MT

PART 17

CONFIDENTIAL FILING

SPECIAL EMPLOYMENT MEASURES

EMPLOYMENT AND TRAINING BILL

YOUTH SERVICES REVIEW

INDUSTRIAL TRAINING

In folder attached: Consultative document - sex discrimination in legislation.

MANPOWER

PART 1: JAN. 1980

PART 17: SEPT. 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
2.9.87							
~~2.9.87~~							
~~9.9.87~~							
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30.11.87							
PT 17 ENDS							

PREM 19/2317

Dd 8398366 2M 11/83 JET

PART 17. ends:-

SS/GNGCCM to SS/GMP. 30.11.87.

PART 18. begins:-

SS/GMP to CST. 1.12.87.

RESTRICTED

2 PPS EC BG

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

30 November 1987

NRAM.

Dear Norman,

CONSULTATIVE DOCUMENT ON THE RESTRICTIONS ON THE EMPLOYMENT OF YOUNG PEOPLE AND THE REMOVAL OF SEX DISCRIMINATION IN LEGISLATION

Thank you for sending me a copy of your letter of 18 November to Douglas Hurd.

Some of the issues raised in the draft document are complex and contentious. I have particularly in mind the current restrictions on the employment underground of women in coal mining. We could open ourselves to considerable criticism if we extend the Equal Treatment Directive to this area We shall need, at the very least, to consider the presentation of any changes carefully. I am also concerned that adequate time should be allowed for those industries likely to be affected, such as British Coal, to consider and make their representations. Your proposed deadline of 29 February seems to me too short for this purpose. May I suggest that you consider extending the deadline to 31 March?

I am sending copies of this reply, like your letter, to the Prime Minister, members of the Cabinet, Richard Luce and Sir Robert Armstrong.

Yours Ever,

Cecil

CECIL PARKINSON

RESTRICTED

MANPOWER

SEMI'S

PT 17

cc B/4

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

CONFIDENTIAL

Parliamentary Under Secretary of State

NRBM.

Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

30 November 1987

Dear Norman,

DRAFT CONSULTATIVE DOCUMENT: EMPLOYMENT OF YOUNG PEOPLE/AMENDMENT TO SECTION 51 OF THE SEX DISCRIMINATION ACT 1975

Your letter of 18 November to Douglas Hurd seeking comment on the draft Consultative Document on legislation governing the employment of young people and protective legislation which discriminates against women, was copied to Tom King for comment. He has asked me to reply.

From the Northern Ireland point of view I have no comment on the content of the document. As you know we intend to undertake broadly parallel consultation in Northern Ireland. Obviously we will need to keep as close to GB timetable as possible but publication before Christmas could be difficult. However I will keep you advised of progress.

Finally, as stated in my earlier letter we are about to publish a Proposal for a Draft Order in Council which will replicate the 1986 Sex Discrimination Act. The publication date for this Proposal is 2 December.

I am copying this letter to the Prime Minister, the Lord President, the Lord Advocate, members of the Cabinet, members of OD(E) and of H, Richard Luce, the Chief Whip and Sir Robert Armstrong.

Yours ever,
Peter.

PETER VIGGERS

MANPOWGK · SGMs PT18



RESTRICTED

OCBS

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215
GTN 215) 5147
(Switchboard) 01-215 7877

From the Chancellor of the Duchy of Lancaster and Minister of Trade and Industry

THE RT HON KENNETH CLARKE QC MP

Rt Hon Norman Fowler MP
Secretary of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

NBPM.

30 November 1987

Dear Norman.

CONSULTATIVE DOCUMENT ON RESTRICTIONS ON THE EMPLOYMENT OF YOUNG PEOPLE AND THE REMOVAL OF SEX DISCRIMINATION IN LEGISLATION

Thank you for copying to me your letter of ~~18~~ 16 Nov. November to Douglas Hurd.

I very much welcome your proposals for reform in this area. As the consultative document makes clear, existing legislation on the employment of young people in particular is very complex. Not only is it likely to confuse many employers; it can also unnecessarily restrict employment opportunities for young people. As I said in my letter of 7 September to John Cope, we therefore need to start from the principle that it is the maintenance rather than the abolition of restrictions which needs to be justified.

I am pleased to see that this is broadly the approach followed in the consultative document, although - as you note in your covering letter - in a number of cases the matter has been left open to avoid the appearance of pre-empting consultation. Subject to one or two points of detail below, I am generally content with this approach, provided it is clear between us that there must be a firm presumption in favour of reform. While we must of course be

NO6ACM

ready to listen to solid arguments that may be advanced in the course of consultation, we should not be deterred by the ritual protests which the trade unions and other interest groups are likely to feel obliged to make in favour of the preservation of the status quo.

On Chapter 24, I note that the fallback position you propose for amendment of the Shops Act 1950 - the extension to young females of the existing provision which allows young males aged between 16 and 18 to work between 5 am and 6 am if delivering bread, milk and newspapers - would do nothing to resolve the problems which current legislation poses for the Post Office. As matters stand the law effectively restricts the number of postal cadets which the Post Office is able to employ, as the full range of delivery duties which cadets might be expected to undertake start generally at 5 am. An amendment of the existing law which left this position unchanged would be difficult to defend, either to the Post Office, which has been pressing for amendment for some years, or to the public which is likely to see no difference of principles between postal services and the sectors currently exempted. If you feel obliged to offer in chapter 24 an alternative to our preferred option of repealing restrictions entirely, I must ask that it should take the form of the extension of existing exceptions not merely to young females but also to services such as the Post Office.

I am copying this to the recipients of yours.

KENNETH CLARKE

NO6ACM

MANPOWER: SGMS PT7.

CONFIDENTIAL

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460.....
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

Prime Minister 2

DRW
27/11.

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Great George Street
LONDON
SW1

27 November 1987

Dear Chief Secretary,

PROFESSIONAL AND EXECUTIVE RECRUITMENT

I am writing to tell you that I intend to make an announcement about the future operation of PER by means of a written Parliamentary Answer on Thursday 3 December.

... I enclose a draft of the reply I am proposing to make. I should be glad to know that you are content.

I am copying this letter to the Prime Minister's Office, to the Secretaries of State for Scotland and Wales and to Sir Robert Armstrong.

Yours sincerely,

Angela Wilkins

NORMAN FOWLER
(Approved by Norman Fowler
and signed in his absence)

CONFIDENTIAL

CONFIDENTIAL

PROPOSED ARRANGED PARLIAMENTARY ANSWER

DRAFT QUESTION: To ask the Secretary of State for Employment, whether the Government is continuing to keep the operation of Professional and Executive Recruitment under review and will he make a statement.

DRAFT REPLY: Yes. Professional and Executive Recruitment (PER) provides specialised consultancy and advertising recruitment services to employers wishing to fill professional, technical, scientific, supervisory and managerial vacancies. It operates these services on a commercial basis, charging fees to employers and earning revenue from its free newspaper, Executive Post, which is sent direct to well over 100,000 jobseekers each week as part of PER's advisory and information service. PER's consultancy service extends from straightforward advertising to full recruitment assignments. It operates nationwide, from a network of 35 offices. It also offers redundancy counselling services to organisations and publishes "Candidate Focus" each month.

There is extensive and effective private sector provision in the activities which PER provides on a fee charging basis. The Government's view is that activities of an obviously commercial nature are in general better carried on in the private sector.

I have decided accordingly to seek professional advice about options for transferring PER out of the public sector. I have appointed Lloyds Merchant Bank Limited to act as my advisers and report to me early in the New Year.

RESTRICTED

CCBG

SECRETARY OF STATE FOR EDUCATION AND SCIENCE

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

NBPM

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
London
SW1H 9NE

27 November 1987

FILE WITH

Dear Norman,

I am responding to your letter of 18 November to Douglas Hurd, with which you forwarded a copy of the public consultation document on legislation governing the employment of young people and protective legislation discriminating against women.

I am content with the proposals made in this paper. My main concern, that of maintaining current restrictions on the employment of children below the school leaving age, is secured by a specific undertaking to make no changes in this area.

I agree with the rationale of the approach adopted towards reviewing the restrictions applying to young people. Applying the school leaving age as the sole lower age limit for these restrictions is a sensible rationalisation. We are satisfied that the changes proposed here will not occasion problems affecting the attendance at work experience of eligible children of school age to whom of course employment restrictions applicable to young people apply while they are participating in this activity. I confirm that we are seeking to repeal Section 60 of the 1944 Education Act through the Education Bill.

As regards the proposals for amending the Sex Discrimination legislation, I am content with what is proposed for the two educational matters specifically referred to, the four women's colleges at Oxford and Cambridge, and headteachers of religious schools.

Copies of this letter go to the recipients of yours.

Yours ever,

Kenneth

MANPOWER

SKIS

PT 17

RESTRICTED

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

27 November 1987

Dear Norman,

CONSULTATIVE DOCUMENT ON THE RESTRICTIONS ON THE EMPLOYMENT OF YOUNG PEOPLE AND THE REMOVAL OF SEX DISCRIMINATION IN LEGISLATION

I have seen your letter of 18 November to Douglas Hurd, with a copy of the consultative document. I agree that it is important to avoid pre-empting the consultative process, especially in an area which is likely to be as controversial as this (even although much of the legislation has little relevance today); and am content with the draft document.

Copies of this letter go to the Prime Minister, members of the Cabinet, Richard Luce and Sir Robert Armstrong.

Yours ever,

Malcolm

MALCOLM RIFKIND

RESTRICTED

ITP329A2

RESTRICTED

CC BG

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon Norman Fowler MP
Department of Employment
Caxton House
Tothill Street
LONDON
SW1

27 November 1987

NRBR7

Dear Norman

Thank you for sending me a copy of your letter of 18 November to Douglas Hurd enclosing a consultative document on legislation governing the employment of young people and protective legislation which discriminates against women.

My interest is in the proposal to repeal certain provisions of Part II of the Shops Act 1950 (section 6.3). Local authorities are responsible for enforcement of these provisions and it is likely that the proposals could lead to some reduction in their enforcement burden.

In accordance with the new burdens procedure - which applies to reductions as well as increases in burdens on local government - I should be grateful if your officials could advise mine in due course of the potential savings which could result from these proposals.

I am copying this letter to the receipients of yours.

Yours ever

Nicholas

NICHOLAS RIDLEY

100%
RECYCLED PAPER

MANPOWER

SEMI'S

PTT

CC/86

FCS/87/246

SECRETARY OF STATE FOR EMPLOYMENT

NBPM

Consultative Document on Protective Legislation

1. Thank you for copying to me your letter of 18 November to Douglas Hurd enclosing a copy of the draft consultative document on legislation governing the employment of young people and protective legislation which discriminates against women.

2. I understand that your officials have drafted the document in such a way as to ensure that the proposals it contains comply with our EC obligations. I hope that it can indeed be issued before Christmas, as a further demonstration to the Commission of our intention to move swiftly towards legislating to deal with the problems relating to section 51 of the Sex Discrimination Act 1975.

3. I am copying this minute to the Prime Minister, members of the Cabinet, Richard Luce and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
25 November 1987

Manpower - SGMs pt7



RESTRICTED

CCBG

Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6460
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The Rt Hon Douglas Hurd CBE MP
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

NBPM

18 November 1987

Dear Douglas,

in attached folder

As indicated in my letter of 26 October we have prepared a public consultative document on legislation governing the employment of young people and protective legislation which discriminates against women. Some provisions appear under both those categories.

I promised in my memorandum on Sex Discrimination and the European Court to H Committee to clear the consultative document with colleagues and I therefore attach a draft on which I invite comments. If the document is to be published before Christmas as we would wish, I will need such comments no later than Friday 27 November.

Colleagues may wish to note that in a number of instances, although it is likely that we will wish to repeal the particular legislation, the matter has been left open to avoid the appearance of pre-empting the consultative process. This is particularly the case for those non-discriminatory provisions for young people, other than hours of work, on which we have not yet had the advice of the Health and Safety Commission.

Copies of this letter go to the Prime Minister, members of the Cabinet, Richard Luce and Sir Robert Armstrong.

Yours ever

Norman

NORMAN FOWLER

RESTRICTED

MANPOWER : Spend Exp Meas Pt 17

CC MEA
Press
DK
Questions

STATEMENT BY

THE RT HON NORMAN FOWLER MP

SECRETARY OF STATE FOR EMPLOYMENT

TO

HOUSE OF COMMONS

ON

WEDNESDAY 18 NOVEMBER 1987

STATEMENT

NEW TRAINING PROGRAMME

With permission, Mr Speaker I would like to make a statement on a new training programme for unemployed people.

