

YOUTH TRAINING SCHEME

You have set David Young and Tom King a tough negotiating objective. They must get a comprehensive training scheme which enables us to abolish supplementary benefit for 16-17 year olds, but at a net cost of only £300 million in 1986/7.

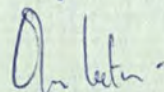
Nigel Lawson is worried that, in the event, a comprehensive scheme will cost more than this. And he will oppose any policy based on what he considers to be unreal public expenditure figures.

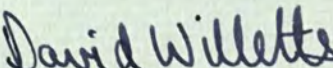
Nigel's worries will disappear if Tom King and David Young succeed in persuading the employers to provide a comprehensive YTS for £300 million. But the chances of achieving this will be compromised if the abolition of SB is announced at the beginning of the negotiation, because employers will think that the Government is in effect committed to a universal YTS scheme whatever the price.

The best bargaining tactic is to decide on the removal of SB now - giving no ground to the faint-hearted - but to announce it only at the end of a successful negotiation with the employers. At the start, you could say that in principle you want to see the end of SB for 16-17 year olds, but that achieving this depends on the outcome of the negotiations.

We recommend that:

1. you should decide now to abolish SB for 16-17 year olds following the negotiations, but say publicly that this depends on a successful outcome.
2. Tom King and David Young should be commissioned to drive the hard bargain - £300 million for a comprehensive scheme offering guaranteed places to 16 and 17 year olds.

  
OLIVER LETWIN

  
DAVID WILLETTS