

LETTER DRAFTED FOR SIGNATURE BY PRIME MINISTER

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SCANNED

February 1997

Thank you for your letter of 17 January in which you expressed concern about the reduction in spending on next year's budget for the Action for Community Employment (ACE) scheme. You also mentioned the ~~matter~~ at our meeting on 23 January.

Let me say at the outset that I fully recognize the contribution made through ACE in helping long-term unemployed people back to work. I am aware also of the value of community projects undertaken through ACE, although that is not the main purpose of the scheme. ~~A number of factors associated with the strengthening local economy, including I am pleased to say very positive inward investment indicators, and a record number of people in employment last September, have reduced the need for temporary employment schemes.~~ ~~But~~ There will still be around 5,200 ACE places available across Northern Ireland.

~~As~~ You will know, ~~that~~ in this year's public expenditure round a number of difficult decisions had to be taken because of the need to find extra money for security and compensation purposes. Those responsible for the disturbances and violence in the community bear a heavy responsibility, ~~in the need for the Government to divert resources in this way.~~ The Government would much prefer to spend this money on the provision of public services, including training for the long term unemployed, ~~but unfortunately this is not possible.~~

As I said at our meeting, we will work to minimise the effect of the reduction on needy people in disadvantaged communities. In addition I know that the Training and Employment Agency intends to publish a consultation document on long-term unemployment measures, focusing on effectiveness and value for money, in the near future.

CC

PS/SofS (L&B)

PS/Baroness Denton (L,DED)

PS/Michael Ancram (L&B)

PS/PUS (L&B)

PS/Sir David Fell

Mr Loughran, DED

Mr Walters, T&EA

Mr Arbuthnot, T&EA