Unemployment has now fallen for sixteen months in succession by a total of nearly 500,000. Over the last twelve months long-term unemployment has shown a record fall and the latest figures for unemployed young people also show that we are well on the way to eliminating the problem of school leaver unemployment. This September there were fewer unemployed school leavers than for thirteen years.

I believe that this is the right time to review the Government's programmes for unemployed people. We need to be sure that we have the right programmes to meet the demands of an improving labour market. We need to be sure that we are giving unemployed people the help they need to take advantage of the increasing number of jobs now becoming available. And we need to be sure that the programmes we operate are helping to provide the skills we require to compete in world markets.

I am clear that the priority now must be to provide training for the long-term unemployed. The emphasis should be switched away from providing temporary jobs as an alternative to unemployment and towards providing training to help unemployed people to get back into permanent jobs. But more than that, we must ensure that the training we provide is geared both to the needs of the individual and to those of the economy.

We already have a unified programme for young people - the Youth Training Scheme. I have now decided to bring together all the existing programmes for unemployed people over eighteen into a single new programme. It will involve the substantial reform of the Community Programme including a major enhancement of its training content. This new programme will offer up to twelve months training for anyone who has been out of work for more than six months. Entry to the programme will be through the Restart interviews and Jobcentres. Training Agents will then assess the needs of each person and training providers will arrange a suitable programme. There will be special arrangements for disabled people and others with special needs.

This new programme will involve employers and a range of other organisations like Chambers of Commerce and voluntary and training bodies. I hope that Managing Agents now in the Community Programme and the Job Training Scheme will play a full part. The programme will provide training and practical experience with employers and on projects. The emphasis will be on practical learning to help people get back into employment. Accordingly the training will range from basic working skills, including numeracy and literacy, to training at craft and technician level. The aim is that the new programme should improve significantly on the number of people who obtain jobs when they leave.

For all its merits the Community Programme in its present form does not attract unemployed people with dependents and with higher benefit entitlement. It has become increasingly a programme for single people rather than the family man with children. It has also become overwhelmingly a part-time programme with very little opportunity for training. We need to tackle these problems at the root. It is essential that unemployed people who join the new programme know that they will be better off than they were on benefit. I therefore intend that all trainees in the new programme should be paid a training allowance which will give them a lead over their previous benefit entitlement.

The budget for the new programme will be just under £1½ billion a year, so maintaining the provision for the schemes it will replace. When the new programme is fully operational it will be possible to provide training for some 600,000 people a year. It will therefore make a major contribution to fulfilling the Government's commitments to the long-term unemployed. And it will also help to ensure that we train the workforce with the skills that we shall need in the 1990s and into the next century.

I am asking the Manpower Services Commission for their comments on the new programme and to let me have proposals for introducing it from September next year. I propose to publish a White Paper early next year setting out the detail of the new programme and putting it in the context of the Government's overall strategy for employment and training.

At a time of rapid growth and change in employment opportunities, training through life is of key importance. That means training for the young and for adults; for the unemployed and for the employed. The programme I am announcing today focusses on the long-term unemployed and complements the Youth Training Scheme for young people and our efforts through employers to improve and increase training for employed people.

No other country has a programme on this scale. It will provide new opportunities for long-term unemployed people to obtain the skills and qualifications employers need. This programme will benefit unemployed people, employers and the economy as a whole and I hope that it will command the support of the whole House.

PERSONAL AND CONFIDENTIAL

FILE
DA
EAB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 November 1987

Dear Nick,

STATEMENT ON NEW TRAINING PROGRAMME

The Prime Minister has seen the draft statement about the proposed new training programme which was circulated with your Secretary of State's minute of 12 November. She is content, subject to the views of colleagues.

There is one suggestion which you might like to consider, namely to make clear in the statement that people on existing Community Programmes will not be affected by these changes and that the work experience provided by many of the current Community Programme agents will gradually be phased into the new training programme when they can meet the work experience requirements.

I am copying this letter to Mike Eland (Lord President's Office), Alex Allan (HM Treasury), Jon Shortridge (Welsh Office), Tim Walker (Department of Trade and Industry), Tom Jeffery (Department of Education and Science), David Crawley (Scottish Office), Geoffrey Podger (Department of Health and Social Security), Steven Wood (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office), and Trevor Woolley (Cabinet Office).

Yours,
David

(D.R. NORGROVE)

Nicholas Wilson, Esq.,
Department of Employment.

PERSONAL AND CONFIDENTIAL

CONFIDENTIAL

MR NORGROVE

17 November 1987

STATEMENT ON NEW TRAINING PROGRAMME

To avoid uncertainty about existing community programmes, it might be worth asking Mr Fowler to add:

"Individuals currently on existing community programmes will not be affected by these changes. However, the work experience provided by many of the current community programme agents will gradually be phased into the new training programme when they can meet the work experience requirements."

NRB.

NORMAN BLACKWELL

CONFIDENTIAL

010

cc RM

NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

17 November 1987

NBPR.

Dear Norman

THE EMPLOYMENT SERVICE

WILL REQUEST IF REQUIRED

Thank you for your letter of ~~29~~ October. I am content with your proposals for Ministerial responsibility for the Employment Service, and agree that this should be kept under review so that we can adjust arrangements as circumstances and policy develops. I am grateful to you for agreeing to continuing consultation on issues with Scottish dimensions and attach particular importance to this in view of the need to integrate the work of the Employment Service and the MSC in Scotland with our other policies for the regeneration of the Scottish economy.

The existing memorandum on Ministerial responsibilities in this field was copied to Donald Dewar and we have undertaken to send him a copy of the revised arrangements. I should be grateful if your officials would let mine have any comments on the enclosed draft, which as before we will circulate to all Scottish MPs.

I agree also that it would be logical in due course to rename the Manpower Services Committee for Scotland as the "Training Committee for Scotland" and it would also seem appropriate to change similarly the title of the Area Manpower Boards.

I am copying this letter to Peter Walker and to the Prime Minister's Private Secretary.

Yours ever

Malcolm

MALCOLM RIFKIND

ETH315A2.117

NOTE FOR THE INFORMATION OF SCOTTISH MPs

MINISTERIAL RESPONSIBILITIES FOR TRAINING AND EMPLOYMENT MATTERS

Manpower Services Commission (MSC)

1. The MSC is responsible for vocational training in Great Britain. It runs the following programmes:

- YTS
- New JTS (Job Training Scheme)
- Adult Training Programmes, including
  - Access to Information Technology
  - Local Collaborative Projects
  - Old JTS
  - Open Learning Programme
  - Training for Enterprise
  - Training Grants for Employers
  - Wider Opportunities Training Programme
- Community Programme*
- Voluntary Projects Programme
- Community Industry
- Employment Rehabilitation Programme*

* run on an agency basis for the Department of Employment

2. As the MSC operates in a GB labour market, policy on most training matters is set at GB level, by means of proposals from the Commission requiring the approval of the Secretary of State for Employment in consultation with the Secretary of State for Scotland. The Secretary of State for Scotland is responsible for approving the MSC's plans for its programmes in Scotland and the MSC reports to him on the operation of its programmes in Scotland. Questions on overall policy are therefore for the Secretary of State for Employment but questions and constituency enquiries on the operation of MSC programmes in Scotland are for the Secretary of State for Scotland.

The Employment Service (TES)

3. TES is part of the Department of Employment and was created in October 1987 by the merger of the Department's Unemployment Benefit Service with the Jobcentre network and employment programmes previously run by the MSC. TES runs:

- Unemployment Benefit Service
- Jobcentre services, including
  - Restart
  - Professional and Executive Recruitment (PER)
- Jobclubs
- Enterprise Allowance Scheme (EAS)
- Sheltered Employment and services to the disabled (excluding employment rehabilitation)

4. The Secretary of State for Employment continues to have sole responsibility for the Unemployment Benefit Service. He will also continue to have responsibility for policy on other employment programmes in consultation with the Secretary of State for Scotland as appropriate.

The Secretary of State for Scotland will continue to deal with questions and constituency enquiries relating to the operation of the specific employment programmes in Scotland (Jobclubs, Enterprise Allowance Scheme and Sheltered Employment and services to the disabled). The Secretary of State for Employment will deal with all questions on Jobcentre services (including Restart and PER) because local Jobcentres and Unemployment Benefit offices will gradually be integrated as one service.

5. The Secretary of State for Scotland will continue to deal with questions on unemployment statistics in Scotland.

Industry Department for Scotland
November 1987

MANAGEMENT IN CONFIDENCE

DG

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

16 November 1987

Dear John,

A YTS TRAINEE FOR NO. 10

Following my letter of 29 September, I am grateful for the help which your people have given us in exploring the possibility of No. 10 recruiting a YTS trainee. However, we have had to come to the conclusion that, much as we would wish to, there are more disadvantages than advantages in recruiting a trainee here. It might be possible to find a suitable job, but we would, for security reasons, have to place quite tight restrictions on the trainee's freedom of movement in No. 10. This would not be helpful for our relations with the trainee, however understanding he or she might be. There is also a possibility that our trainee might be the subject of undesirable attention from the unscrupulous press.

The Prime Minister is, however, willing to help provide some publicity for the YTS Scheme, and she is ready to hold some sort of function here at No. 10 next year for a group of YTS trainees and ex-trainees who have subsequently found good jobs. We would want to plan such an event with the YTS organisers, so that the best publicity could be obtained from it.

Could I suggest that if your Department believes that it might be helpful to proceed with such an occasion, you should be in touch with Andy Bearpark here to work out possible dates and times.

I am copying this to John Stevens (Establishment Officer, Cabinet Office).

Yours ever,
Nigel Wicks

N. L. Wicks

John Turner, Esq.,
Department of Employment.

6

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE - COVERING CONFIDENTIAL

PRIME MINISTER

A YTS TRAINEE FOR NO.10

I have been exploring whether we can recruit a YTS trainee for No.10. Andy's report below describes the outcome. I am afraid that my conclusion is that there are more disadvantages than advantages in recruiting a trainee. We might find a job in Correspondence Section, but we would, for security reasons, have to place quite tight restrictions on the trainee's freedom of movement in No.10. There is also a possibility that the more unscrupulous press would track down our trainee for a story on "the real life in No.10" after he left us.

I suggest therefore a different tack for securing some publicity for the YTS scheme. This is that you should hold a party or some other sort of occasion here at No.10 next year for a group of YTS trainees and ex-trainees who have subsequently found good jobs. We would plan this with the YTS organisers so that we can get full publicity.

Agree to proceed like this? Yes no

N. L. W.

I agree that we can't go ahead in No 10

N.L. Wicks

13 November 1987

MANAGEMENT IN CONFIDENCE - COVERING CONFIDENTIAL

MJ(30)

MANAGEMENT IN CONFIDENCE : COVERING CONFIDENTIAL

MR. WICKS

YOUTH TRAINING SCHEME

I have recently held meetings with representatives of the MSC and Department of Employment to discuss the possibility of our having a YTS trainee within No. 10, and I have now obtained advice on the security implications thereof.

There are, I think, three main questions we must now consider:

1. Could we offer a YTS trainee a suitable post?

The answer to this is almost certainly 'Yes'. The range of jobs they are required to do in organisations such as the Department of Employment requires training in basic administrative skills, and in theory there is no reason why we could not arrange placements of, say, six to eight weeks in clerical areas such as Correspondence Section to provide them with one aspect of their training. But it should be recognised that this is not something that can be done without cost. No. 10 is not lavishly staffed and Correspondence Section as you know - to take just one example - has no surplus capacity. The amount of supervisory work and form filling associated with a short-term YTS placement will almost certainly result in a net cost rather than a net gain to the system.

2. What are the security implications?

We have received detailed guidance from the Department of Employment, and Charles Fountain's advice is given in the attached minute. You will see that there is a major security problem, and indeed Correspondence Section is the only area where Charles feels that we could have a trainee.

3. Are there any other potential drawbacks?

I am afraid that the answer to this must be 'Yes'. As Charles points out, restrictions of movement within an organisation can, and usually do, lead to resentment. In the unique circumstances of No. 10 it would be very easy for that resentment to turn itself into adverse publicity. The whole point of having a trainee would be to give publicity to the scheme. Inevitably the press would therefore know the name and address of the person involved in very short order, and there would be a significant risk that they would give the sort of story we would not wish to see published.

I know that there are signifcant advantages in our having a trainee. But these are effectively presentational, and I would have thought that there are other ways in which the Prime Minister could demonstrate her strong support for the scheme. On balance, my advice must be that the combined security risk, and the greater risk of adverse publicity are such that we should not proceed with this.

P. A. BEARPARK

13 November 1987

SECRETARY OF STATE FOR EMPLOYMENT

Prime Minister

cc BG.

