



## DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

Hon Peter Brooke MP  
 Chairman of the Committee  
 National Advisory Body  
 Metropolis House  
 39/45 Tottenham Court Road  
 LONDON W1P 9RD

30 January 1985

*Dear Peter,*

FUTURE PLANNING OF HIGHER EDUCATION

I have today announced the formal reconstitution of the National Advisory Body (NAB) with its new title - the National Advisory Body for Public Sector Higher Education - and with revised terms of reference. I am enclosing a copy of the Parliamentary announcement which sets on record these changes, as well as the new membership of Committee and Board.

As you know, it was a belief in the NAB's ability and willingness to tackle the difficult and important tasks which lie ahead which encouraged the Government to establish the NAB on a permanent basis. I have in previous correspondence and most recently in my letter to you of 18 December last (on target student numbers and the distribution of the AFE pool for 1985-86), acknowledged the progress which has already been made, and indicated some of my hopes and expectations for the future. But the occasion of reconstitution, and the imminent start of work on the NAB's major planning exercise for 1987-88, make it appropriate now to offer some further guidance on the Government's concerns and priorities. Because of the review of student support arrangements which I announced on 5 December the proposed Green Paper on Higher Education policy will be delayed. That paper will put forward the Government's thinking on the development of higher education into the 1990s in the light inter alia of the advice from the UGC and the NAB which was published last September. This letter is much more limited in scope: it will necessarily address points made in the NAB's Strategy advice, but its main intention is to provide a framework for the 1987-88 planning exercise.

Student Numbers

Projections of future demand for higher education were published last July in Report on Education 100. It has now been possible to revise Variant Y of those projections - which assumes the continuation of demand at levels consistent with those observed in 1983 - in the light of final figures for entry to higher education in 1983-84. The new figures are slightly higher: they are set out in Annex A and the projections are illustrated in Graphs A-D enclosed.



The White Paper containing the Government's expenditure plans to 1987-88 (Cmnd 9428), published on 22 January, says that one of the Government's objectives for higher education is to maintain access for those who want it and are suitably qualified. The projected student number totals in the White Paper are consistent with the revised Variant Y.

In order to make any projections of full-time and sandwich student numbers from projections of initial entrants it is necessary to make assumptions about the effective length of course and hence about the division of students between universities and the public sector. Variant Y assumes that the division of students between the sectors will be as in 1983, but this assumption was made only for these technical reasons, and does not reflect any policy intention on the part of the Government. Total student numbers are projected to remain relatively stable for the rest of the decade and it is now necessary to consider their optimum disposition between the universities and the public sector in the light of the resources available, and the nature and quality of the expected candidates for admission. I should like the UGC and the NAB to discuss this with each other and with officers of the Department.

#### Academic Planning

Decisions on the split of total student numbers between sectors, indications of the resources to be made available (on which see below), and evidence of student demand by subject and mode of attendance will afford the framework for the NAB's plans beyond 1985-86. Within the limits that these impose, the Government will look to the NAB to sustain and enhance the planned shift into science, engineering and other vocational subjects in years beyond 1985-86; and to continue to favour sub-degree provision. This will imply reductions in some other areas of provision. Some subjects may need to come under particular scrutiny, for this or other reasons. I have already in my letter of 18 December touched on three subject areas - teacher education on which my officials will be writing further shortly, art and design and architecture - which will need particular attention during 1985. Others will doubtless emerge as work on the NAB's 1987-88 planning exercise progresses.

A key feature of the NAB's plans for 1987-88 will I am sure have to be the development and application of current work by HMI and others on the pattern of provision in particular subjects, departments and institutions desirable for the maintenance of high-quality and cost-effective higher education. I look forward to receiving proposals informed by this work for changes in the disposition of academic provision within PSHE in 1987-88. This analysis will also raise issues affecting the shape of HE more generally, in the consideration of which I am confident the NAB will wish to co-operate fully with the UGC. My Department stands ready to facilitate this co-operation in any way appropriate.

