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PM

DEPARTMENT OF EDUCATION AND SCIENCE
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FROM THE SECRETARY OF STATE

Chancellor of the Exchequer
The Rt Hon Sir Geoffrey Howe QC MP
Treasury
Parliament Street
London SW1

12. December 1979

Deo Clegg

CASH LIMITS - C(79)60

In general I agree with the proposals in your paper, but I thought I ought to let you know that I do have several reservations about their application to the universities, direct grant and voluntary colleges and Research Councils:-

- i. Following discussion in E Committee John Biffen, in his letter of 24 October, agreed that I should tell the universities
".... that the 1980-81 cash limit will contain a realistic allowance for pay, including the cost of any Clegg award, when it is set"
and I have done so; I believe your proposed 15-20 per cent allowance for the increased cost of academic (and academic-related) pay following a Clegg award does not fully meet that commitment, and that at least 20-25 per cent would be the realistic figure.
- ii. Provision should also be made for comparability awards to other university staff (technicians, clericals and manuals);
- iii. Whatever figures are finally agreed under i. and ii. should apply also to those employed by the direct grant institutions who are paid on the same scales. Similarly others in those institutions paid on Burnham or other local authority scales will receive whatever comparability payments are awarded to those groups, for which we have made allowance in the RSG cash limit. The cash limits on other Votes for 1980-81 should cover both these factors, whatever we decide about the effects on cash limits for 1979-80 of the APTC settlement following John Biffen's letter of 10 December to Jim Prior;

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- iv. Some of the staff of the Research Councils are also paid on university scales. It is important that the Councils' cash limits should allow both for this and for the substantial part of their research grants that is related to university salaries.
2. I think it will be helpful if, before the figures for the various Votes involved are finally settled, our officials can work out what is needed to make realistic provision taking account of the above points, on the basis that all cash limits affected by comparability awards are treated alike. Otherwise the universities and other institutions affected would be subject to larger cuts than we intend.. In my judgement this would lead to serious anomalies.
3. Finally, I should reserve my position on the way in which our decision to have a single Vote for the civil service will affect other Votes which cover staff paid on the same scales. We do not want to derogate from the responsibility of e.g. the Research Councils to manage their affairs in the most effective way within a fixed total.
4. I am sending copies of this letter to the other members of the Cabinet, the Minister of Transport and Sir Robert Armstrong.

*Yours ever
Mark*

MARK CARLISLE

12 DEC 1973

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