Content with the draft statement, subject to colleagues?

Yes no

DRN 17/11

PRIME MINISTER

STATEMENT ON NEW TRAINING PROGRAMME

At your meeting yesterday with the Chancellor of the Exchequer we agreed that we should bring together our present provision for unemployed adults (the Community Programme, the new Job Training Scheme and a range of smaller programmes) into a single unified training programme for long term unemployed adults.

At present our approach to helping the long term unemployed back to work is too short term and piecemeal. Our programmes are dominated by the Community Programme - a temporary employment programme with little training content and an indifferent record in helping people back into permanent employment. We are expanding the Job Training Scheme to provide training for some of those who have been unemployed for 6 - 12 months. But these separate approaches are unlikely to meet the requirements of a future in which there will be an increasing number of jobs and (as the number of young people entering the labour market falls rapidly) an increasing demand for adults with the skills and motivation to fill them.

The new programme would offer up to twelve months' planned training and work experience. Some of the training would need to be very basic such as literacy and numeracy. It would be within the PES provision for existing programmes for unemployed adults agreed with the Chief Secretary.

The aim will be to get as many employers as possible to provide the training and work experience (on the JTS model). But we shall continue to need a substantial element of project - based training (on the CP model but without its worst features) in order to guarantee sufficient places for the long term unemployed and carry forward the initiatives on crime prevention and energy conservation to which we are committed.

When fully established, the programme should be able to cope with about 600,000 entrants a year. This should be enough to meet our Manifesto commitments to the long term unemployed within the lifetime of this Parliament. It would also represent a major investment in training and in upgrading the basic skills of the workforce.

As agreed at our meeting I intend to make a statement next Wednesday outlining these proposals. I attach a copy of the statement I plan to make. As I said at Cabinet this morning we will need then to consult with the Manpower Services Commission and to receive their comments. The final programme would then be set out early in the New Year in a White Paper dealing with employment and training on which I will consult you and other colleagues.

I am copying this to Willie Whitelaw, Nigel Lawson, Peter Walker, David Young, Kenneth Baker, Malcolm Rifkind, John Moore, John Wakeham, David Waddington and Sir Robert Armstrong.

N F

12 November 1987

DRAFT STATEMENT

NEW TRAINING PROGRAMME

Unemployment has now fallen for 16 months in succession by a total of nearly ½ million. It is falling rapidly in this country when it is still rising in other countries. The latest figures for unemployed young people also show that we are well on the way to eliminating the problem of school leaver unemployment. This September there were fewer unemployed school leavers than for 13 years.

I believe that this is the right time to review the Government's training and other programmes for unemployed people. We need to be sure that we have the right programmes to meet the demands of an improving labour market. We need to be sure that we are giving unemployed people the help they need to take advantage of the increasing number of jobs now becoming available. And we need to be sure that the programmes we operate are helping to provide the skills we require to compete in world markets.

I am clear that the priority now must be to provide training for the long term unemployed. The emphasis should be switched away from providing temporary jobs as an alternative to unemployment and towards providing training to help unemployed people to get back into permanent jobs. But more than that, we must ensure that the training we provide is geared both to the needs of the individual trainee and to those of the economy.

We already have a unified programme for young people - the Youth Training Scheme. I have now decided to bring together all the existing programmes for unemployed people over 18, including the Community Programme, in a single new programme. This will offer up to 12 months training for anyone who has been out of work for more than 6 months. Entry to the programme will be through the Restart interviews. Training will be tailored to the needs of each person on the basis of individual assessment.

This new programme will involve employers and a range of other organisations. It will provide a mixture of training on and off the job, work experience with employers and projects. It will cover a wide spectrum, from training in basic working skills, including numeracy and literacy, to higher levels of skill. The emphasis will be on practical learning to help people to get back into employment.

One of the major deficiencies of the Community Programme is that it does not attract unemployed people with dependents and consequently with high benefit entitlement. Because the Community Programme pays wages it has become increasingly a programme for single people with low benefit entitlement. It has also become overwhelmingly a part time programme with very little scope for training. We need to tackle these problems at the root. It is essential that unemployed people who join the new programme know they will be better off than they were on benefit. I therefore intend that all trainees in the new programme should be paid a training allowance which will give them a lead over their previous benefit entitlement.

When trainees are ready to leave the programme every effort will be made to find them jobs - including self employment - by means of individual counselling. Those who cannot find a job immediately will be offered a place in a Jobclub.

The new programme will have the very substantial resources already provided for the wide range of existing programmes it will replace. Once the new programme is fully operational the target will be to provide training for up to 625,000 people a year. It will therefore make a major contribution to fulfilling the Government's guarantees for the long term unemployed. And it will also help to ensure that we have a workforce with the skills we shall need in the last decade of this century.

I am asking the Manpower Services Commission for their comments on the new programme and to let me have proposals for introducing it from September next year. I then propose to publish a White Paper early next year setting out in detail how the new programme will work and putting it in the context of the Government's overall strategy for employment and training.

No other country has attempted a programme on this scale. It will provide new opportunities for long term unemployed people to obtain the skills and qualifications employers need. I am convinced that this programme will benefit employers, the unemployed and the economy as a whole. I hope that it will command the support of the whole House.

MANPOWER: SEMs: pt M

12 XII 1987 PM 87



FILE
JD
cc DNB

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 November, 1987.

Meeting record

Dear Nick.

EMPLOYMENT STRATEGY

The Prime Minister this morning held a meeting to discuss employment strategy on the basis of your Secretary of State's minute of 6 November. There were present your Secretary of State, the Chancellor of the Exchequer, Mr. Richard Wilson (Cabinet Office), and Mr. Norman Blackwell (No.10 Policy Unit).

Your Secretary of State described the proposed new programme for adult training. This would target resources better than the existing plethora of programmes. The Community Programme was part-time, involved local authorities to too great an extent, had too little training content, and was not a good pathway into jobs. The new unified adult training scheme in contrast would involve employers, would be targeted on the long-term unemployed, and would pay "benefit plus" rates.

Continuing, Mr. Fowler noted that there was a 50% drop-out between restart interviews and JTS, and that 25% of those on JTS left the scheme before a work placement began. There was a need for a checking system and follow-up after restart interviews. This would in future be carried out by training agents, and claimant advisers.

The Chancellor noted that a switch of resources between employment programmes would require Treasury approval, but the Secretary of State for Employment could expect that the Treasury would look sympathetically at such a request. The Chancellor also drew attention to the way in which a change from the present Community Programme to a benefit plus scheme would reduce the figures for employment. It was agreed that a solution would need to be found to remove this disadvantage of the change.

Concluding a brief discussion, the Prime Minister invited your Secretary of State to consult interested colleagues. He might then, as he proposed, announce the proposal, consult the MSC, and then publish a White Paper.

Your Secretary of State described the measures he intended to take to tighten up the benefit regime in the new employment service.

It was agreed that your Secretary of State should investigate the position of people who had taken early retirement and who were signing on to the unemployment register simply in order to receive national insurance credits. Your Secretary of State said he had it in mind at the appropriate moment to introduce a "better off in work" slogan giving an undertaking that no one would be made worse off by taking employment. The Prime Minister expressed concern about litter. It was agreed that your Secretary of State would consider how people on the unemployment register might be involved in a programme to reduce litter. Other points on this will be followed up separately.

I am copying this letter to Alex Allan (HM Treasury), and Trevor Woolley (Cabinet Office).

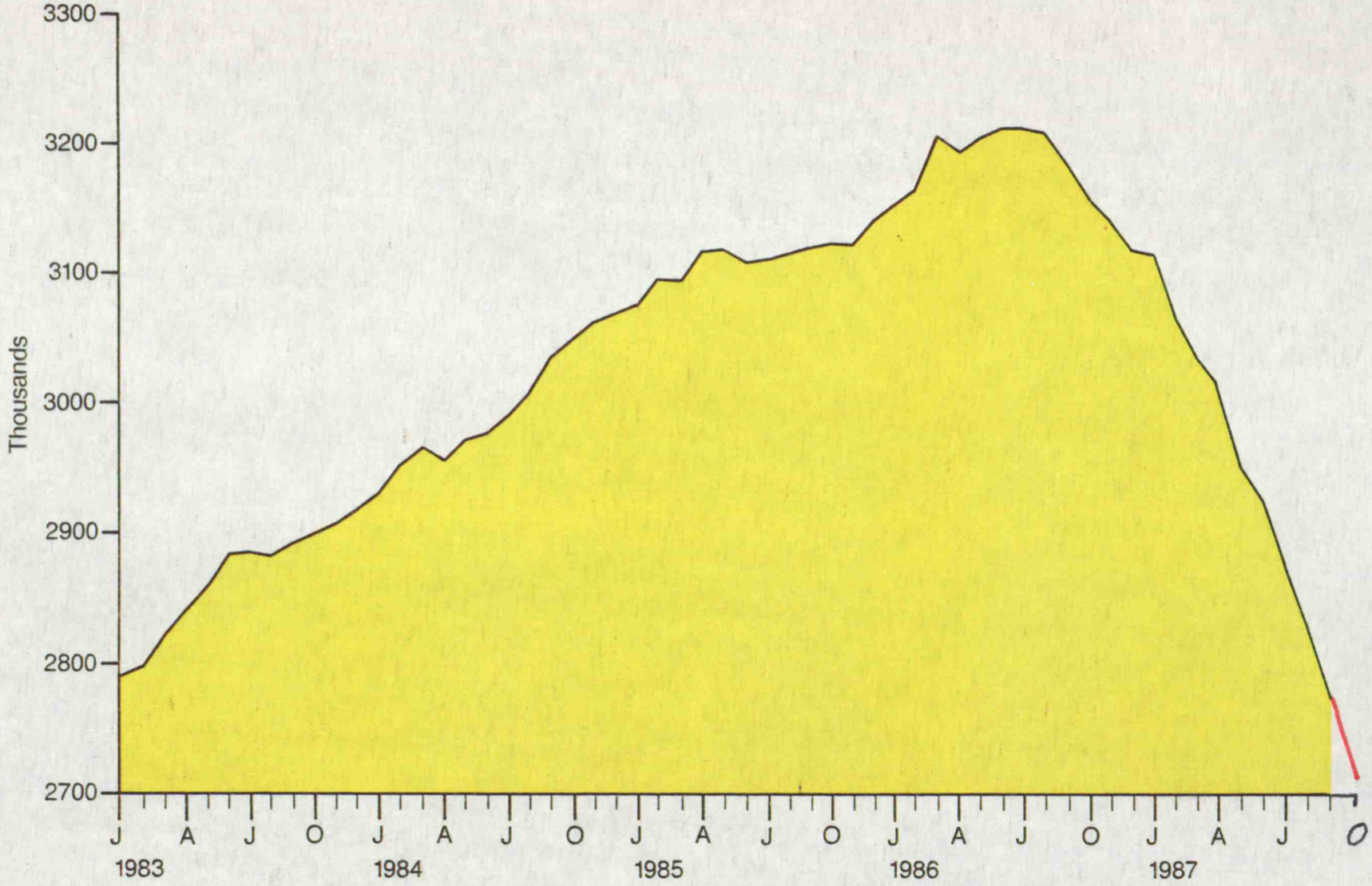
Yours,

David.

David Norgrove

Nicholas Wilson, Esq.,
Department of Employment.

