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## CABINET

**TRANSFER OF COLLEGES OF ADVANCED TECHNOLOGY  
TO DIRECT GRANT**

MEMORANDUM BY THE MINISTER OF EDUCATION

On 8th May last my colleagues in the Committee on Education Policy agreed with my proposal that as soon as it could be arranged the Colleges of Advanced Technology (C.A.Ts.) which are at present maintained by local authorities should be transferred to direct grant status, with independent governing bodies. I consider, for reasons set out below, that it is essential for this transfer to be achieved next year. The Chief Secretary to the Treasury, whose views are incorporated in this paper, does not dissent from the desirability of the transfer, but considers that it should operate from April 1963.

**Present Position**

2. The C.A.Ts. have developed very promisingly since their designation five years ago. They have about 9,000 full-time students taking courses in science and technology at university level, and on present plans this number is to increase to 15,000 by the mid-1960s and later to a provisional target of 21,000. They are a major factor in the Government's policy for increasing the output of scientists and technologists. But this development is now being hampered by the local government framework within which they have to work. In particular, they need to attract more staff of the right calibre—at present nearly 15 per cent. of their teaching posts are vacant. These vacancies will continue unless conditions of service are comparable with those at the universities, and include a voice in the government of the colleges, and salaries related to university salaries for posts of similar responsibility. To achieve these objects the C.A.Ts. have to be divorced from local government control.

3. We agreed with Lord Robbins, Chairman of the Committee on Higher Education, that these reforms were urgent and must not be held up.

4. I made a statement in Parliament on 22nd June, and at the same time sent a memorandum containing my proposals for transfer to the local education authorities concerned, and to the Associations of Local Authorities, the Committee of Principals of C.A.Ts. and the teachers' associations. The local authorities (including the London County Council) have all agreed to co-operate fully in implementing the change by April 1962. This was not an easy decision for them, since it touches upon local pride and wider issues of local government responsibility; but they took it because they were convinced that the C.A.Ts. had now reached a point in their development when a new status was urgent. (The London County Council took a rather different line from the others because their three colleges already have an independent status, but like the others they have promised full co-operation.)

**Consequences of Deferment of Transfer**

5. When the Committee on Education Policy considered this matter in May last it was estimated that the net cost to public funds of the C.A.Ts. was £4½ millions including capital, rising to about £7½ millions in the mid-1960s. The cost of these colleges has now been found to have been rising more sharply than was at first estimated and, as the Annex shows, the estimated cost to public funds in 1962-63 is likely to be £8½ millions.

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6. Expenditure on the colleges at present attracts general grant and it was agreed that if transfer took place before April 1963, when the present grant period expires, a due proportion of the grant for 1962-63 would be recovered, and that if this proved impossible the change should be deferred until April 1963.

7. It has in fact been agreed with the representatives of the associations of local authorities that this recovery should be made by adjusting the general grant in 1962. Thus if the change is made in April 1962, the net additional charge to the Exchequer in 1962-63 would on present estimates be £5 millions, £8½ millions less a recovery of £3½ millions. (I have now approved the proposals for higher salaries submitted by the Burnham Technical Committee which includes the C.A.Ts. This will add about £450,000 to the salaries bill of which, were the transfer not to take place, about £250,000 would be met by the Exchequer through general grant. The additional cost transferred from local to central funds would therefore be about £200,000.) On the estimates originally submitted to the Committee on Education Policy, it would have been £3 millions, £4½ millions less a recovery of £1½ millions. The Chief Secretary is concerned because the incurring of this cost of £5 millions cuts across the Chancellor's undertaking, given publicly and as part of the case that was put to the International Monetary Fund, to do his utmost to keep the increase of Government supply expenditure for 1962-63 at a level of not more than 2½ per cent. in real terms above that of the budget estimates for 1961-62.

