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Minister of State

The Rt Hon Sir Keith Joseph Bt MP  
Secretary of State  
Department of Industry  
Ashdown House  
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9 June 1980

*Dear Keith*

INDUSTRIAL SPONSORSHIP

At its meeting on 1 May, Cabinet asked me to arrange for the programme of work summarised in Annex D to C(80)24 to be implemented.

This included my proposal that there should be a general review of industrial sponsorship. I now write to take this further.

For the purpose of this review I strongly believe that we should take a broad view of the kinds of activities which may involve "sponsorship". I have in mind therefore that the review should cover:

- a. staff engaged in administering schemes of assistance of one kind or another. Often this work includes a sponsorship element which it may be possible to reduce without undermining substantially the effectiveness or efficiency of the assistance itself. We need to check also that, as financial assistance programmes are reduced, at least commensurate reductions in staff are being planned. (I am aware that you have already proposed staffing reductions in this area of work and that you will be taking account in due course of the recommendations of the current scrutiny of the regional development grant offices.)
- b. Advisory and promotional work on behalf of industry and the provision of services. I understand that this represents a large proportion of the work undertaken in regional offices. As you mentioned, in your letter of 25 April, their work also encompasses liaison with local authorities. You are already looking for savings here following implementation of the reduced regional assistance policy. Our objectives for reducing local authority oversight point strongly in the same direction.

MANAGEMENT IN CONFIDENCE

c. Staffs employed in the supervision or monitoring of nationalised industries, for example in the light of the substantial reductions in special support for the aerospace, shipbuilding and steel industries which are now envisaged and our general aim to disengage from detailed interference in the activities of the public corporations.

I propose that we should look at the position across all the Departments involved in industrial policies, both to see that we are adopting a broadly consistent approach and that we can be satisfied that all opportunities for reductions are being fully exploited.

I therefore suggest, as a first step, that my officials should prepare for us a summary paper on the present position. This would show the areas of industrial sponsorship, supervision, promotion, etc in which each Department is engaged, covering the field broadly in the first instance. We can narrow it down later if need be. It should then go on to give the numbers of staff involved in each of these activities at the time we came into office, the numbers now involved, and the firm proposals for further reductions which have already been agreed. Most of this information will need to be drawn from Departments and I should be grateful if you and the other colleagues to whom I am copying this letter could ask their officials to be ready to provide this material. The aim will be to circulate the paper by the end of this month.

The next step will then be to consider what the scope is for further reductions. I have an open mind about how this might best be done. It may be that a short meeting of all the Ministers concerned would be helpful. If you would like to have a word about this, I am of course at your disposal.

I am copying this letter to the Prime Minister, to Geoffrey Howe, Peter Walker, Michael Heseltine, George Younger, Nicholas Edwards, Patrick Jenkin, John Nott, David Howell, Norman Fowler and to Sir Derek Rayner.

PAUL CHANNON