#### Resources

Cmnd 9428 embodies a provisional and rounded indication - £660m - of the resources available for recurrent expenditure on local authority higher education in 1986-87. The detailed figures needed



to convert this into the AFE Quantum will not be available until the autumn. However if the conversion process produces results on the same lines as in 1985-86, the AFE Quantum for 1986-87 might be about £645m. As the White Paper makes clear, the split of local authority expenditure generally between services for 1986-87 is provisional and will be finally determined later this year in the light of the situation and prospects then. For 1987-88, the White Paper provides a single figure for local authority current expenditure on education. This shows a cash increase of just over 1% compared with 1986-87. Firm decisions on the split of expenditure between and within services will not be taken until much later, in the light of prevailing circumstances and Government policies. Nonetheless the NAB may wish to take the total figures in the White Paper into account as background to its planning exercise for 1987-88.

For the grant-aided colleges, the White Paper provides in total for recurrent expenditure (including expenditure on the replacement of equipment) of £101m in 1986-87 and £104m in 1987-88. From within these totals the resource for the Voluntary Sector Quantum will need to be determined at the appropriate time each year in the light of advice from the Voluntary Sector Consultative Council. For 1986-87 the Voluntary Sector Quantum might, on a basis comparable to the £41m determined for 1985-86, be in the region of £42.5m.

The White Paper provides in total for capital expenditure of £70m net in 1986-87 and £71m in 1987-88 on local authority further and higher education. The apportionment of those totals (which are themselves necessarily provisional and take no account of capital receipts) between non-advanced further education on the one hand and higher education on the other will be for determination in the light of consultation with the local authority associations. On the apportionment underlying the prescribed expenditure allocations for 1985-86 they would provide for capital expenditure in LAHE totalling some £33m net in each year.

As to capital expenditure in the voluntary college sector, of the £5m per year provided for in the White Paper for capital expenditure in grant-aided institutions of all kinds, some £2m per year might be expected to be available for voluntary colleges falling within the NAB's area of responsibilities.

In considering further its expenditure plans for future years, the Government will continue to bear in mind the recommendations in relation to resources contained in the NAB's Strategy advice. The resources made available for 1985-86 have already allowed the start of a modest programme of selective research support in LAHE and, as I mentioned in my letter of 3 January, have enabled all bids submitted by authorities for capital expenditure on equipment for teaching and research in further and higher education to be met in full.

All of these figures are of course subject to review in future public expenditure surveys in the usual way. Whatever the precise level of resources made available, it will continue to be important for all institutions to use funds effectively and efficiently - and, in particular, for those that have not already done so to move rapidly towards academic staffing levels compatible with the



12:1 target student:staff ratio for the system as a whole adopted by the NAB, so as to allow an appropriate level of resources to be devoted to educational support, equipment and other needs. This will require efficient management practice within PSHE, as well as probably some redistribution of academic provision (as I have already mentioned). I would welcome advice from the NAB on what changes of practice in this area are desirable and how they might be achieved.

I am writing similarly to the Chairman of the UGC as enclosed, and am sending him a copy of this letter. I am arranging for both letters to be published.

Yours,

Kerr.



## DEMAND FOR HIGHER EDUCATION IN GREAT BRITAIN 1984-2000

Full-time and Sandwich Students (000s)