Unemployment: UK: 1983 to 1987

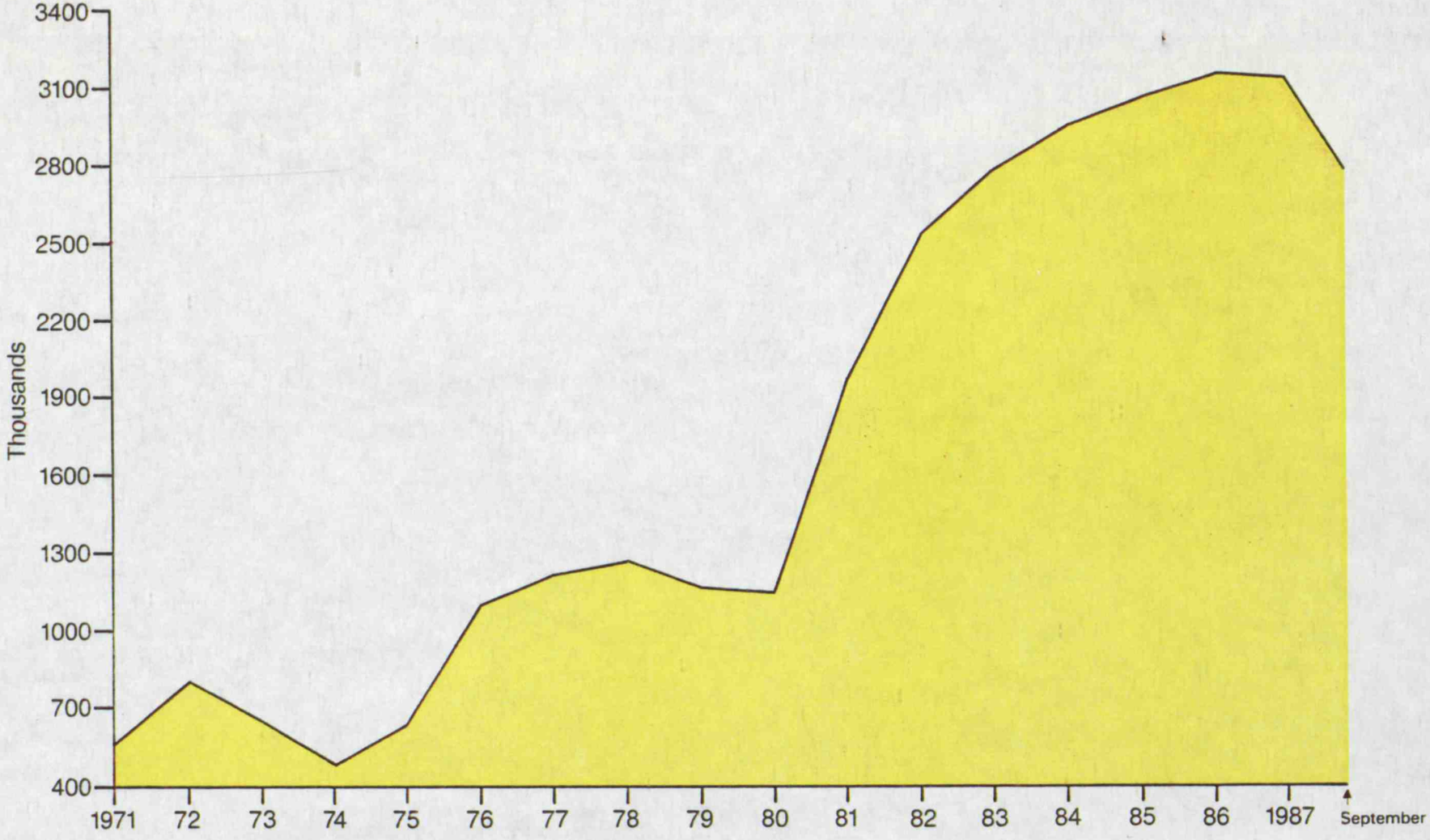


Note: Seasonally adjusted excluding school leavers

Figure 1

Handed to the Prime Minister at meeting re employment strategy, 11/11/87.

Unemployment: UK: 1971 to 1987



Note: Seasonally adjusted excluding school leavers

Figure 2

Unemployed Claimants aged under 18: UK

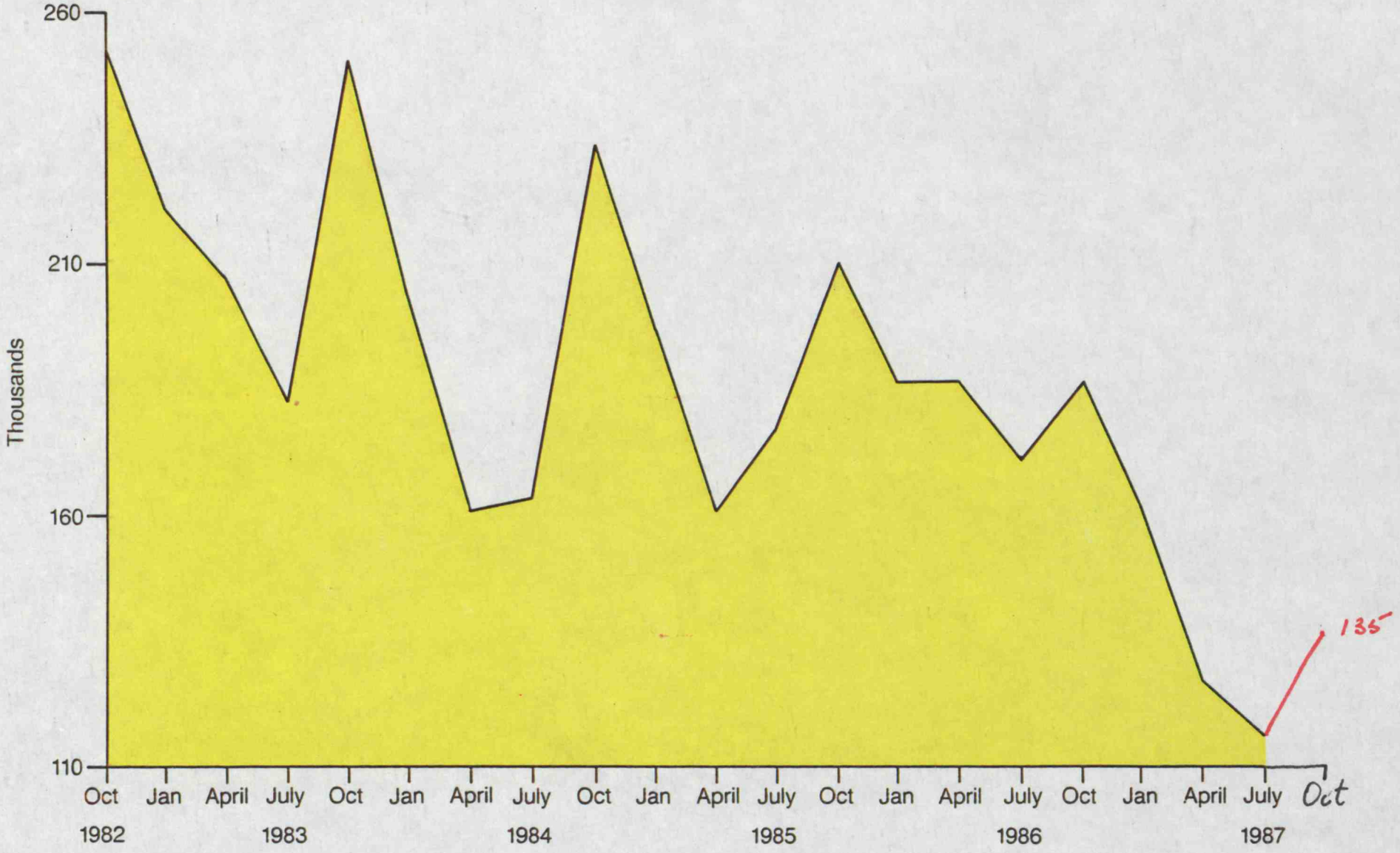


Figure 3

Long-Term Unemployed Claimants: UK

Notes:
(1) Covers claimants unemployed for 12 months or more.
(2) Figures affected by discontinuities, in particular the 1983 Budget provisions, meant many older men no longer needed to sign on to get their benefits.

