

PRIME MINISTER

28 June 1985

*Yes not*  
*mt.*  
Agree. subject to colleague?

*At 28/6*

2 YEAR YOUTH TRAINING SCHEME

MSC officials have done well to construct a deal with the CBI and the TUC.

The training allowance of £35 in the second year seems tolerable; and £27.30 in the first year is better than we hoped for.

Although 600,000 places will be needed to ensure that nobody is turned away, many of these will be empty at any given time, since people do not all join or leave the scheme at the same time of year, and many drop out during the course.

Allowing for fluctuations in the numbers, the MSC computer suggests that the D/Emp should spend roughly £900 million out of the £925 million allocated for 1986/7, and roughly £1,050 million out of the £1,100 million allocated for 1987/8.

Because the margins are so tight, it will clearly be necessary to insert some protective phrases about 'meeting cash limits' into Tom King's statement. We understand that the Treasury are already seeing to this.

We recommend that you should warmly accept the proposals, and agree to Tom King's proposed statement, subject to Treasury amendments.

*Ol Letwin*  
OLIVER LETWIN

*Agreed mt*