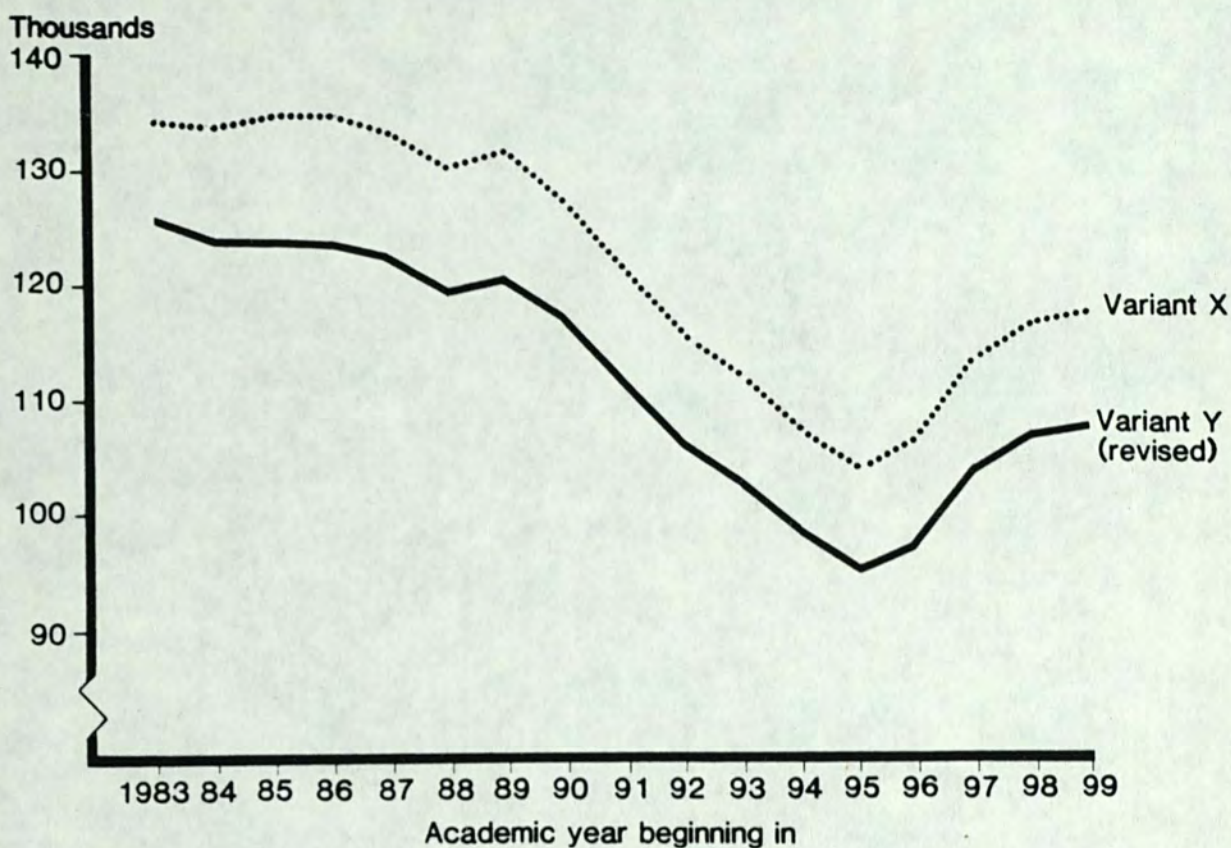
	GRAPH A		GRAPH B		GRAPH C		GRAPH D	
	<u>Home Young Initial Entrants</u>		<u>Home Mature Initial Entrants</u>		<u>Total Home Initial Entrants</u>		<u>Total Home &amp; Overseas Nos</u>	
	Variant Y	Variant Y revised	Variant Y	Variant Y revised	Variant Y	Variant Y revised	Variant Y	Variant Y revised
1983-84	123	126*	38	39*	160	165*	560	565*
1984-85	122	124	37	38	159	162	565	568
1985-86	122	124	37	39	159	162	560	566
1986-87	121	123	38	40	160	163	560	564
1987-88	120	122	40	41	160	163	561	565
1988-89	117	119	41	43	159	162	561	565
1989-90	119	121	42	44	161	164	562	566
1990-91	115	116	43	44	157	160	560	563
1991-92	109	111	43	44	152	155	552	555
1992-93	105	106	43	44	148	151	538	541
1993-94	101	103	43	44	144	147	524	527
1994-95	97	99	43	44	139	142	510	513
1995-96	94	95	42	43	136	138	496	499
1996-97	96	97	41	42	137	140	489	492
1997-98	102	104	40	41	142	145	491	495
1998-99	105	107	39	40	144	147	500	504
1999-2000	106	108	38	39	144	147	508	511