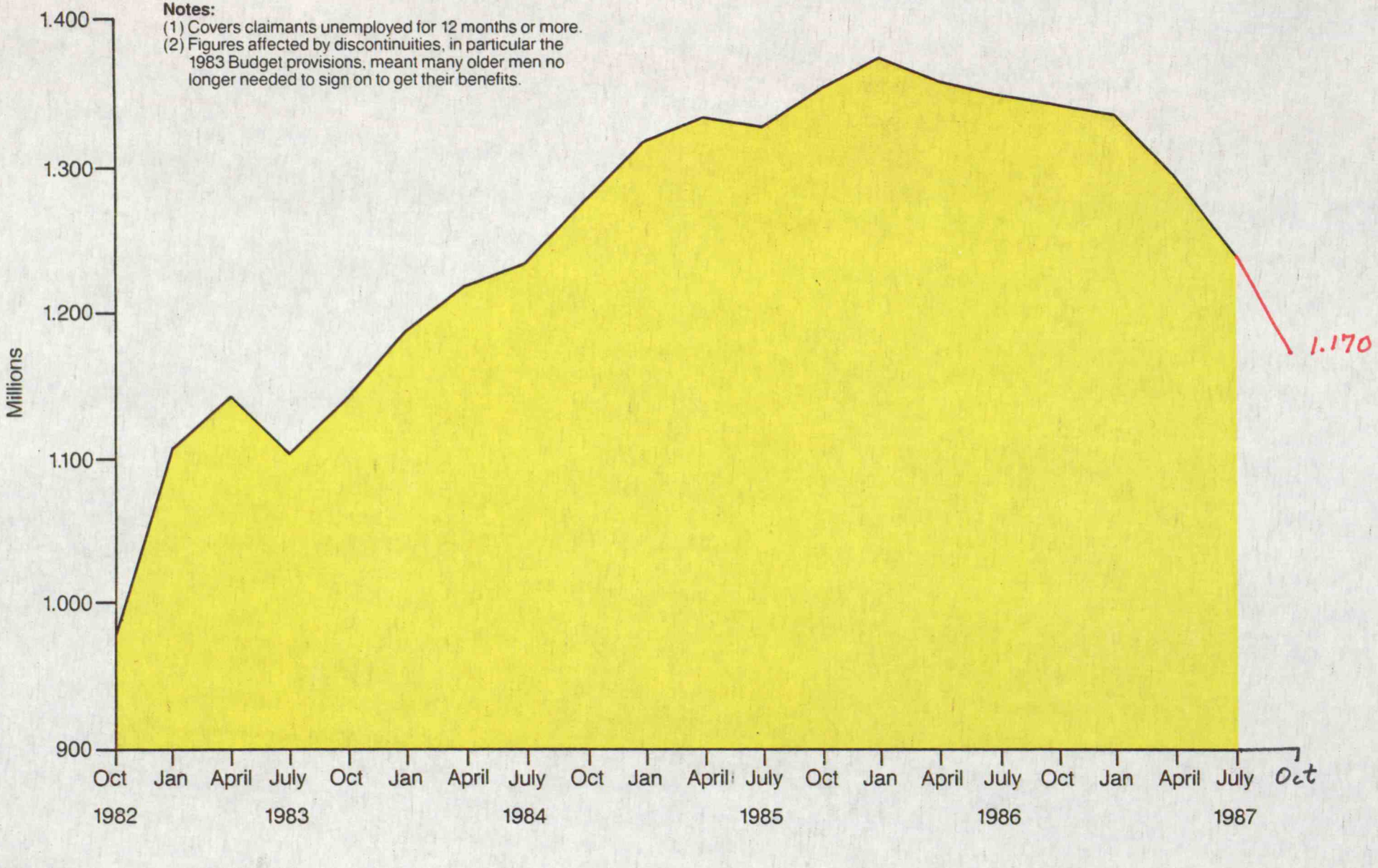


Figure 4

The Population of Great Britain

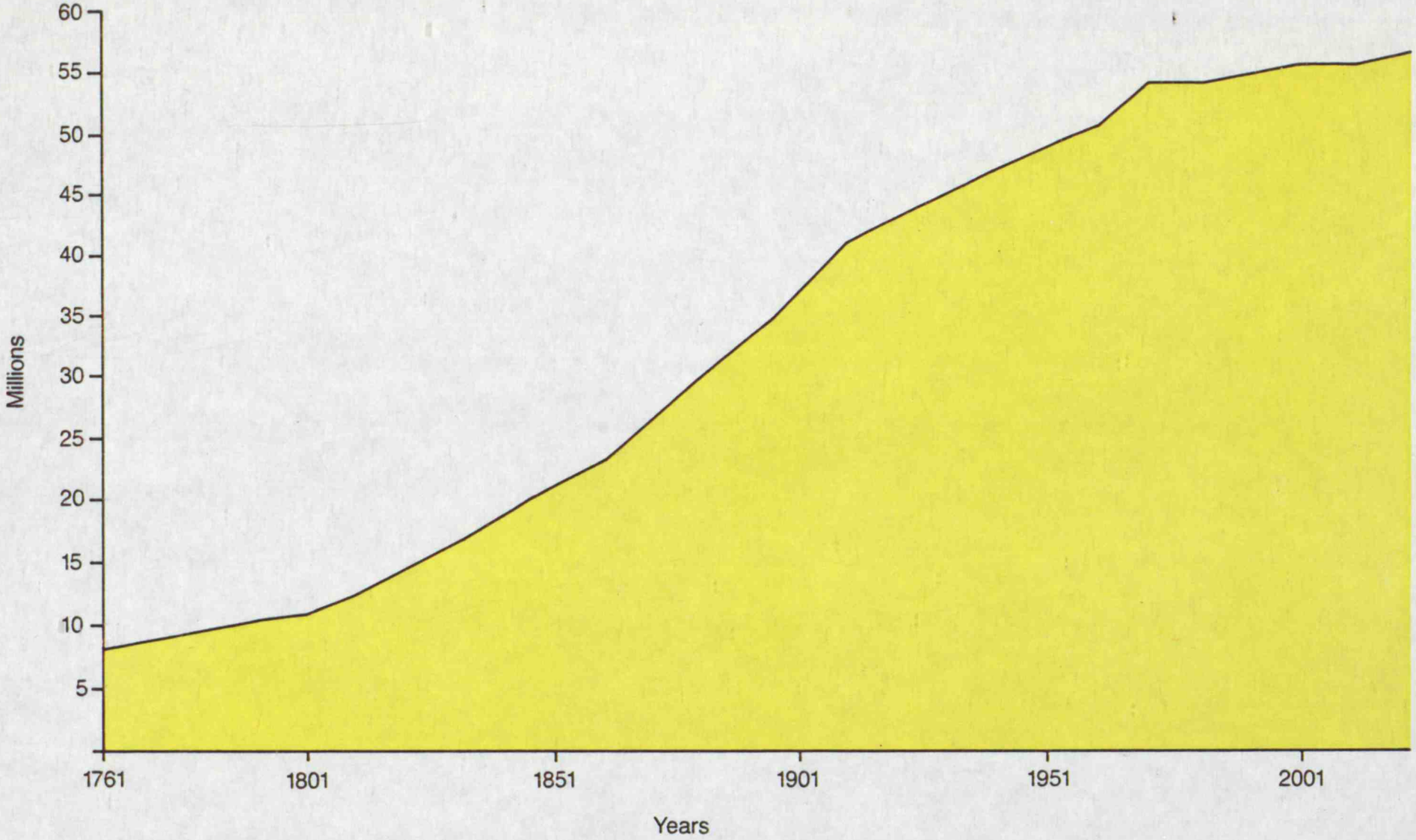


Figure 5

GB population aged 16 to 19 years

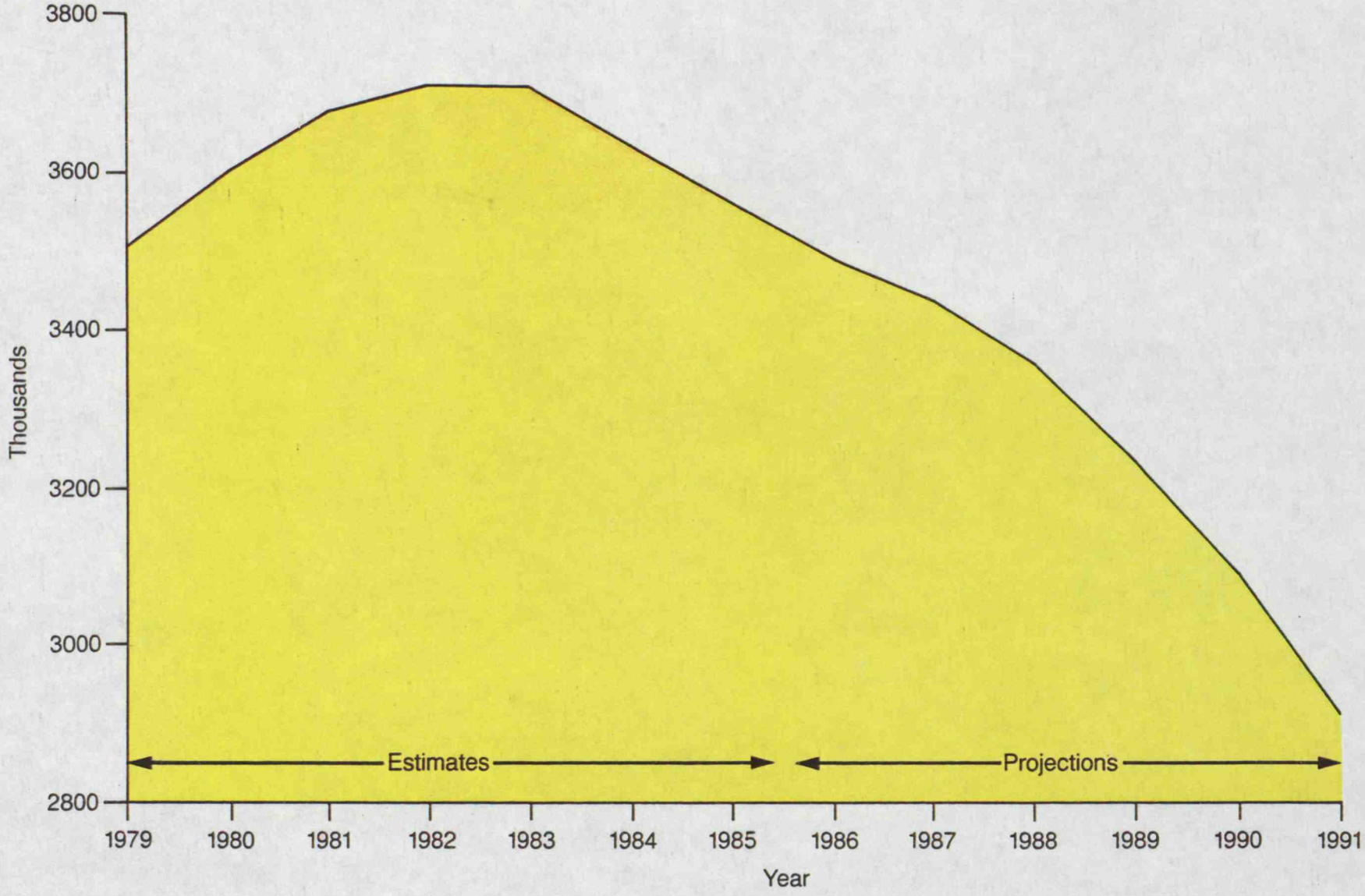


Figure 6

Figure 7

Change from present programmes to the new programme

Current programmes for the adult unemployed	Entrants forecast for 1987/88
Old Job Training Scheme	41,000
– Management Skills	
– Clerical Commercial	
– Shorthand/Typing	
– Hotel and Catering	
– Engineering, Science and Technical	
– Automotive	
– Construction	
– Management Services	
– Health Training and Welfare	
– Service and Selling Occupation	
– Computer Skills	
Wider Opportunities Programme	28,000
– Prep English Second Language	
– Transfer of Employment	
– Bridge Programme	
– Prep Literacy/Numeracy	
– Skills Linked English Second Language	
– Training for the Disabled	
– Women Only Courses	
Community Programme	260,000
New Job Training Scheme	115,000
Employment Rehabilitation	16,000
Training for Enterprise	50,000
– Graduate Enterprise Programme	
– Business Enterprise Programme	
– Young Entrepreneurs	
– Management Extension Programme	
– New Enterprise Programme	
– Local Consultancy Grants	
– Graduate Gateway Programme	
Other Programmes	14,000
Special Groups: Women and Ethnic Minorities	
Female Technicians	
Industrial Lang Training	
	524,000

The new programme, which will begin in September 1988 and will build up to about 625,000 entrants in 1989/90

The paths people will take on the new programme

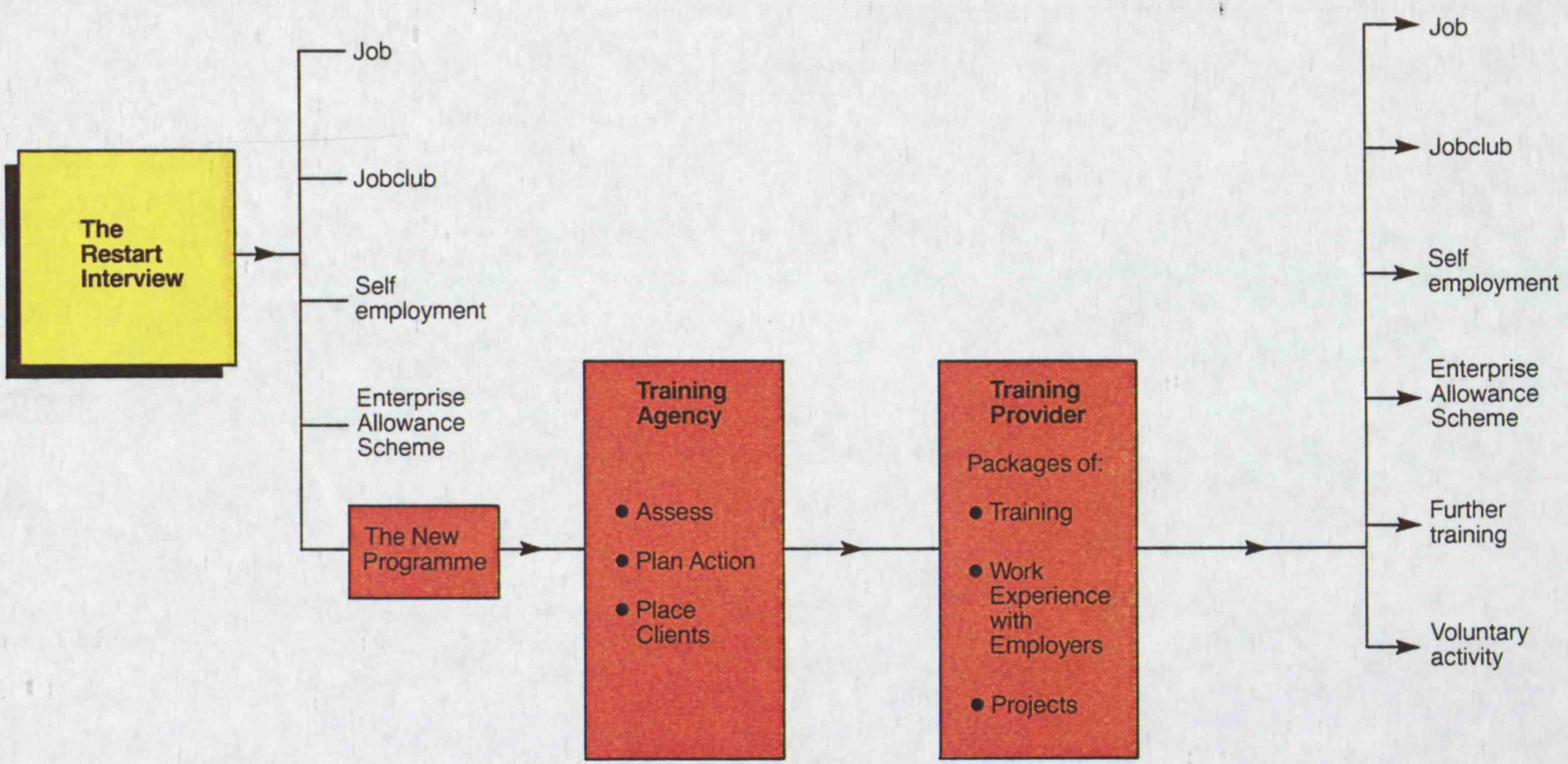
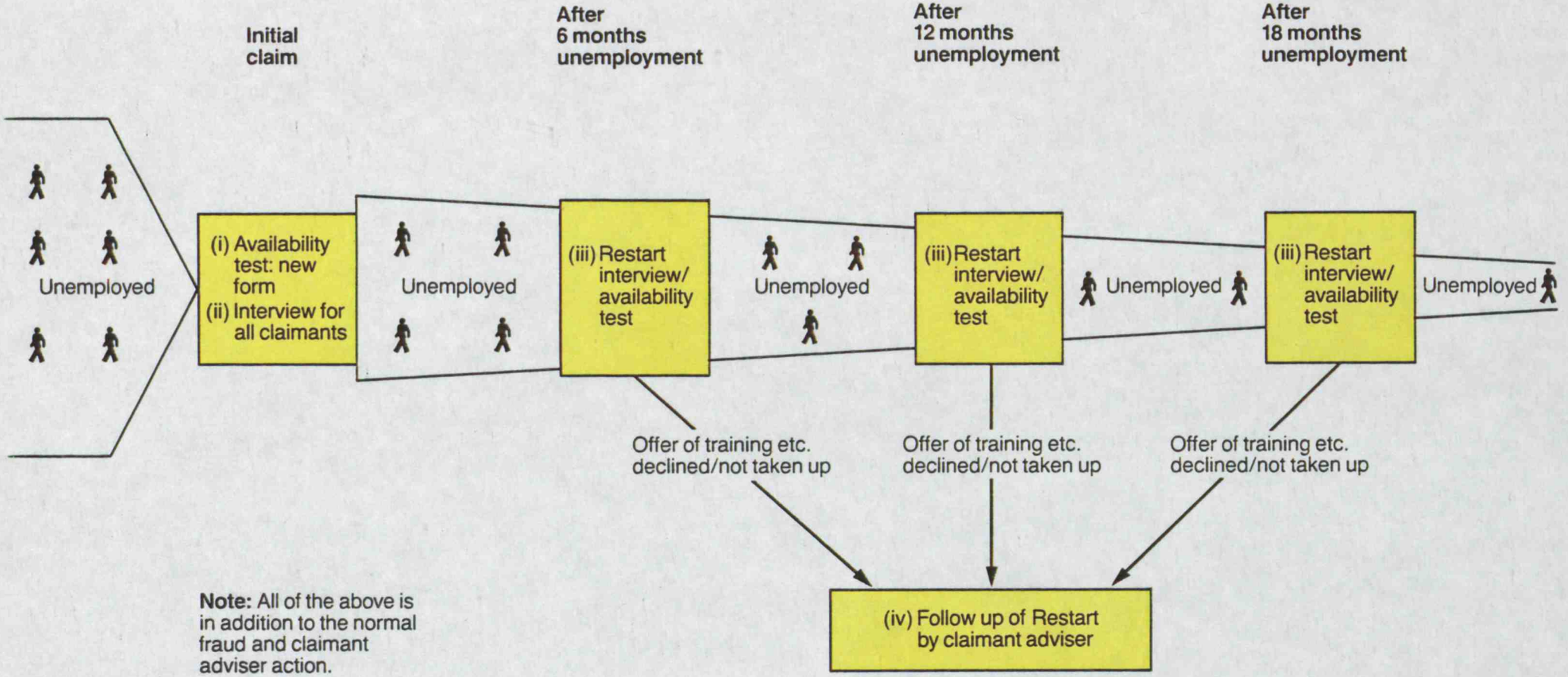


