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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
Secretary of State for Education and Science
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

19 October 1987

Ken

1987 PUBLIC EXPENDITURE SURVEY: EDUCATION

This letter records the agreement which we have reached on your programme, as set out in the attached annex.

Universities

We confirmed the previously agreed additions for university pay restructuring, and agreed the corresponding amount for 1990-91. The further addition which we agreed covers all the elements of your universities bid, including clinical academics' pay. But the essential reason for providing additional resources on this scale is to permit the establishment of a restructuring fund to assist the universities to get back into financial balance over the Survey period (with the intention that they should then stay there), in a way which also improves their academic structure. I would expect to see much the greater part of the money allocated for this purpose. Our officials will need to be in touch about the ground rules for the fund.

Science

The agreed additional provision is for the British Antarctic Survey, the consequential effect of the £15 million addition agreed in-year for 1987-88, and a pilot programme of university research centres, together with some unallocated enhancement for the science budget as a whole. During the course of our discussions you withdrew other science bids pending discussion both of

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R & D priorities and of the ABRC strategy document in E(ST). For my part I made clear that I could give no commitment to meet those bids if they were raised again following the Survey, and you accepted that.

Maintained Sector Capital

We agreed that you would decide how the addition should be allocated between local authority capital expenditure and that of the voluntary schools.

AIDS Research

We confirmed the amounts previously agreed for the rest of the three-year research programme in 1988-89 and 1989-90. For 1990-91, we agreed that no provision should be made for further expenditure pending evaluation of the three-year programme. But we decided that officials should agree a form of words on this point for use in presenting our decisions on the science budget. They have since recommended the following formulation, with which I am content:

"Additional provision for AIDS research in 1990-91 will depend on the agreed evaluation of this programme; but would not have to be found from within the science budget baseline."

Running Costs

I am content with the agreement which Permanent Secretaries have reached, which is being recorded in more detail in an exchange of letters between them. I also accept the addition for administrative capital expenditure in 1988-89.

Other bids

We agreed a global addition to cover the remaining bids (polytechnics and colleges, voluntary colleges, and student awards).

I am copying this letter to the Prime Minister, Willie Whitelaw, Malcolm Rifkind, Peter Walker, and Tom King.



*Yours Eyes,
John*

JOHN MAJOR