional funds of up to £90m in the next two years to achieve before 1986-87 the necessary redundancies or a cut of well over 10 per cent in non-staff costs, which would do severe damage to teaching and research, especially in the more costly subjects like engineering and science.

*Just
down what
h/* A cut of this order would require fewer student admissions from next autumn when demand will be at its peak. *111 →*

By the end of this decade, as the 18 year old age-group declines, and if we can harness private funds, we should have been able to make significant reductions in public expenditure on the universities. But for 1986-87 I believe that a cut of £50m would require us to announce at once very different policies, on access, quality and research, from those on which we won the Election.

I am sending copies of this minute to the Lord President, the Chancellor of the Exchequer, the Chief Secretary and Sir Robert Armstrong.

KJ

9 November 1983