Figure 8

A Stricter Benefit Regime



Note: All of the above is in addition to the normal fraud and claimant adviser action.

Figure 9

cc BG

SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 0538 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 0538 (Direct Line)
From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

11 November 1987

NBM

THE EMPLOYMENT SERVICE

Thank you for your letter of 29 October.

I am happy to agree to the proposals you make. I welcome your assurance of consultation on policy issues which, although your responsibility, have a Welsh dimension; and I am glad that you agree that we should retain a close interest in employment programmes such as Enterprise Allowance Schemes and Jobclubs.

I am sure that any difficulties in applying your formula can be resolved, if necessary by minor adjustments to the ground rules, and that in Wales there will continue to be close co-operation between my officials, yours and the Commission's.

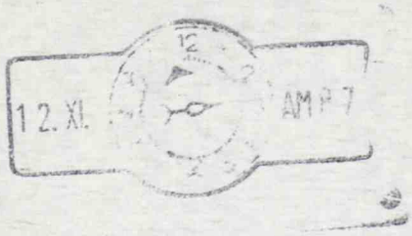
I am copying this to Malcolm Rifkind and to the Prime Minister's Private Secretary.

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON SW1H 9NF

MANPOWER

SEMIS

PTD



PRIME MINISTER 10 November 1987

EMPLOYMENT STRATEGY MEETING

Although some details still need to be worked through, we support these proposals - the objectives of which are to:

- provide enough places to meet our manifesto commitment to 18-25 year olds and the long term unemployed, allowing us to use the offer of a place on the scheme as part of a tighter test of availability for work;

- improve the economic value delivered by the roughly £1.25 bn budgeted on adult training/special measures.

Background

The Community Programme, while keeping 229,000 people off the register (less after allowing for displacement) is still relatively ineffective in getting the long term unemployed back into permanent work:

- only 30% go straight into jobs, although 50% have at least one job within one year of leaving the Programme;

- because CP currently pays the going 'rate per day', it can generally offer only part time work within the £67 weekly wage limit. As a result, over 75% work three days or less per week - and only a small proportion are working a full five days;

- the fixed wage is only attractive to young, single people on low benefits. 60% of CP places currently go to those under 25;

- There is very little training provided off the job.

The new JTS programme - offering training and employer based work experience - while apparently very successful for those who enter - has had difficulty recruiting, partly because the benefit level allowance is less attractive than the Community Programme for the target group of under 25 year olds.

The benefits of a unified scheme are therefore:

- putting all schemes on the same benefit plus base - which saves sufficient money on CP to expand the number of places available;

- providing enough places overall to enable us to use Restart interviews to rigorously test availability for work;

- improving quality by enabling the right package of training and work experience to be designed around the needs of each individual but with more emphasis on employer based work and more training content.

Key Issues

1. Effect on count. The shift away from largely voluntary and public sector projects under the Community Programme towards work placements with employers may reduce the short term impact on the unemployment count - since employers may use work placement trainees in place of other recruitment. Also presentionally the phasing out of Community Programme places (which count as jobs) and their replacement with training places (which do not count as jobs) will reduce measured employment by 229,000.

The real impact on employment and unemployment will undoubtedly be favourable, however, if the rejigged programme

allows us to get more of the long term unemployed to stick in permanent work - since we know that many of these individuals would stay permanently unemployed unless we take action to drive them back into the labour market. The net effect should thus be to expand labour supply, increase employment (particularly in low wage jobs which otherwise might remain unfilled) and raise economic growth.

2. Effective follow-up. Work placement with employers offers much better prospects of getting back into work than Community Programme projects. However, we need to have effective follow-up for those who reach the end of the programme without gaining a job. One suggestion I have put to Mr Fowler is that individuals should move into job clubs during the last months of their programme, and should be required to continue attending job clubs two mornings a week - where they are supervised in applying for jobs until they are successfully placed. Continued attendance at job clubs would again be a requirement for continuing to receive benefit.

3. Encouraging the shift into employment. Experience with new JTS shows that some employers are willing to recruit individuals placed with them for work experience before the end of the programme, but are discouraged by training agents who would lose the remainder of their training grant. Yet it is in our interests to encourage early recruitment - which saves us the cost of continuing to pay benefit. We should therefore consider allowing an individual to complete his training package even if offered a job part way through the programme, with the training agent then reimbursed for the training course only (as for YTS where some trainees are employed.) This would also ensure that more people are successful in gaining training qualifications at the end of the programme - and are therefore better placed next time they become unemployed.

4. Phasing of Transition. While current CP providers may continue to provide work experience under the new programme, many - particularly the more politically motivated - will drop out. While this may be good news in the long run, it may create sensitive political situations during the transition. Equally it would be embarrassing if too rapid a cut-back in CP places before the new programme could absorb the same numbers caused a temporary increase in unemployment. The phasing of the transition will therefore need to be carefully handled.

Related Areas of Employment Strategy

You may want to ask Mr Fowler to come back on a number of areas not included in this paper.

1. Enterprise Allowance Scheme. This has recently been audited, and there are worrying signs that it may be made more bureaucratic in order to control costs. Yet it is already one of the most successful and cost effective measures. If anything it should be extended - marketed more effectively to the enterprising but less literate inhabitants of council estates/inner cities, and with greater help to overcome the £1,000 entry barrier.

2. Targeting on Council Estates. Department of Employment accept the need to focus on council estates, but as yet have brought forward no practical proposals. You might encourage Mr Fowler to bring forward proposals for local job centres, workshops, etc on a few pilot estates to test out what are to be achieved. This might also include special schemes to allow minicab services in and out of the local town centre as a Community Project.

3. Voluntary work for older age groups. There are roughly 200,000 long term unemployed over the age of 55. Since many of these are unlikely to be able to take advantage of

programmes designed to get them back into work - particularly in high unemployment areas - we might consider for social reasons encouraging the expansion of full-time voluntary community projects which could absorb their energies, offer them self respect and deliver value to the community - while allowing them to remain on their current unemployment benefit.

4. 'Better off in work' slogan. I have raised before the possibility of using the introduction of the new benefits system to advertise strongly that most unemployed people will be better off in work. As you know, this is not widely understood at present.

Norman Blackwell

NORMAN BLACKWELL

CONFIDENTIAL

MR. BEARPARK

DE GROUP YOUTH TRAINING SCHEME

You asked for my comments in respect of the letter from Robert Oliver.

I agree that below the age of 17, Box 500 would not normally give N.V. clearance. For the 17/18 year olds, their recommendation is that access to classified information is not desirable.

At No. 10 in respect of staff, we have two areas where only N.V. is held:

(a) Press. One experienced press officer from a Government Department on six weeks' secondment. He/she deals with news briefs, has only limited indirect access to classified information and is not allowed to wander around No. 10.

(b) Political. One typist who works under close supervision in an office where no classified material is held.

For any trainee I would recommend that no access should be allowed to classified or sensitive material and that close supervision must be exercised at all times. I would see the Correspondence Section as about the only possible working area.

From my experience with industry, I am aware that such restrictions can lead to resentment and eventually bad publicity.

Charles Fountain

CHARLES FOUNTAIN
9 November 1987

CONFIDENTIAL

file

bc: BG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 November 1987

THE EMPLOYMENT SERVICE

The Prime Minister has seen your Secretary of State's letter of 24 October to the Secretary of State for Scotland about the transfer of Jobcentres and related functions. The Prime Minister is content with the proposed arrangements, provided they are acceptable to the Secretaries of State for Scotland and Wales.

I am copying this letter to David Crawley (Scottish Office) and Jon Shortridge (Welsh Office).

D R NORGROVE

Nicholas Wilson, Esq.
Department of Employment

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CCB/MP

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Prime Minister **6 November 1987**

Meeting with Mr Fowler

Mr Fowler will want to briefly run over the key proposals that will be in his employment strategy presentation on Wednesday.

The main element is a re-jigging of the Community Programme and JTS schemes to put them on a consistent basis under the same umbrella. This has a number of attractions:

- JTS and Community programme currently operate separately, with JTS training offered primarily to 18-25 year olds out of work for six months, and community work experience offered primarily to long term unemployed. Instead there will be a continuum of options all with some training and some work experience that can be matched to the individuals' needs and capabilities. Some may start on community programme work and subsequently move into work placement with a private sector employer.

- there will be a strong emphasis on finding people jobs at the end of the programme, rather than simply providing temporary "make work".

- both programmes will operate on "benefit plus" (JTS is currently less attractive because it offers lower allowances than the Community Programme).

The reduced cost of this approach compared to the current Community Programme also allows sufficient places to be generated within current budgets to enable our manifesto guarantees to be met. Consequently it will then be possible

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to use regular Restart interviews and Availability testing to be much more rigorous in enforcing benefit entitlement - with those who unreasonably refuse opportunities on these programmes (or regular attendance at Job Clubs) automatically referred to claimant advisers.

Issues

I have been closely involved in the discussions on these ideas, and support the proposals which have emerged as an important way of both implementing a tighter "workfare" system and providing better quality training/value for money for those who go through the programme. I will provide a more detailed list of issues for the meeting on Wednesday, but you might take the opportunity to emphasise the importance you attach to

(1) an effective net to motivate (and if necessary compel) people back to work;

(2) high quality training;

(3) private sector work placement;

(4) focusing on council estates/inner cities.

White Paper

Mr Fowler also proposes a White Paper early in the new year. This would be a good opportunity to set out some of the facts on the long term unemployed which lie behind our approach - but have not yet surfaced in public.

Norman Blackwell

NORMAN BLACKWELL

10 DOWNING STREET

Prime Minister

Mr Fowler is coming in for 15 minutes on Monday to talk about this, in advance of a longer and larger meeting on Wednesday.

DCW
6/11.

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cc BG

PRIME MINISTER

EMPLOYMENT STRATEGY

Objectives

1. The objectives of our employment strategy for this Parliament must be to maintain the growth in employment of the last four years and the downward trend in unemployment which began in the middle of last year.

2. Growth in employment will depend mainly on our economic performance and the effective operation of the labour market, and the prospects remain encouraging. I shall seek to develop the programmes to support employment growth for which I am responsible. They include the Department's Small Firms, Tourism, and Enterprise measures (including the Enterprise Allowance Scheme) designed to promote self-employment and employment growth in small firms, and the important work of the MSC to encourage employers to improve through their own training arrangements the skills of their managers and other employees so that we match the efforts and achievements of our competitors.

3. This paper, however, focusses on the narrower but crucial issues of what further action we can take

- to get longer term unemployed people back into the effective labour force and

- to tighten up the benefit regime in the new Employment Service so that only those genuinely unemployed receive benefit.

These are the two main approaches we need to develop further in order to secure a continuing reduction in unemployment.

