

CONFIDENTIAL

COPY ON MANPOWER:
SEM'S P22

PRIME MINISTER

MEETING OF E(A): 23 NOVEMBER

We have arranged an E(A) tomorrow morning, following immediately after Cabinet, to resolve two outstanding issues on which you saw papers last weekend. Neither should take too long.

The papers for each item are organised in the dividers below.

1. National Insurance Fund

You wanted to discuss with colleagues the proposals to end the NHS "stamp" element of the National Insurance Fund, which you commented was a "shifty device". The Lord President had also commented that he thought it would be a good idea for E(A) to look at this issue.

In response both Tony Newton and the Chancellor have provided further notes for tomorrow's meeting.

The full list of papers enclosed is:

Flag A - the earlier note you saw last weekend

Flag B - Tony Newton's formal E(A) paper, which does not add much to the earlier note

Flag C - a minute from the Chancellor, which sets out much more clearly and succinctly the case for the proposed change than does Tony Newton's paper

Flag D - a note from Andrew which strongly supports the proposed change

Flag E - a Cabinet Office brief.

Andrew's note at Flag D suggests that, if you are persuaded of the merits of the change, there will be no need to have any substantive discussion in E(A); the other Ministers principally affected (the Chancellor, Tony Newton and Ken Clarke) are all agreed.

CONFIDENTIAL

2. Future of the Employment Service

There have been various exchanges with Norman Fowler about the proposed changes to the Employment Service when it is changed into a Next Steps agency. Norman Fowler wanted to make an announcement earlier this week about the establishment of the agency. While you strongly supported this organisational change you were reluctant to let him go ahead with an announcement until the issues about future operation of the agency had been resolved.

The large number of the earlier minutes and letters are formally on the agenda, and these are all included in Folder 2. But you do not need to go through all these again. The key papers are:

Flag F - the latest minute that Norman Fowler has sent in this evening seeking once again to respond to your concerns. His latest arguments do seem to me rather more persuasive

Flag G - a further summary note from Andrew Dunlop, written before he had seen Norman Fowler's latest note, identifying the key issues to resolve before you agree to the agency announcement going ahead

Flag H - a Cabinet Office brief

Flag I - the earlier two minutes from Andrew Dunlop which set out in more detail the points of concern.

The earlier papers, which you need only have for reference, are organised in chronological order at Flag J.

PRG.

(PAUL GRAY)

22 November 1989

c:\wpdocs\economic\e(a).dca