actual figures

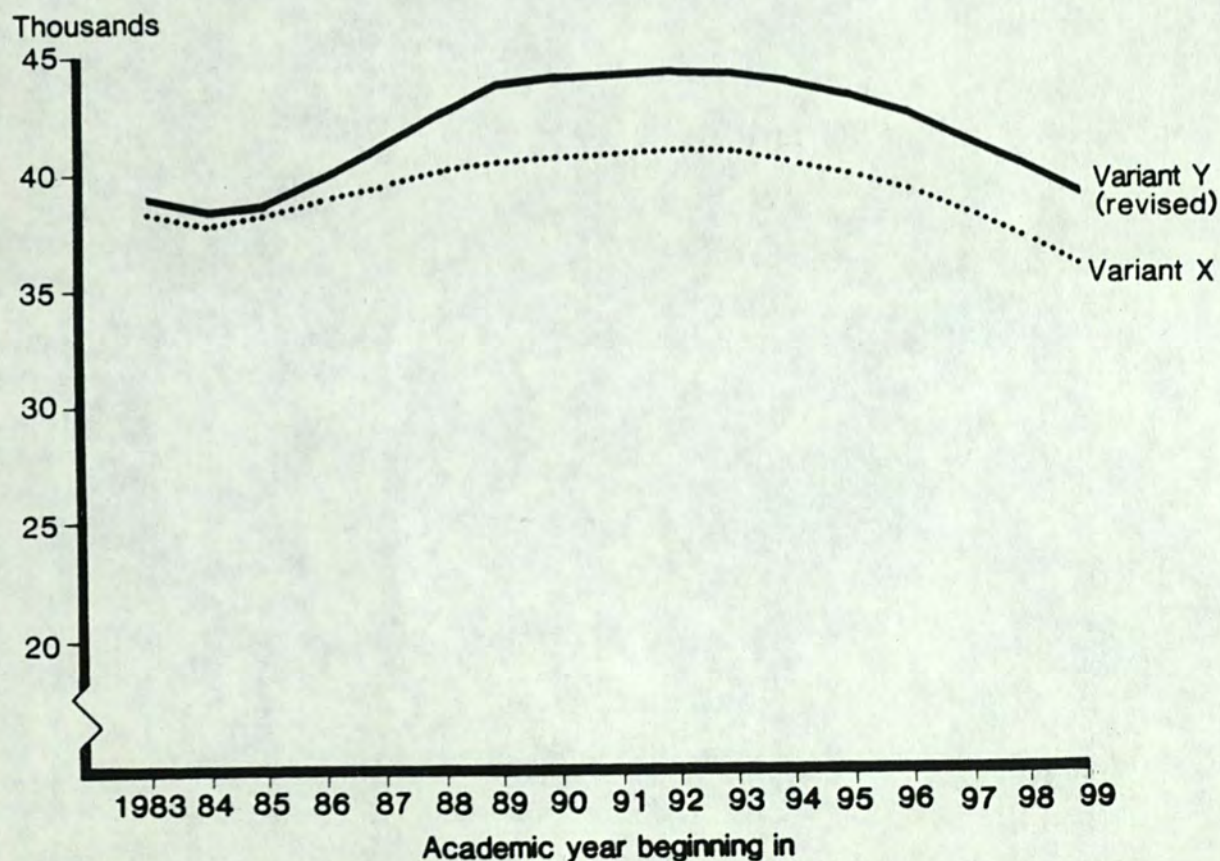


Graph A Projected home young entrants (full-time & sandwich)

(Great Britain)



