



Parliamentary under
Secretary of State

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Andrew Turnbull Esq
Private Secretary to
The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

6th February 1985

Dear Andrew,

I understand that the Prime Minister expressed an interest in knowing the outcome of a meeting between Employment Ministers and Sir Philip Goodhart MP and members of the one Nation Group to discuss their pamphlet "Jobs Ahead". My Minister, Alan Clark, met Sir Philip and three of his colleagues (Kenneth Carlisle, Nigel Foreman and Jim Lester) on 11 December 1984 for this purpose, and I am now writing to let you have a summary of the discussion which the Prime Minister might wish to see. I apologise for the delay in sending this to you.

The discussion focused on the pamphlet's nine main recommendations.

Recommendations 1-3, suggested the reduction or abolition of the employers' National Insurance contribution in Assisted Areas or for disadvantaged groups of people, which Sir Philip and his colleagues thought would be likely to increase employment opportunities in areas of high unemployment, particularly Youth Unemployment. Mr Clark said that such action in Assisted Areas would disbar the UK from taking up its share of European Regional Development Fund assistance. More generally, there would be other demands on the resources which would have to be made available for such a measure. However, Mr Clark undertook to reconcile Sir Philip's information that such action in Assisted Areas was not incompatible with EC funding. (It was subsequently established that the recommendation if adopted would affect EC funding available to the UK).

Recommendations 4-6, suggested that acceptance of the draft EC recommendation on the reduction and re-organisation of working time, and job sharing/splitting as a means of increasing employment; Sir Philip's main concern here was that the public



sector, and particularly the Civil Service, should set an example by making greater use of job sharing initiatives such as the Job Splitting Scheme. Mr Clark agreed that take-up under the scheme had been disappointing; many employers had difficulty in identifying 'splittable' jobs, and their own and their employees' perception of the advantages this had to offer. Sir Philip and his colleagues were told that all Departments in the Civil Service had been encouraged to use the scheme, and Mr Clark undertook to send Sir Philip more detailed information about the operation of more flexible working arrangements and the Job Splitting Scheme in the DE Group, other Government Departments and the public sector as a whole.

On Working time restrictions, particularly overtime reductions, which Sir Philip and his colleagues were in favour of as a means of creating more job opportunities, it was suggested that overtime in the Civil Service should be arbitrarily cut by 5 per cent in 1985; and young people should work reduced hours for less pay. Mr Clark reminded the Group that the Young Workers Scheme was designed to bring down the level of young people's pay. Government intervention to cut overtime working generally would cut across negotiated agreements between employers and employees or their representatives, and would fail to take sufficient account of the circumstances arising in individual firms and sectors. Research evidence suggested that reduced overtime working had not led to increases in job opportunities, and reducing overtime arbitrarily could damage industry's flexibility to respond to fluctuating demand and thus reduce efficiency.

Sir Philip commented that he felt the Government should have supported the EC draft directive on the reduction and reorganisation of working time.

Recommendation 7, Sir Philip and his colleagues were pleased that more places were to be made available under the Enterprise Allowance Scheme.

Recommendation 8, concerned a reduction in the disincentives of the benefit system to those seeking part-time work and Sir Philip acknowledged the existence of the current and extensive review being carried out by the Department of Health and Social Security.

Recommendation 9 proposed the replacement of the Job Release Scheme with a Voluntary Early Retirement Scheme. Mr Clark explained that the objective and operation of the Job Release Scheme focused specifically on releasing job opportunities for unemployed people. This



distinguished it from the Group's proposal, which did not have this specific aim and could therefore be used by employers simply as a means of shedding surplus manpower. Mr Clark agreed that take-up under the part-time Job Release Scheme was disappointing but, changes were to be made to enhance its attractiveness to employers and employees.

... I enclose a copy of Mr Clark's letter to Sir Philip fulfilling the two undertakings he gave to him at the meeting.

Yours sincerely,

Gwyneth Deakins

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Private Secretary



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Sir Philip Goodhart MP
House of Commons
LONDON SW1A 0AA

29 January 1985

Den Phil

Following our meeting on 11 December when we discussed the One Nation Group pamphlet 'Jobs Ahead' I promised to write to you with further information on two points. I am sorry not to have done so sooner but the delay has been largely due to enquiries being made of the Commission to Brussels.

The first recommendation in the pamphlet was that we should consider cutting by half the National Insurance contributions paid by employers in Assisted Areas. At the meeting, I mentioned that to do this would disbar the UK from taking up its share of European Regional Development Fund assistance. I undertook to reconcile this with information you had obtained to the contrary from an official in Ivor Richard's office. Further enquiries with the appropriate authority in the Commission have been made and confirm that regional differences in employers' National Insurance contributions would constitute a Government subsidy to firms' operating costs which would be illegal under Article 92 of the Treaty of Rome; there would be no such objection to a uniform, nationwide reduction in contributions.

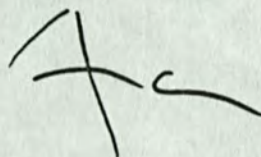
I also undertook to let you have more information about job sharing or splitting and more flexible working arrangements in the Department of Employment Group, the Civil Service, and the public sector as a whole. Within the Civil Service the Job Splitting Scheme has been brought to the attention of all recruitment points by the Management and Personnel Office of the Cabinet Office, and the Government has committed itself to encouraging Departments to expand opportunities for staff to work part-time. More recently all Departments have been urged to pursue a Programme of Action, following the part-time work and job sharing recommendations of the Joint Review Group on Equal Opportunities for Women in the Civil Service. A number of successful job sharing arrangements have taken place. In the Department of Employment Group, managers have been asked to consider using the Job Splitting Scheme whenever part-time opportunities are being considered for operational reasons or to meet staff requests to work part-time. Nine cases have so far either been approved or are under consideration, and a substantial number of enquiries have been made about using the

scheme from within this and from other Government Departments.

Over 15 per cent of approved applications under the Job Splitting Scheme have originated from the public sector as a whole, involving over 300 split jobs. Moreover, as Tom King announced in the House on 12th November last year, we are currently revising the scheme to make it less restrictive and more attractive to employers and employees alike, and details of the changes will be announced shortly.

I hope this is helpful. I would like to emphasise how much I appreciate the thought which you and your Group have given to this matter. A constructive approach to this most trying subject is always welcome and valuable, even when its recommendations are - for whatever reason - not capable of being given immediate expression.

Yours



ALAN CLARK