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Ref. A01130

PRIME MINISTER

Strategy Proposals

(E(79) 84)

BACKGROUND

In June last year you asked a number of Ministers to make specific proposals for initiatives on the Government's Economic Strategy. Ministers put forward about 75 proposals, mainly concerned with improving the supply side of the economy. E Committee considered these proposals in July (E(79) 6th Meeting, Item 4), agreed a division into about 25 priority items and 50 non-priority items, and commissioned MISC 14, under the Chancellor of the Exchequer, to be responsible for the follow-up work.

2. The Chancellor reported back to E Committee on the priority items last October (E(79) 13th Meeting, Item 2). His present paper deals mainly with the non-priority items.

3. The original distinction between priority and non-priority items was that the priority items were likely to show results more quickly, not that they were necessarily more important than the non-priority items. So some of the topics in this paper are of major importance. In addition, MISC 14 have sifted through the non-priority items and have identified seven themes, some covering more than one item, on which they suggest that attention should be concentrated.

HANDLING

4. You will want the Chancellor of the Exchequer to introduce his paper. There are three issues for decision, set out in his paragraph 19, and you might take them in turn -

- (i) Does the Committee agree with the selection of items for special attention?
- (ii) If so, does the Committee endorse the specific recommendations for action or further work on them?
- (iii) Does the Committee endorse the proposals for action on the remaining non-priority items set out in Annex B?

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5. The Chancellor also gives a progress report on the priority strategy items, at Annex A to his paper, of which the Committee is simply invited to take note.

Does the Committee agree with the selection of items for special attention?

6. You will want to see whether anyone has any comments on the selection. I suggest that you aim to keep this part of the discussion fairly short, with a strong presumption in favour of keeping the classification much as it is. The classification does not materially affect what happens next. But it is useful to follow up with particular vigour. The existing list is not sacrosanct, but if it becomes too long its point will be lost. On the other hand I should be suspicious of any attempts by sponsoring Ministers to get their items taken off the list.

Does the Committee agree with the recommendations for action or further work on the selected issues?

7. I think you will need to go through the seven topics (plus any which have been added) item by item.

I. Education Training and Industrial Needs

8. The main point here is that the CPRS will shortly be submitting a report on this subject to Ministers. The Chancellor proposes (paragraph 9) that the report should first be considered by MISC 14, plus the Secretaries of State for Employment and Education (to which I would add Scotland because of the differences in the Scottish education system). You might invite the Committee to agree to that proposal, and ask MISC 14 to report back to the Committee as soon as possible.

9. On the detailed points, you will want the views of the Secretary of State for Industry on the Finniston Report as well as on the subject in general, the Secretaries of State for Education and Science and for Scotland on the educational aspects, and the Secretary of State for Employment, particularly on apprenticeships. As there is no need for firm decisions at this stage other contributions can be kept fairly short and simply designed as guidance for MISC 14.

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II. Incentives to work

III. Redundancy payments

10. Officials are working on both these subjects and will report back to Ministers as soon as possible. There are no decisions for the Committee to take at this stage.

IV. Financial Management of Companies

11. The report on current cost accounting will be coming to E(EA) shortly. The other proposed actions are mainly for the Secretaries of State for Industry and for Trade, and you might check that they are content with the proposals.

V. Small Firms

12. This item refers to a number of pieces of work by officials which should come back to Ministers as soon as possible. There is nothing for the Committee to decide at this stage, but it may be worth stressing the need for quick and positive action.

VI. Public Purchasing Policy

13. We are expecting the Chancellor of the Exchequer and the Secretary of State for Industry to submit a paper on this subject to E Committee later this month. There is no need for discussion at this stage.

VII. Collaboration between Public and Private Sectors on Exports

14. The recommendation is directed mainly to the Secretary of State for Trade so you will want to see what he thinks, and then see if other Ministers want to join in.

Does the Committee endorse the proposals for action on the remaining non-priority items set out in Annex B?

15. Annex B contains a number of recommendations, mainly for officials to consider further and report back, but also in some cases for individual Ministers to take action direct. I doubt if any of these recommendations will be contentious, and I am sure you will not want the Committee to discuss them in great detail. But you will want to ask if anyone has any comments. If not, the Committee might give a blanket endorsement.

The priority items

16. You might also see if anyone wants to comment on any of the priority items at Annex A, though there is no need for decisions on these.

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CONCLUSIONS

17. Subject to the discussion, you might guide the Committee to -
- (i) Agree with MISC 14's selection of seven policy issues for special attention.
 - (ii) Agree with MISC 14's recommendations about those seven policy issues (mainly, though not entirely, a question of waiting for further reports).
 - (iii) Invite MISC 14 to take account of the Committee's discussion, particularly in their own forthcoming discussion of education and training.
 - (iv) Agree MISC 14's recommendations on the remaining non-priority strategy items in Annex B to the paper.
 - (v) Take note of the progress on priority items recorded in Annex A.

RA
PP

(Robert Armstrong)

14th January, 1980