The Current Position - falling unemployment and youth unemployment

4. The fall in unemployment could not have occurred without the growth in jobs associated with six years of sustained economic growth. But the timing and rapidity of the fall in unemployment over the last 15 months owe much to the measures introduced over the last 18 months to tighten benefit procedures and create incentives for people claiming benefit to return to work. Since 1982 the economy has grown at an average annual rate of 3% but, despite this, unemployment continued to rise until May 1986. The lesson is clear. To reduce unemployment, employment growth must be accompanied by effective measures to help and encourage unemployed people back to work and to ensure that unemployment benefit claimants do not remain on the count when they are no longer unemployed. There was clear evidence of the need for such measures in the Labour Force Survey for 1985, before our recent measures were introduced, which showed that those seeking work fell between Spring 1984 and Spring 1985 (from 2.91 million to 2.81 million) whereas during the same period the monthly claimant count actually increased by 160,000 to 3.13 million.

5. It is significant that the fall in unemployment has occurred during a period when a succession of measures has been introduced which have the effect of tightening the benefit regime - compulsory Restart, Availability Testing, the deployment of Claimant Advisers. The average monthly fall in seasonally adjusted unemployment is now running at about 40,000. Much of this is directly attributable to the increase in the number of jobs available. But DE statisticians estimate that about half of the fall may be attributable to the effect of the above measures.

6. Unemployment for school leavers is no longer the major problem. For young people under 18 we are already in a position to fulfil the first of the Manifesto guarantees - "a place on the Youth Training Scheme for every school leaver under 18 who is not going directly into a job". This in turn makes it possible to withdraw

benefit entitlement altogether from this age group and that will be done next year when the necessary powers are available. There is no longer need for any young person under 18 to be unemployed.

The New Priority - helping long-term unemployed adults back to work

7. Long-term unemployment of adults has now replaced youth unemployment as the key problem. This includes the crucial 18-25 age group. So the main thrust of my policy needs to be in two main directions:

- to help long-term unemployed adults to achieve the motivation and skills they need in order to get back to work and take advantage of the expanding job opportunities of a growing economy, and

- to intensify our efforts to ensure that only the genuinely unemployed are claiming benefit and therefore counted as unemployed.

8. With the rapid decline in unemployment over the last 15 months, we have reached a turning point in our programmes for the adult unemployed. I agreed in PES discussions to abolish some schemes which are not focussed on the long-term unemployed, including the Job Release Scheme and the New Workers' Scheme, and to reduce expenditure on other traditional employment and training measures. The objective now is, with the remaining resources, to aim our programmes mainly at the long-term unemployed covered by our Manifesto commitments - that is the 18-25s with 6-12 months' unemployment and the 18-50s with over 2 years' unemployment - and getting these groups back to work.

9. At present our approach to helping the long-term unemployed back to work is too short-term and piecemeal. Our programmes are dominated by the Community Programme - a temporary employment programme with little training content and an indifferent record in helping people back into permanent employment. We are expanding the Job Training Scheme to provide training for some of those who have been unemployed for 6-12 months. But these separate approaches are unlikely to meet the requirements of a future in which there will be an increasing number of jobs and (as the number of young people entering the labour market falls rapidly) an increasing demand for adults with the skills and motivation to fill them.

10. We therefore need to refocus our programmes:

- to give the highest priority to long-term unemployed people because they are the least equipped to benefit from improvements in the economy;

- to shift the emphasis of our provision for this group away from 'make work' activity to providing, through training, the motivation and skills to help them get jobs; and

- to persuade employers to increase their contribution to training the long-term unemployed.

11. A proposal for a new approach is set out in paragraphs 12-15 below. This would be accompanied by a stricter benefit regime outlined in paragraphs 16-18 so that we would have both better targetted and more effective training for the long-term unemployed and a further tightening up of benefit procedures to ensure that they and other unemployed people took up the jobs, training and other opportunities now available for them.

A Unified Training Programme for Unemployed Adults

12. I propose that we should bring together our present provision for unemployed adults (the Community Programme, the new Job Training Scheme and a range of smaller programmes) into a single unified training programme for long-term unemployed adults. The new programme would be operated within the reduced PES provision for this group of programmes. It would involve the substantial reform of the Community Programme to get away from the "rate for the job" and part-time work, reduce the role of local authorities and at the same time greatly enhance its training content. The aim would be to improve significantly on the number of people who obtain jobs at the end of the programme.

13. The main features of the new programme would be:

(i) Priority would be given to the long-term unemployed and thus enable us to meet our Manifesto commitments. The programme would be of particular value in the areas of greatest need, including the inner cities and large council estates.

(ii) It would offer each long-term unemployed person up to twelve months' planned training and work experience suited to his or her particular needs and abilities. Much of the training would need to be very basic such as literacy and numeracy. The average period on the programme would be about 6 months.

(iii) Long-term unemployed people would enter the programme following a Restart interview and advice from a training agent on an appropriate training plan. There would then be a mixture

of work experience and training on and off the job related to the person's abilities and potential and to local skill requirements. In some respects the scheme would be the equivalent of a YTS for the long-term unemployed. It would be a shift from CP temporary work schemes to a new training programme and would resemble the shift we made from the Youth Opportunities Programme to YTS.

(iv) The aim would be to get as many employers as possible to provide the training and work experience (on the JTS model). But for a transitional period we should also need a substantial element of project-based training (like CP but without its worst features) in order to guarantee sufficient places for the long-term unemployed.

(v) Participants on the programme would receive a "benefit plus" training allowance. This would enable us to offer places on the programme to even the highest benefit recipients. We should, therefore, while providing positive help for the group, also be able to make a reality of testing people's willingness to look for work and make a real attack on the benefit culture.

14. When fully established, the programme should be able to cope with about 600,000 entrants a year. This would be enough to meet our Manifesto commitments to the long-term unemployed within the lifetime of this Parliament. It would also represent a major investment in training and in upgrading the basic skills of the workforce.

15. Background work has been proceeding on these proposals and there have already been some Press reports suggesting the possible merger of CP and the new JTS. It is important that we keep the initiative and obtain the credit for any new developments. Accordingly I propose that I should announce our general intentions and the principles of the new scheme in a statement on the lines of the outline at Annex 1 before the MSC next meet on 19 November. I would then invite the MSC to let me have their comments on the new concept in early January so that we could announce the new scheme later in January or early in February in the context of a White Paper in which we would set out our employment and training strategy.

A Stricter Benefit Regime

16. If we are to maintain the present downward trend in unemployment, the development of the new unified training programme to help the long-term unemployed back to work must be accompanied by an extension of the measures taken to tighten up benefit procedures and keep up the pressure on benefit claimants to take the jobs, training or other opportunities which are now increasingly becoming available to them.

17. The merging of the Unemployment Benefit Service and the Jobcentres last month into a single Employment Service under my direct control will enable us to push ahead with a number of initiatives to ensure that benefit claimants are genuinely unemployed. These are set out in Annex 2. In brief I propose:

(i) to introduce early next year a revised form to test availability for work. The new form has fewer questions requiring a "yes" or "no" answer and it will therefore be much harder for organisations which are hostile to our programmes to publish advice to claimants on how to give the "right" answer.

(ii) to extend progressively the practice of using more senior staff to interview all new claimants for benefit and to ensure that when people claim benefit for the first time they are fully aware of the jobs and training opportunities available to them and of existing "in work" benefits. Resource constraints may dictate the pace of change but substantial benefit savings could result.

(iii) to combine Restart and Availability Testing in a single programme which will require every unemployed person to complete a questionnaire every six months and submit it to the Employment Service before attending their Restart interview. This will ensure that the Availability Test is brought to bear on all existing (not just new) claimants at regular intervals and that Restart interviewers have a full account of each person's circumstances and history before an interview begins. This should reduce the number of interviews which need to be carried out, detect doubtful availability and ensure that those which do take place are more structured and positive in outcome than is currently the case. Subject to satisfactory piloting this could begin next April.

(iv) to ensure that the Restart interviews give claimants a much stronger steer towards the jobs and other opportunities available to them (including Jobclubs, which will continue to expand) and that, as soon as resources allow,

those who unreasonably refuse to take up the opportunities available to them or who say they will but do not appear on programmes or rapidly drop out from them are automatically referred to Claimant Advisers for an immediate and thorough review of their benefit entitlement. And we should be prepared to see a more vigorous application of benefit sanctions on those who are not prepared to take up opportunities like Jobclubs designed to help them back to work.

(v) to continue to expand the effort of Claimant Advisers and fraud staff until they have reached the limits of their effectiveness. This again depends on the availability of the staff resource required.

18. I am not at this stage seeking increased resources for any of the measures listed above. In the first instance I would like to see what can be achieved within existing provision in the Employment Service. But if we can continue to get high returns of benefit savings from reduced unemployment which exceed the required increases in staff costs I would like to have flexibility to continue to switch resources from programme expenditure into running costs. This would make more effective use of the resources available to me for reducing unemployment. I would, of course, consult the Treasury on any specific proposals for such switching as they arise.

CONCLUSION

19. I propose:

(i) to bring together the existing temporary work and training programmes for the long-term

unemployed into a unified training programme to help them take full advantage of the increasing job opportunities.

(ii) to announce the new programme before 19 November with a view to consulting the Manpower Services Commission and including the details in a White Paper on our employment and training strategy to be published around the end of January.

(iii) to tighten up further benefit procedures and sanctions in the new Employment Service to ensure that unemployed people take up the job, training and other opportunities which will increasingly be available to them.

20. I aim to carry these approaches forward within the reduced resources available to me following the outcome of the PES discussions. I may, however, wish to propose switches in resources, including between programme and running costs, to achieve the maximum impact on unemployment in which case I would consult the Treasury on all specific proposals.

21. I am copying this minute to Nigel Lawson and to Sir Robert Armstrong and Norman Blackwell.

N F

6 November 1987

OUTLINE OF POSSIBLE STATEMENT

- Unemployment has now fallen for 15 months in succession and by a record 400,000 over the last 12 months

- now is the right time to review programmes for unemployed people

- school leaver unemployment eliminated.

- Priority must be to provide training for the long term unemployed

- emphasis has to be switched away from providing temporary jobs as an alternative to unemployment and towards providing training to enable unemployed people to get back into permanent jobs

- need to bring unity and coherence to the plethora of training programmes which have grown over the years

- must ensure that the training we provide is flexible and geared to needs of both individual trainees and the economy

- need a programme which will carry us through into next decade.

- I have therefore decided to bring together all the existing programmes for unemployed people over 18 in a single new programme offering up to 12 months training for anyone who has been out of work for more than 6 months.

- Entry through Restart interviews.

- Training

  (i) tailored to the needs of individual on the basis of assessment

  (ii) will take place either with employers or on training projects or a mixture of the two, with college based tuition whenever appropriate

  (iii) cover a wide spectrum, from training in basic working skills, including numeracy and literacy, to higher levels of skill.

- All trainees to be paid a "benefit plus" training allowance

- every effort to be made to find them jobs when they leave programme.

- Within available resources but stress that they are substantial.

- Overall target: to provide training for up to 600,000 people a year.

- Programme will make a major contribution to fulfilling our Manifesto commitments to the long-term unemployed.

A STRICTER BENEFIT SCHEME - THE ROLE OF THE NEW EMPLOYMENT SERVICE

1. The last 18 months have seen a considerable build up in the resources devoted within Jobcentres and the Unemployment Benefit Offices to ensuring that only the genuinely unemployed are claiming benefit and are therefore counted as unemployed:-

   - under the Restart programme all claimants unemployed for over 12 months have been interviewed and approaching 90% offered a job, a training place or some other opportunity designed to get them back to work. The programme has now been extended to the 6-month plus group; in total over 2 million interviews have taken place since 1986. Consistently more than 10% of those invited to interview leave the register shortly after receiving their invitation and without an interview taking place;

   - a formal test of availability for work, involving completion of a detailed questionnaire, has been introduced for all new claimants. As a result some 4% are now referred to an independent Adjudication Officer for a decision on their availability compared with less than 1% previously. An additional 4% are deterred by the new procedure from pursuing their claim;

   - 650 Claimant Advisers (previously Unemployment Review Officers of the DHSS) are now in post in Unemployment Benefit Offices both to help claimants back into work and to tighten the controls on those who should not

be claiming at all. They are currently interviewing some 45,000 claimants a month, at least a third of whom are leaving the register following interview;

- the number of fraud investigators in the DE has been nearly doubled in the past 3 years. Last year they investigated some 350,000 cases of whom some 60,000 withdrew their claims as a result.

