

CC NO .

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Prime Minister ②
To note, X in particular
which should be agreed.
AT
106, 7

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Tom King MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NA

9 January 1984

Dr. Sunday J. Stik

PH1 Thank you for sending me copies of your letters of 22 December to Keith Joseph which together enclosed a complete draft of the White Paper on vocational education and training.

I have only one substantive comment on the section of the draft which precedes the reference to the MSC and NAFE. This concerns the review to be carried out in 1984 of whether school leavers should remain entitled to supplementary benefit in their own right. The draft does not mention this, but perhaps ought to do so for two reasons. First, the previous White Paper on training in December 1981 clearly foreshadowed the withdrawal of SB entitlement from minimum age school leavers; and this is one of the few areas in which the draft of the new paper does not report subsequent developments. Secondly, the question is relevant to the general theme of those sections of the draft dealing with the contribution of trainees to their own training costs, and with the relationship between YTS and the provision of vocational preparation through the education system. I think it would be unfortunate if we were to give the impression that SB entitlement had been relegated to the back burner.

X Turning to the question of NAFE, my main concern is to ensure that, as agreed at the Prime Minister's meeting on 20 December, nothing is said in the White Paper which will put at risk our ability to ensure that there is no increase in net expenditure as a result of the transfer of resources from local authorities to the MSC.

I should be grateful therefore if you would accept the following recasting of paragraph 5 of this part of your draft, and some minor changes to the start of paragraph 6.

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Paragraph 5

The Government has decided that the amount to be devoted by the MSC to work-related NAFE should increase from £90 million to £160 million in 1985-86, and to £200 million in 1986-87. The intention is therefore that the MSC should by 1986-87 account for about one quarter of the total provision in this area. The resultant reduction in the need for local authority expenditure will be taken into account in settling the relevant rate support grants. These arrangements will be subject to consultation with the local authority associations through the normal consultative machinery that exists for the consideration of rate support grant issues.

Paragraph 6

First line: delete "additional".

Fifth line: delete "these additional" and substitute "their".

On a small point in the fourth line of paragraph 7, should it not be "enhanced" rather than "new"?

Otherwise I am broadly content with the draft. We will of course have to consider separately the mechanics of preventing a net increase in expenditure. My officials will be in touch with yours to suggest minor drafting amendments.

Copies of this go to the Prime Minister, the Secretaries of State for Education, Trade & Industry, Environment, Scotland, Wales & Northern Ireland & to Sir Robert Armstrong.

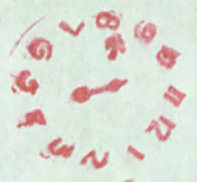
Yours sincerely

J. G. G. G.

J. G. G. G.
PETER REES

[Approved by the Chief Secretary]

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10 JAN 1984