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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Young of Graffham
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON SW1H 9NA

4 July 1986

Dear Secretary of State,

with DN?

ACTION FOR JOBS : TELEVISION ADVERTISING

Thank you for sending the Chancellor a copy of your minute of 30 June to the Prime Minister.

I am pleased that the Action for Jobs campaign appears to have been a success; and I note that you judge that expenditure of around £10m on an extension would be valuable.

You will understand that even at this early stage in the year it is clear that the public expenditure position is extremely tight; there can be little scope for any flexibility. But exceptionally I am prepared to agree to your proposal, on the following basis.

I would ask you to consider very carefully whether the total amounts you propose represent good value for money, especially the sums to be spent in August.

I agreed that £5m could be used for GCSE on the basis that you would not make claims on the Reserve this year for items for which the £5m would have represented a significant offset. Equally, it will be for you to take any steps necessary this year to contain within your provision any calls due to increased take-up of schemes you publicise in this campaign, and any other excesses that prove unavoidable. I must ask you in addition to surrender any underspends this year in order to help with the difficult situation we face.

You also agreed in the PES context to take any steps necessary to ensure that expenditure in the PES years is contained within your existing baseline. This agreement must cover any increased take up of schemes in the PES years.

I gather that our officials have reached an agreement on the handling of this expenditure in Votes.

I am copying this letter to the Prime Minister, the Lord President, and the Chancellor of the Duchy of Lancaster.

Yours sincerely,

Jim Ruth

PP JOHN MacGREGOR

(Draft approved by the Chief Secretary and signed in his absence).