



PC JV (2)

Prime Minister

Caxton House Tothill Street London SW1H 9NAF  
Telephone Direct Line 01-213.....6400  
Switchboard 01-213 3000

I was pressed by

Employment and Education

last night to fudge your

Answer in the direction

12 November 1982

Rt Hon Leon Brittan QC MP  
Chief Secretary  
Treasury  
George Street  
LONDON SW1

of this letter.

I refused to budge

from the words

at X to

those at Y

D Leon. *Thank you*

THE NEW TECHNICAL EDUCATION INITIATIVE

We seem to be at variance on the financing of the new technical education initiative in the years following the first.

I thought David Young and I made quite clear at the meeting with the Prime Minister on 10 November that the MSC would find the amount required for 1983-84 from within its approved public expenditure provision for that year. That would be difficult enough since it means in effect asking the Commission to find something in the region of £7m more in that year in running costs alone than the £33½m savings that I have already just asked them to find in that year as an outcome of our bilateral agreement.

MS 12/11

But we cannot ask the Commission to commit themselves to finding the full running costs of £25m or more a year (and whatever capital costs there may be) in the subsequent years on top of the £33-34m a year that they are saving in those years also as a result of our bilateral agreement. We are the ones who are asking the Commission to undertake this pilot scheme (it is not a Commission proposal) and it serves a wider purpose than the MSC's alone. David Young has assured me that he cannot possibly get Commissioners to agree to undertake the pilot scheme on that financial basis.

*But he didn't say that.*

In the light of the view you conveyed to me this morning I have fudged the issue in the necessary letter today to the Commission and in the publicity. I have made plain that the money in the first year must be found by the MSC and that the money for the whole length of the pilot scheme will come from within existing financial resources as the

X





Prime Minister's answer says. This leaves open where the money comes from in the second and subsequent years and we must quickly have an agreed line on that.

Although I cannot accept that the MSC or my Department should be committed to finding this extra money in the second and subsequent years I am prepared, in the spirit in which we have always conducted our financial discussions, that we should as we come to each year's public expenditure survey look first to see what contribution to these extra costs as we then know them can be found from savings by the MSC and by my Department. But if that contribution falls short it seems to me only reasonable that we must look to you to help us to find it from within the Government's public expenditure programme, including the contingency reserve. I very much hope that you will agree quickly that we may proceed on this basis. Y

I am sending copies of this letter to the Prime Minister, to the Chancellor and to the Secretaries of State for Education and for Wales.

*J. Norman*

12 NOV 1982





Education  
cc J.V.



Prime Minister (2)

MS 17/11

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP  
Secretary of State  
Department of Employment  
Caxton House  
Tothill Street  
London SW1H 9NA



16 November 1982

*R. Norman*

THE NEW TECHNICAL EDUCATION INITIATIVE

Thank you for your letter of 12 November. I have subsequently seen Mr Scholar's letter of 15 November setting out the Prime Minister's comments.

I too am clear that at our meeting on 10 November we agreed to launch the initiative on the basis that, in both the first and subsequent years, it would have to be financed from within the MSC's existing resources. This was confirmed by Mr Scholar's letter to your Private Secretary recording the outcome of the meeting.

I realise however that the idea of a pilot scheme did not originate in the Commission; and also that the MSC has been asked to deliver the lion's share of the savings in cash limited expenditure which we agreed at our bilateral in August. In view of this I would be prepared to stretch a point and accept that the scheme could be financed within your Department's overall cash-limit rather than specifically within the MSC's grant-in-aid. But I cannot agree to any contribution from elsewhere in the Government's public expenditure programme or from the Contingency Reserve.

I am sending copies of this letter to the Prime Minister and to the Secretaries of State for Education and Wales.

*Leu, Leu*

LEON BRITTAN

Edw. : Training College  
10/82

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Education file

10 DOWNING STREET

From the Private Secretary

15 November, 1982.

The New Technical Education Initiative

The Prime Minister has seen a copy of your Secretary of State's letter of 12 November to the Chief Secretary about the financing of the new technical education initiative.

The Prime Minister has commented that agreement to this initiative was on the basis that the money would have to come from within existing financial resources. She has further commented that it was not her understanding at the 10 November meeting that it would not be possible to secure the MSC Commissioners' agreement to undertake the pilot scheme on the financial basis that they would find the full costs after 1983/84.

I am sending copies of this letter to John Gieve (Chief Secretary's Office, HM Treasury), Margaret O'Mara (HM Treasury), Imogen Wilde (Department of Education and Science), and Adam Peat (Welsh Office).

M. C. SCHOLAR

Barnaby Shaw, Esq.,  
Department of Employment.

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