

PRIME MINISTER

ADVANCED MANUFACTURING TECHNOLOGY: GOVERNMENT RESPONSE
TO ACARD

The ACARD report on advanced manufacturing technology has stimulated quite a lot of interest in the private sector, and the draft Government response attached should be reasonably well received.

The main disappointment will be the response to ACARD's proposal for a "comprehensive advanced manufacturing development service". The Department of Trade and Industry offer a re-package of existing schemes, but nothing comparable with the Agriculture Development and Advisory Service (ADAS). The disparity between support for advanced manufacturing and support for agriculture was one of the points that most exercised ACARD.

However, a fundamental review of the balance of Government-funded R&D is now being proposed (see the papers elsewhere in your box on the 1984 review of research). If ACARD criticise the present response, that could be grist to the mill.

Meanwhile, the Department of Trade and Industry's repackaging is a worth-while if modest, reform.

Content, subject to colleagues, for the draft Government response to ACARD to be published?

DMB

3 August 1984

Yes - please let
Richard Dwyer see
the response
response making the
point
not



10 DOWNING STREET

From the Private Secretary

6 August 1984

ACARD Report: New Opportunities in Manufacturing

Thank you for your letter of 24 July, with which you enclosed a draft of the Government's response to ACARD's Report on advanced manufacturing technology. The Prime Minister has seen a copy of your letter, and also of John Gieve's letter to me of 2 August.

Subject to the views of colleagues, the Prime Minister would be content for the Government response to ACARD to issue. She hopes that it will be possible to take account of the Chief Secretary's points by means of drafting amendments rather than delay the response until the autumn.

I am sending copies of this letter to Elizabeth Hodgkinson (Department of Education and Science), Richard Mottram (Ministry of Defence), David Normington (Department of Employment), John Gieve (Chief Secretary's Office) and to Richard Hatfield (Cabinet Office).

David Barclay

Miss Ruth Thompson,
Department of Trade and Industry.

ECU

PRIME MINISTER

Advanced Manufacturing Technology: Government's Response
to ACARD

A
The Department of Trade and Industry have circulated a draft of the Government's response to ACARD's report on Advanced Manufacturing Technology, which was published in October 1983.

B
The Treasury are not entirely happy about the detailed drafting, which they think could prejudice the forthcoming PES discussions in places. They would prefer to delay publication until the autumn. If pressed, however, they would be prepared to seek agreement with DTI on revisions to the text for earlier publication.

C
Robin Nicholson believes that the response should be quite well received, although ACARD will be disappointed that more is not said about improving DTI Advisory Services (which they compare unfavourably with ADAS), or about additional steps to counter the shortage of skilled manpower.

Recommendation

Agree a response along the following lines:

- (i) You note the Treasury reservations but suggest that it would be preferable to agree drafting amendments now rather than hold up publication for several months.
- (ii) Subject to the Treasury's points, and to any other comments received from colleagues, you are content for the draft response to be published.

(iii) Nevertheless, you believe that ACARD may be less than satisfied with the response to their views on the balance between manufacturing and agricultural advisory services and on the shortage of skilled manpower. You note that both these issues are being examined in other contexts, and you would be grateful to be kept in touch with progress.

Dmb

DAVID BARCLAY

3 August 1984

CONFIDENTIAL

B



Treasury Chambers, Parliament Street, SW1P 3AG

David Barclay Esq
PS/Prime Minister
10 Downing Street
LONDON SW1

2 August 1984

*Dear David***ACARD REPORT: NEW OPPORTUNITIES IN MANUFACTURING**

Ruth Thompson sent Andrew Turnbull on 24 July a proposed draft reply to this report.

While we are content with the general tone of the DTI response, we have serious reservations about some of the more detailed draft replies. The wording at places here and there in the draft could pre-empt options that may need to be considered in the Public Expenditure Survey. Since the report was published in October 1983, it might be possible to hold the Government response until the DTI's spending programme is settled in the early Autumn. This would be much the preferable and cleaner way to proceed. But if the Secretary of State for Trade and Industry feels that a delay of a few months is not acceptable I suggest that officials here and in DTI should be asked to agree amendments to the drafting which would not prejudice the Survey discussions.

I am copying this to the Private Secretary to the Secretaries of State for Trade and Industry, for Education and Science, Defence and Employment, and to Sir Robert Armstrong, but not to the other recipients of Ruth Thompson's letter.

Yours sincerely
Jst. Gieve

JOHN GIEVE

W0492

MR TURNBULL - No 10

26 July 1984

ACARD REPORT: NEW OPPORTUNITIES IN MANUFACTURING.

You asked for advice on the Government response to this ACARD report attached to Ruth Thompson's letter of 24 July. A rapid response to this ACARD report, published in October 1983, would be particularly welcome because the many recommendations directed at industry have generated considerable interest in the private sector.

The Government response indicates broad acceptance in principle of many of ACARD's recommendations on Government initiatives to encourage industry to adopt new manufacturing technologies. It sets out, in the manner that has become typical of responses to ACARD reports, the various programmes in hand, thus giving an impression of adequate attention to this area. However, the response does not address the principal issues raised by ACARD of the imbalance in the scale of advisory services for agriculture and manufacturing, or provide any arguments for its continuation. ACARD will welcome the fact that the many DTI schemes are being rationalised and packaged in a way which industry will find easy to understand, but this does not amount to providing an advisory service for manufacturing industry which is as comprehensive as the Agricultural Development and Advisory Service. The Council will I am sure, wish to return to this issue and will ask DTI and other Departments to justify their policies in the report explicitly.

The same lack of detail is evident in the response's treatment of ACARD's comments on the shortage of broadly trained engineers capable of designing modern manufacturing systems and of the shortage of consultants able to advise companies on novel manufacturing techniques. The Government has, to a degree, responded positively but the Council are likely to press further on this, since they will see that much improvement is possible in the speed with which the Open University and Open Tech can develop course material relevant to improving industry's ability to employ advanced manufacturing technology.

It is not clear from Ruth Thompson's letter whether DTI intend to publish this response. I think this would be desirable, since this ACARD report, more than many previous ones, has received considerable attention from industry and publication would help to keep industrial attention on this important aspect of technology.

RBW

R B NICHOLSON
Chief Scientific Adviser



26 JUL 1987

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