



10 DOWNING STREET

From the Private Secretary

27 November 1984

The Prime Minister has seen and noted your Minister of State's personal minute of 23 November about improvements in the efficiency of employment services, and the Skillcentre network in particular.

The Prime Minister was grateful to be kept in touch.

(David Barclay)

Mark Howdle, Esq.,
Department of Employment



PERSONAL

1) Mr Fletcher
2) Prime Minister

CCBT

PRIME MINISTER

The Skillcentre closures are likely to be announced next Wednesday.

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23/11

When we spoke briefly at the "Fit for Work" Awards lunch, you made it quite clear to Bryan Nicholson and I that you still did not feel that you were getting full value for money from the Manpower Services Commission. Message received - and the work still goes on.

In terms of efficiency, you may like to use the following example of what can be done. Between 1980/81 and 1983/84, I have managed to reduce the total cost of the Employment Service by 9% in constant prices; at the same time the cost per placing into employment has fallen by 21%; staff numbers have been reduced by 17%; and, perhaps the best news of all, the number of placings into jobs has risen by 8%. In addition, our latest proposals for the network will lead to further substantial staff savings and efficiency improvements.

Prime Minister:
Possible
Questions
material

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The Professional and Executive Recruitment story is quite good reading too. In 1980/81 the service employed 790 staff who were putting 4,900 people a year into jobs at a cost to the taxpayer of £5.4 million. The service now employs 290 people, who in 1983/84 placed 13,900 into jobs, while the service returned a small profit of £0.1 million.

My main reason in writing, however, is to draw your attention to a further initiative to secure greater value for money, which will become public knowledge on Wednesday next week. The Skillcentre network, although set a cost-recovery target by 1986/87, in fact faces the prospect of operating at a continuing loss of perhaps £12 million annually. The solution is to streamline the network through the closure by 1986 of 28



PERSONAL

of the 86 Skillcentres and annexes, with early retirement for around 420 staff and enforced redundancy for some 300. As you know, we are currently giving a high priority to re-directing the whole adult training budget towards skills most in demand and most likely to lead to jobs. To divert resources away from under-utilised capacity and out-of-date training in skillcentres towards more relevant provision is entirely consonant with this, and whatever the predictable reaction from some quarters, I am sure that this policy must eventually be seen to be sensible by the public as a whole.

I hope, therefore, that you will be glad to give this further "value for money" drive your personal support. I am, of course, seeing that our colleagues in the House with a skillcentre in or near their constituency are suitably briefed in advance.

P H M

23 November 1984