



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE-01-928 9222

FROM THE SECRETARY OF STATE

26 June 1984

Dear Tom.

TRAINING FOR JOBS : PUBLIC EXPENDITURE IMPLICATIONS

David Young sent me a copy of his letter of 31 May to you about this.

I am sure that we must reject David's idea of a further reduction in local authority expenditure or of the RSG associated with it. This would simply increase hostility of the local authorities to the whole scheme and would have repercussions on services particularly education over and above those we are discussing in E(LA). The ACC have now agreed to talk to the MSC and nothing should be done to put this easement in the deadlock at risk. In any case, I do not believe that the Treasury's concern is justified. Realistic targets for all local authorities, coupled with very tough holdback, and rate-capping for the worst overspenders like ILEA should ensure that there is little overspending on NAFE next year. Your earlier offer of £5 million from your programme should be enough to cover any leakage that there might be.

Far from supporting the case for new cuts in RSG, I think that the situation now requires a modest gesture in the other direction. I have co-operated up to the hilt in "Training for Jobs" because I am convinced that the policy is right. And I agreed to no preliminary consultation in order to avoid leaks and to give the maximum resonance to what I thought was going to be a great government declaration on a National Training Agency. For some reason there was no great government declaration to make it all worthwhile. The local authorities are bitter, and our policy on schools is suffering as a result. We need the co-operation of the

/local

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

local authorities to raise school standards. The ACC's decision to talk creates an opportunity to achieve the objectives of our policies - ie better value for money in both the FE colleges and the schools. I believe that we should greatly increase the chances of success if the MSC were to provide a little new money over and above the £65 million. Since, I understand, they are likely to underspend on YTS next year by nearly £200m, this should be possible without damage to the rest of their programme and without an increase in our plans for public expenditure as a whole.

I am sending copies of this letter to the Prime Minister, with a copy of David Young's, and to David himself.

Young
Hein

26

1890
1891
1892
1893
1894
1895
1896
1897
1898
1899
1900

