



10 DOWNING STREET

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c. Master Set
cc Lord Young

From the Private Secretary

6 February 1985

THE SWITCH TO ENGINEERING AND TECHNOLOGY

The Prime Minister chaired a meeting today to consider your Secretary of State's proposals, set out in his minute of 1 February, for securing an increase in the output of engineering and technology graduates. Lord Young's letter to your Secretary of State of 5 February was also before the meeting. Those present, in addition to Sir Keith, were: the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry, Employment, Scotland and Wales, the Chancellor of the Duchy of Lancaster, the Chief Secretary to the Treasury, Sir Robin Nicholson and Mr. Gregson.

Your Secretary of State said that his colleagues in economic Departments were clear that the requirement for engineering and technology skills exceeded supply. They considered it vital to remedy the position in the interests of sustaining and improving our economic performance. Decisions were needed soon if additional places for engineering and technology graduates were to be made available in the universities from September 1985. His proposals envisaged expenditure of £42 million over the next three years (£10 million in the first year and £16 million in each of years two and three). He was prepared to contribute £4 million a year towards this expenditure. Thereafter he hoped that resources released by redeployment within the educational system could make a contribution.

In discussion there was clear agreement that measures to increase the supply of engineering and technology graduates were both vital and urgent. Action had already been taken in the polytechnics, and your Secretary of State's proposals for the universities were supported.

The Secretary of State for Trade and Industry said that he attached such importance to achieving a switch to high technology training that he would be prepared to contribute towards the cost at the expense of his other programmes. His contribution would be made on the understanding that other Departments with an interest would pay a share, and that all contributing Departments would have a say in deciding between the bids received from universities to run

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courses. The Secretary of State for Employment, the Secretary of State for Scotland and the Secretary of State for Wales also indicated their willingness in principle to contribute towards the cost.

In discussion of detailed figures, the Secretary of State for Trade and Industry said that, on the conditions to which he had referred, he would be prepared to provide £2½ million in the first year, and £5 million in each of the following two years. The Secretary of State for Employment said that he would match this, provided that he could reach agreement with the Chief Secretary about any necessary adjustment between programmes. The Secretary of State for Wales said that he would endeavour to find £½ million a year; and the Secretary of State for Scotland said that he could offer a contribution of the order of £1 million a year, provided that he could be satisfied that other Departments not represented at the meeting were appropriately involved.

Summing up the discussion, the Prime Minister said that your Secretary of State's proposals were agreed in principle. She was grateful to those Ministers who had offered to contribute towards the cost, and she invited the Secretary of State for Education and Science, in consultation with the Chief Secretary, Treasury, to finalise the details with the contributing Ministers. She would herself write to the Secretary of State for Energy seeking some contribution to the cost of the switch, in view of the benefits which would accrue to the energy industries and to energy research.

I am sending copies of this letter to those who attended the meeting, and to Richard Hatfield (Cabinet Office).

David Barclay

Miss Elizabeth Hodkinson,
Department of Education and Science.