8. The actual cost to public funds of the C.A.Ts. would be much the same whether the C.A.Ts. are transferred or not. Total expenditure on them will increase slightly on transfer assuming that salaries of senior staff are improved and that the number of vacancies drops in consequence. This marginal increase could be avoided in 1962-63 by deferring the transfer. On the other hand, as the Annex explains, another effect of deferring the change would be slightly to increase Exchequer expenditure on loan charges in future years. But I am advised and I fully concur that deferment would have the most serious consequences on the future development of the C.A.Ts. and on public opinion—especially in the light of the statement in The Queen's Speech that special consideration will be given to the needs of scientific and technical education. The reasons for this are as follows:

- (i) The effect on the local education authorities would be deplorable. So far, the negotiations with them have proceeded smoothly. The authorities are justly proud of their colleges, but are disposed to resign their responsibilities in the national interest, and to act generously, in particular by handing over very valuable sites, buildings and equipment for a consideration a good deal less, in many cases, than the true value. It will be impossible to persuade them of the merits of a postponement which makes a marginal saving in public funds only by leaving the senior staffs underpaid and the colleges understaffed. The opportunity of a smooth transfer to direct grant may not recur. The authorities will probably not be willing to tackle the matter again until after the Robbins Committee has reported, and when they do they may well strike a harder bargain. Legislation might be required to achieve the result which we can now gain by agreement.
- (ii) The postponement would be widely interpreted as a sign that the Government were more interested in making the rates bear another year's share of the expenditure than in carrying out a reform in the field of science and technology which everyone knows is urgent.
- (iii) The C.A.Ts. would be unable to make good present deficiencies in staffing, and would certainly lose many of their best staff to universities or industry.

#### Conclusion

9. I have set out above the serious disadvantages of postponement. If the offset were to be a substantial saving in public expenditure as a whole, the economic argument would at least be clear. But this is not the issue. What we gain is a short-term advantage to the Exchequer at the expense of local authorities and of the colleges and their staffs. I ask my colleagues for authority to proceed with the arrangements already agreed with the local education authorities for transferring the colleges to direct grant by April next.

D. E.

*Ministry of Education, W.1,  
24th November, 1961.*

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## ANNEX

COST OF TRANSFERRING COLLEGES OF ADVANCED TECHNOLOGY  
TO DIRECT GRANT

Eight out of the nine existing Colleges of Advanced Technology, shown below, are maintained by local education authorities. The Loughborough College receives grants direct from the Ministry and is not maintained by any authority.

Birmingham College of Advanced Technology ...	Birmingham Local Education Authority
Bradford Institute of Technology ... ..	Bradford Local Education Authority
Chelsea College of Science and Technology ... ..	} London County Council
Battersea College of Technology ... ..	
Northampton College of Advanced Technology ...	
Royal College of Advanced Technology, Salford ...	Joint Education Committee of Lancashire and Salford
Bristol College of Science and Technology ... ..	Bristol Local Education Authority
Welsh College of Advanced Technology ... ..	Cardiff Local Education Authority
Loughborough College of Technology	

A tenth college is shortly to be designated, the Brunel College of Technology, Acton, at present maintained by the Middlesex Local Education Authority.

2. The total call on public funds in 1962-63 by these nine maintained colleges is estimated to be about £8½ millions, as follows:

	<i>£ millions</i>
Recurrent expenditure, including salaries, upkeep of premises, etc. and loan charges on buildings and equipment already provided ... ..	6½
Capital expenditure on new sites, buildings and equipment likely to be provided in 1962-63 ... ..	2

3. If the colleges were to continue to be maintained in 1962-63 by local education authorities, the recurrent expenditure would be met by the local education authorities out of revenue. The Exchequer would bear about £3·6 millions of the cost through the general grant (assessed up to the end of 1962-63); the other £2·9 millions would fall on the rates. The capital expenditure would be met by means of loans raised by the local education authorities, and the resulting loan charges would be added to the total of the recurrent expenditure in future years.

4. If the Colleges of Advanced Technology are transferred to direct grant in April 1962, the whole of the expenditure, recurrent and capital, will be met by grant from the Ministry of Education. But the Exchequer will recover £3·6 millions by means of an adjustment to the general grant for 1962-63, so the net increased charge on the Exchequer will be about £5 millions.

5. If the transfer is deferred until April 1963, the Exchequer will save this £5 millions in 1962-63, but in 1963-64 and subsequent years the charge on the Exchequer will be higher than it would have been if the transfer had taken place in April 1962, owing to the additional loan charges incurred in 1962-63.

November, 1961.