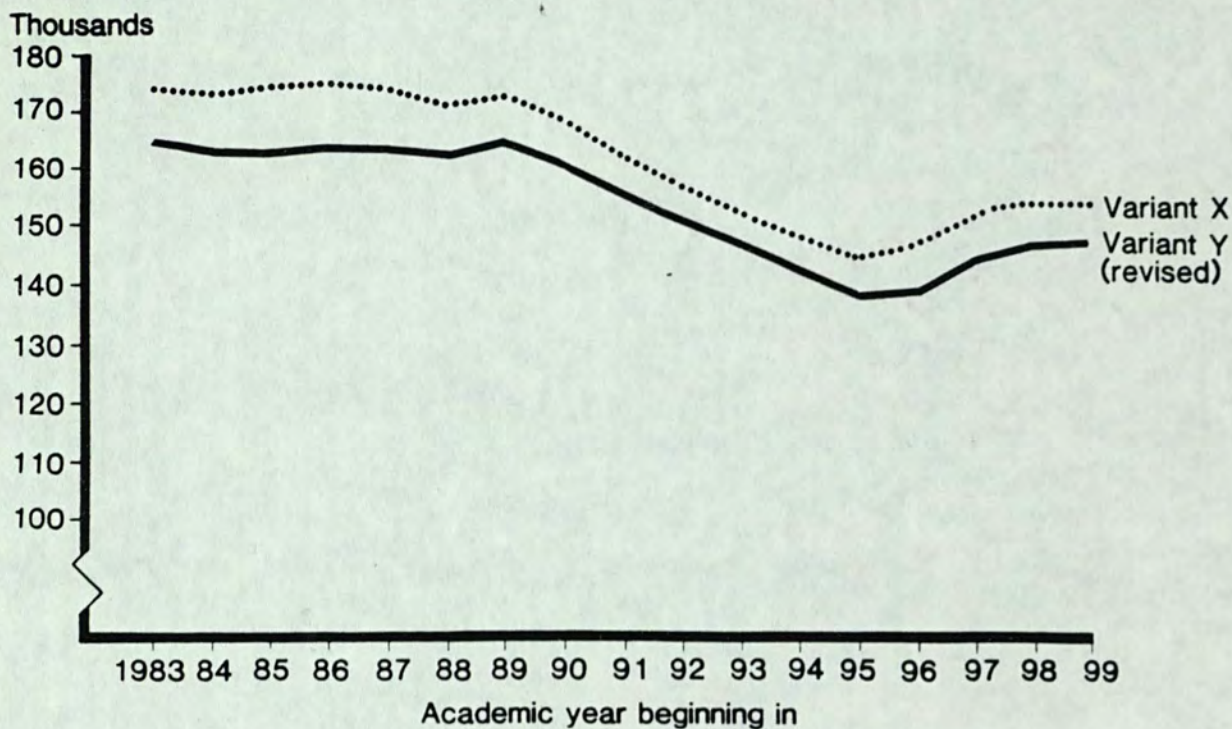
Graph B Projected home mature (ie over 21) initial entrants (full-time & sandwich) (Great Britain)



