

PRIME MINISTERMEETING WITH KEITH JOSEPH ON THURSDAY, 15 DECEMBER

Keith Joseph will wish to raise several issues, including:

- i. his new policy for schools;
- ii. proposed changes in the role of the MSC;
- iii. agricultural research.

i. Schools

*Flag A* You might begin by congratulating Keith Joseph on his new policies. But there is a real danger that his proposals will be watered down by the DES in the course of putting them into practice. We therefore suggest that you should dwell briefly on the need to avoid backsliding. In particular, we recommend that you should:

- stress the need for graded tests;
- press for firm and fast action to ensure that school governors are given proper financial information, and a proper amount of financial responsibility;
- *3* urge the DES to give governors a veto over all staff appointments;
- emphasise the importance of preventing LEAs from artificially limiting the intake of popular schools.

*Flag B* We attach a short paper explaining these recommendations.

ii. Changing the MSC

Keith Joseph will probably raise, once again, the possibility of bringing the MSC within the ambit of the DES. As well as rejecting the suggestion entirely, we suggest that you should:

- Emphasise the benefits of establishing a customer-contractor relationship between MSC and NAFE. Both employers and trainees in YTS schemes agree that the training offered by NAFE is at present lamentable: the only available way to improve it is to establish the MSC as an effective and demanding customer for NAFE.
- Insist that the point of making the MSC an effective customer would be lost if (as Robert Armstrong suggests) LEA employees were seconded to the MSC to run the NAFE programme. Why let poachers turn gamekeepers?

- Rebut the idea that a large transfer of funds to the MSC would make LEAs less willing to "co-operate" with the Government.  
You could make two arguments:

- a. LEAs that are running decent NAFE courses will continue to be funded, since the MSC will "buy" these courses.
- b. LEAs cannot, in the long run, fail to "co-operate" with Government policies: the Government can wield the big stick if it needs to; and you have already shown that you are willing to do whatever is necessary to bring local authorities into line.

iii. Agricultural Research

Keith Joseph is worried about the inefficient way in which MAFF deals with the Agricultural Research Council. In discussing this issue, we recommend that you should:

- State the need for reductions in spending on Agricultural Research. At present, the Government spends £170 million per annum on R&D in agriculture, of which some £45 million goes to the Agricultural Research Council. This represents roughly 2 per cent of the total value of agricultural produce. The corresponding figure for industry is only 0.5 per cent. Why should we spend so much on subsidising over-production?
- Support Keith Joseph's desire to make the Agricultural Research Council more responsive to industry. You may wish to refer to Mr Halstead's excellent letter of 30 November, which points out the dangers of leaving the scientists to decide how to spend the money.
- Support Keith Joseph's desire to keep MAFF at arm's length from the ARC. The Ministry should say what research it wants done, and how much it wants to spend. The rest should be left to the Research Council.
- Agree that the Chairman of the ABRC should investigate the size of headquarters staff in all research councils, but stress that you will want particularly firm action in the case of the Agricultural Council.

OLIVER LETWIN

You should have in mind that you are to have a talk with Mr. Topping, Sir Michael Franklin and Lord Rothschild next week about the organisation of agricultural research. Sir Keith Joseph knows about his meeting but is not attending it - hence his minute of 13 December (in the folder below) PERB

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