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NBRM
AT 15/7

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The Rt Hon Sir Keith Joseph Bt MP
Department of Education and Science
Elizabeth House
York Road
LONDON SE1

16th July 1984

Dear Keith,

TRAINING FOR JOBS: PUBLIC EXPENDITURE IMPLICATIONS

You wrote to me on 26 June about leakage and an increase in the RSG transfer of £65m to local authorities.

On leakage I agree with you that we must reject David's suggestion that it should be met by a further reduction in RSG. I also agree with you that the £5m I have offered should be enough. In addition to the factors you list as ensuring that there is little overspending on NAFE next year, the MSC's plans are designed to create the minimum of disruption. I am inclined to leave the settlement of this issue until my bilateral with Peter Rees when it can be considered along with all the other relevant considerations but I shall decide whether to handle it this way when there is clear progress in the MSC's negotiations with local authorities.

As David knows, I am opposed to making additional money available to local authorities in order to try to buy their co-operation on NAFE. It would create an unfortunate precedent. Moreover, as I understand it, the ACC in their recent discussions with MSC have ceased to press the issue. The existence of reduced requirements of £180m on YTS next year does not change my view since there are competing prior claims on it which we shall have to examine.

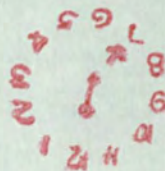
I am copying this letter to the Prime Minister and David.

My conversation at the ACC reception and David Young's efforts have both as though the lesson may be breaking.

[Handwritten signature]

Education Pt 2

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