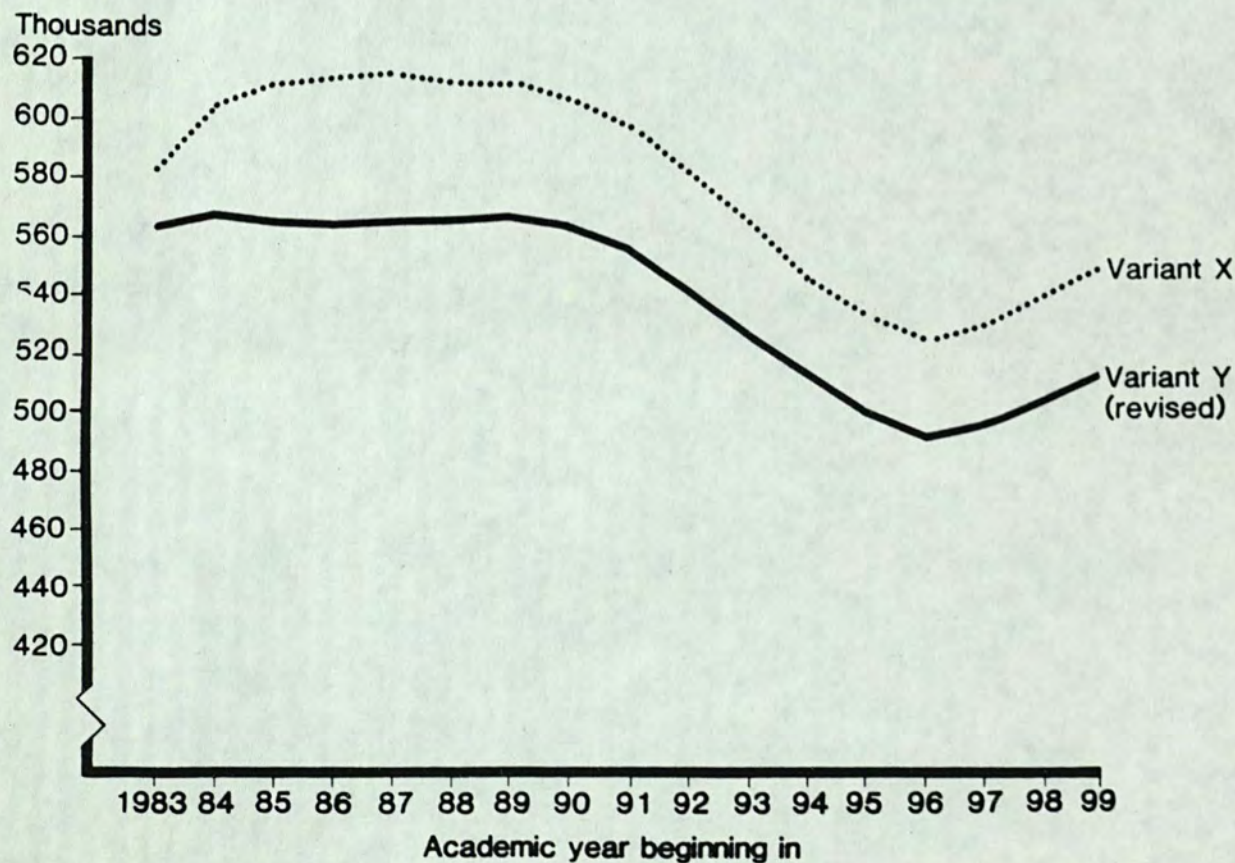


Graph C Projected total home initial entrants (full-time & sandwich)

(Great Britain)



Graph D Projected total student numbers (home & overseas, full-time & sandwich) (Great Britain)





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31 JAN 1985

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File

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DES  
Budget

28 January 1985

EDUCATIONAL SPENDING

Student numbers in higher	1978/79	418,000
education:	1983/84	477,000
Percentage increase:		14.1%

Participation rates in HE:	1978/79	12.6%
	1985/86	13.8%

Universities' current	1979/80	£785m
expenditure:	1984/85	£1,339m
Percentage increase:		71.0%

In 1984/85 prices:	1979/80	£1,194m
	1984/85	£1,339m
Percentage increase:		12.0% (Real)

Total expenditure on education:	1979/80	£8,947m
	1984/85	£13,753m
In 1984/85 prices:	1979/80	£13,613m
	1984/85	£13,753m
Percentage increase:		1.0%



Science Budget:	1979/80	£370m
	1984/85	£550m
Percentage increase:		49.0%
In 1984/85 prices:	1979/80	£517m
	1984/85	£550m
		+6% Real

Total Pupil/teacher ratio	Jan.1979	18.9:1
in secondary schools:	Jan.1984	17.9:1

Spending per pupil: Between 1979/80 and 1984/85 rose by:  
 16% in real terms for a primary pupil  
 8% in real terms for a secondary pupil

Teachers' pay:	May 1979-	
	March 1984:	+62% cash
	RPI	+60%

Sources of revenue for

University of Oxford:

UGC recurrent grant:	1979/80	£26.4m
	1983/84	£42.4m
Home student fees:	1979/80	£6.7m
	1983/84	£6.6m



College fees:	1979/80	£12.2m
	1983/84	£19.0m
TOTAL:	1979/80	£45.3m
	1983/84	£68.0m
In 1984/85 prices:	1979/80	£69.0m
	1983/84	£70.9m
Percentage increase:		2.8% Real