

PRIME MINISTER

29 June 1988

CTCs : City Arts College

Tomorrow morning you have a meeting with Kenneth Baker on Richard Branson's proposal for a new kind of CTC, specialising in the performing arts.

You have already made your position very clear to the Secretary of State: namely that this new kind of college can go ahead providing the capital is funded 100% from the private sector. It is clearly impossible to agree to government funding unemployed, unemployable and most probably dedicated left-wing actors and actresses.

I believe however that there are two issues which need to be raised with the Secretary of State.

(a) Unemployed actors or valuable technicians?

What is the major purpose of setting up this new kind of CTC?

- Is it to produce students for the performing arts?
- Or is it to produce technicians for a growing entertainment industry in which Britain is a world leader?

The outlook for employment growth in the performing arts is bleak: the outlook for employment in the entertainment

industry, thanks largely to global deregulation of television and the growth of the video market, is enormous.

If the real concern of the sponsors is to finance schools to produce more technicians then it is much close to the original conception of CTCs than the former.

### Recommendtion

It is worth pressing Kenneth Baker on this point. You will need to be convinced that the Secretary of State is not using a growing entertainments industry as a disguise for setting up a performing arts college.

If however the industry genuinely wishes to produce more technicians, there is a strong case for requiring sponsors to put up less than 100% of the capital funding, but more than in the normal CTCs - say two-thirds of capital.

### (b) The future of CTCs

The proposal for an Arts related CTC raises a more general issue which you might like to discuss with Mr Baker - namely the future of CTCs.

- Is the concept of the CTC to be limited to applied science, technology, computing and information technology?
- Or might the concept be extended to such areas as business, journalism and service industries?

You might wish to press the Secretary of State as to whether sound proposals from say, the financial services industry or

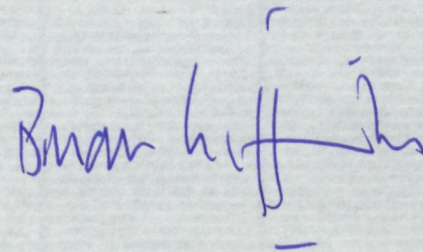
the retail trade, could be met within the present terms of the Bill, or whether certain clauses in the Bill needs redrafting.

#### Recommendation

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The concept of CTCs is to strengthen applied rather than pure science and technology. Given the shift from manufacturing to services in all Western economies there is a strong case for being sympathetic to a broad rather than a narrow interpretation of "applied science and technology".

Why not encourage the Secretary of State to allow greater diversification of CTCs while still remaining firmly within the framework of his original proposals.



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