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From the Minister without Portfolio  
The Rt Hon Lord Young of Graffham

The Rt. Hon. Tom King M.P.,  
Secretary of State,  
Department of Employment,  
Caxton House,  
Tothill Street,  
London, S.W.1.

24th April, 1985

**COST EFFECTIVENESS OF PUBLIC EXPENDITURE MEASURES RELATED TO  
EMPLOYMENT**

I have seen a copy of Peter Rees' letter of 18th April to you suggesting that information about programmes sharing common aims with the employment measures should be considered by the Manpower Group and evaluated on a similar basis.

I am sure Peter is right to suggest that this kind of wider evaluation should be undertaken. Where schemes have as an objective either increasing employment or reducing unemployment, we need to know how effective they are in achieving these aims and the answer should be taken into account in considering the case for committing further resources to them. It is, of course, difficult to compare programmes whose primary aim is not to increase employment or reduce unemployment. In many cases, moreover, the long term supply side effects will be more important than the shorter term effects on employment. Problems of this kind are, however, inherent in the kind of evaluation which the Manpower Group carries out. We shall, of course, be undertaking a rather similar exercise in establishing 'targets' for the new City Action Teams operating in inner city areas and would want to take account of any conclusions reached within the Group. You may also wish to consider if it might be useful for the analysis to be extended to a range of industrial support programmes - including, for example, those operated by MAFF and the Department of Energy - which have an effect on employment although this is not among their specific objectives.

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I am copying this letter to the Prime Minister, Keith Joseph, George Younger, Nicholas Edwards, Patrick Jenkin, Norman Fowler, Norman Tebbit, Peter Rees and Douglas Hurd whose officials are represented regularly on the Manpower Group. In addition, Leon Brittan, Peter Walker, Michael Heseltine, Michael Jopling and Nicholas Ridley.

*Yours,  
Paul*

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