2. Taken together these measures have led to a major tightening of the benefit regime which has been clearly reflected in the unemployment figures. Nevertheless, the split between Benefit Offices and Jobcentres and the fact that the latter have until now been managed at one remove from the Department of Employment have constrained further development. With these constraints now removed the following are early priorities for the the new Employment Service:-

(i) A revised availability for work form

The existing questionnaire, though effective, has been compromised by the action of various organisations who have published "guides" on how to complete it so as to avoid disallowance of benefit. The present form makes this easy in that it invites fairly simple yes/no answers. It is proposed to introduce a revised version early in 1988 which will:

- ask questions to which it will be more difficult to provide stock answers;

- seek more information relating to the claimant's circumstances and search for work;

- tie these questions in - at least in certain locations - with actual job vacancies against which the claimant's availability can be more easily tested.

(ii) In depth interviewing of new claimants

Currently new claims to unemployment benefit are taken by Administrative Officers (formerly Clerical Officers). They are limited both by ability and by grade as regards the extent to which they can probe a claimant's availability, circumstances and employment intentions. Within the new Employment Service it is intended - subject to piloting - to move progressively to in-depth interviews conducted by Executive Officers at which they will attempt to place claimants into jobs and thoroughly check their benefit entitlement before taking a claim to benefit. Early results of experiments in UBOs suggest that substantial benefit savings should result, although clearly resource constraints will dictate the pace of change.

(iii) Combined Restart and Availability Testing

Despite the introduction of Claimant Advisers and of the availability test for new claimants there is still no systematic check of availability after the initial claim stage.

To remedy this it is proposed from next April (subject to satisfactory piloting) to include a test of availability as an integral part of the Restart procedure. Restart invitations will henceforth be accompanied by a questionnaire which the individual will be asked to complete and bring to the interview. The questionnaire will be designed to:

- establish whether the basic availability criteria continue to be satisfied, including the extent to which the unemployed person has been seeking out jobs and other opportunities in recent months;

- identify other aspects (eg training needs) which might be hampering the claimant's job search;

- allow interviewers to obtain useful information about the claimant's job requirements, their experiences in looking for work and how their prospects of employment could be improved.

(iv) Restart Follow-up

Currently some 18% of those attending a Restart interview turn down all offers of help. A further substantial percentage accept such an offer at the time but fail to act on it. Others begin a JTS course but rapidly drop out. Current resources do not permit any systematic follow-up of these

"refusers". With the advent of the new Employment Service it is intended, as soon as resources allow, to refer all such cases to Claimant Advisers for a thorough examination of their benefit entitlement. Linked to this move it would be possible to provide that henceforward benefit sanctions will be applied to those unreasonably turning down a place in a Jobclub or on a Job Training Scheme. The power to invoke such sanctions - which lead to loss of benefits - already exists but has not thus far been invoked.

(v) Additional Claimant Advisers and Fraud Investigators

There are currently some 650 Claimant Advisers and 720 fraud investigators in the Unemployment Benefit Service. The recently agreed PES provison allows for a further increase of 300 and these will be split between Claimant Advisers and fraud investigators according to need and cost-effectiveness. However, existing rates of return for both groups are between 4:1 and 5:1 and there is no sign yet of diminishing returns having set in. Further increases beyond the 300 now agreed are therefore likely to prove both justifiable and highly cost-effective.

CCB/G

Prime Minister'
Content to write as proposed?
DRN 6/11
Yes mt

Ref. A087/3141

PRIME MINISTER

24? - at flap

The Employment Service

The Secretary of State for Employment's letter of 29 October puts forward proposals for Ministerial responsibility and accountability following the transfer of Jobcentres and certain other functions from the Manpower Services Commission on 26 October. In correspondence before the Summer Recess, the Scottish and Welsh Secretaries argued that they should continue to have some role in answering in Parliament on employment measures, although the transferred functions would no longer be covered by the arrangement whereby the Manpower Services Commission reports to and is funded by all three Secretaries of State.

2. The logic of the transfer from the Manpower Services Commission to the Department of Employment is that the Secretary of State for Employment should have sole responsibility for policy towards and funding of the transferred functions. But the Secretary of State's proposals offer the Scottish and Welsh Secretaries of State a continued role in answering on local aspects of the Enterprise Allowance Scheme, Jobclubs, sheltered employment and services for the disabled, on the model of arrangements which already apply to the (larger) Community Programme.

3. Completely clear responsibility and accountability could of course be achieved by making the Secretary of State for Employment alone answerable in every respect. But the Scottish and Welsh Secretaries would not welcome the consequent reduction in their roles, and foresee Parliamentary objections. The Secretary of State for Employment's proposals seem a sensible compromise, and have been agreed by officials of the

three departments. I think they are likely to be the best way forward in practice, and I recommend that you should indicate that you would be content with them if they are acceptable to the Secretaries of State for Scotland and Wales.

RA

ROBERT ARMSTRONG

4 November 1987

MANPOWER: SERVS pt 17

CCBG

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

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Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

David Norgrove Esq.
10 Downing Street
LONDON SW1A 2AO

NSAM.

2 November 1987

Dear David,

Further to your minute of 21 July to John Turner, AT FLAP AT 16 you will want to know that my Secretary of State has now written to the Secretaries of State for Scotland and Wales. Copies of the letters are enclosed.

I am copying this letter to John Shortridge (Welsh Office), Robert Gorden (Scottish Office), Tim Walker (Department of Trade and Industry), Rob Smith (Department of Education and Science), Geoffrey Podger (Department of Health and Social Security), Alex Allen (H.M. Treasury) and Trevor Woolley (Cabinet Office).

Sincerely

Beverley Evans.

BEVERLEY EVANS
PRIVATE SECRETARY

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF
6460
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Switchboard 01-213 3000 GTN Code 213
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The Rt Hon Peter Walker MBE MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1A 2ER

29 October 1987

Dear Peter

THE EMPLOYMENT SERVICE

As you know the transfer of Jobcentre and related functions from the Manpower Services Commission to my direct control has taken place. The attached note for which I should be glad to have your agreement, proposes new arrangements for Ministerial responsibility as a consequence of the transfer of functions. It has been provisionally agreed between officials of both our Departments.

In broad terms, the note proposes that questions on the new Employment Service should be wholly fielded by myself, though I would of course consult on issues with a clear Welsh dimension. Similarly, policy on employment programmes would be wholly my responsibility. It would however be for you to field Parliamentary Questions and Ministerial responsibility on local issues connected with programmes.

This formula may not be easy to apply. It is not always possible to distinguish from broader operations nor indeed local issues from those of general policy. It will be important therefore to keep the arrangements under review so that we can fine tune them as necessary.

There will be consequential changes for the Manpower Services Committee for Wales. From 26 October it has no longer been appropriate for the Scottish or Welsh Committees, or indeed Area Manpower Boards, to maintain oversight of any of the transferred functions. I do however expect my staff to maintain close links with their MSC counterparts so that Commission staff can keep the Committees and Boards informed on relevant DE matters. You will know that I am changing the name of MSC to the 'Training Commission' in the Employment Bill. This too has implications for the Committee for Wales. It seems logical for it to become known as the 'Training Committee for Wales', but this will of course be for the Commission itself to decide.

I am writing in similar terms to Malcolm Rifkind and am copying this letter to the Prime Minister's Private Secretary.

Yours ever, Norman

NORMAN FOWLER

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF
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The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland
Scottish Office
Whitehall
LONDON
SW1A 2ER

29 October 1987

Dear Malcolm

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There will be consequential changes for the Manpower Services Committee for Scotland. From 26 October it has no longer been appropriate for the Scottish or Welsh Committees, or indeed Area Manpower Boards, to maintain oversight of any of the transferred functions. I do however expect my staff to maintain close links with their MSC counterparts so that Commission staff can keep the Committees and Boards informed on relevant DE matters. You will know that I am changing the name of MSC to the 'Training Commission' in the Employment Bill. This too has implications for the Committee for Scotland. It seems logical for it to become known as the 'Training Committee for Scotland', but this will of course be for the Commission itself to decide.

I am writing in similar terms to Peter Walker and am copying this letter to the Prime Minister's Private Secretary.

Yours ever, Norman

NORMAN FOWLER

NOTE ON THE EMPLOYMENT SERVICE : SCOTLAND AND WALES : DIVISION OF RESPONSIBILITIES

The existing relationships between the Department of Employment Group and the Scottish Office are described in the attached memorandum drawn up by officials in 1986. Arrangements for the Welsh Office were not formally set down at that time but are in line with those for the Scottish Office in most respects. In summary, the Secretary of State for Scotland/Wales has sole responsibility for small firms, and tourism. The Manpower Services Commission reports to the Secretary of State for Scotland for its operations in Scotland to the extent that it is possible to distinguish a specific territorial dimension in them. Similarly any MSC function with a territorial dimension in Wales is the responsibilitly of the Secretary of State for Wales. The territorial ministers are responsible for funding most of the Commission's activities via their contribution to its grant in aid.

On 26 October 1987 responsibility for the Jobcentre network was transferred from the MSC back to the Department of Employment so that an integrated service can be established in conjunction with the Unemployment Benefit Service. From the same date the Enterprise Allowance Scheme, Restart courses, Jobclubs, PER, and sheltered employment and services for the disabled (other than employment rehabilitation) will be run directly by the Department. MSC will continue to operate the Community Programme on the Secretary of State's behalf.

The memorandum should accordingly be amended as follows.

Jobcentres

Following the establishment of the new Employment Service it will become increasingly difficult to distinguish the traditional Jobcentre (and PER) functions associated with helping people find work and the functions of what was the Benefit Service. All issues concerning the new Service (as distinct from the individual employment programmes for which it will be responsible) will therefore be the responsibility of the Secretary of State for Employment. He will of course continue to consult the territorial ministers on policy issues with a local dimension such as the location of offices under the new network.

Employment Programmes

The Enterprise Allowance Scheme, Jobclubs, sheltered employment and services for the disabled to the extent that they are self-standing, and separately identifiable, will be handled on a similar basis to the way in which the Community Programme has been dealt with in the past. The territorial ministers will field the PQs and ministerial correspondence on local issues, but in consultation with DE rather than MSC. Restart courses will not be self-standing under the operation of the new Service but inextricably linked with the work of Restart Counsellors and Claimant Advisers in identifying those genuinely seeking work and helping them to find it. They will therefore remain a wholly DE responsibility.

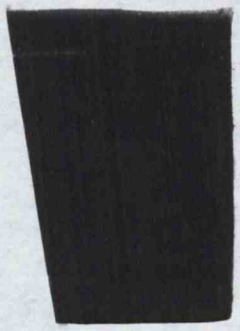
Community Programme

The Community Programme will continue to be run by MSC as an agent of the Secretary of State. No changes are necessary in existing arrangements.

mission Operations

nt and Other Statistics

torial ministers will continue to answer all statistical with a territorial dimension (eg the rate of ient in Strathclyde) on the basis of information supplied mployment Service. The future of the Regional Manpower gence Units is still under consideration. Whatever the , the Scottish and Welsh Offices should be able to handle, eir help, the same enquiries as before.



THE RELATIONSHIPS BETWEEN THE DEPARTMENT OF EMPLOYMENT GROUP IN SCOTLAND AND THE SCOTTISH OFFICE

A. MATTERS WHICH ARE THE SOLE RESPONSIBILITY OF THE SECRETARY OF STATE FOR EMPLOYMENT

The Secretary of State for Employment has sole responsibility for the Unemployment Benefit Service, Health and Safety Executive, ACAS and special measures such as the Job Splitting Scheme and Young Workers Scheme. He also has responsibility for the British Tourist Authority, and for co-ordinating the efforts of Government Departments in keeping under regular review the range of Government policies which impinge on tourism and leisure.

B. MATTERS WHICH ARE THE SOLE RESPONSIBILITY OF THE SECRETARY OF STATE FOR SCOTLAND

Small firms, enterprise and tourism in Scotland are in general the responsibility of the Secretary of State for Scotland (but the Loan Guarantee Scheme is the responsibility of the Secretary of State for Employment). They are handled by the Industry Department for Scotland (IDS), the Scottish Development Agency (SDA) and the Highlands and Islands Development Board (HIDB). For example:-

- The SDA's Small Business Division (in association with the Department of Employment's (DE) Small Firms Service) runs Small Firms Information Centres providing expert advice and counselling. The HIDB provides similar advice and support to small businesses in its area.

- The IDS has general responsibility for Enterprise Trusts in Scotland and the Trusts have proved useful in administering Scottish Office initiatives such as Enterprise Funds for Youth (EFFY). EFFY helps people aged 16-25 to set up businesses in parts of the central belt of Scotland. It is funded by SDA with the approval of Secretary of State.

- The SDA, with financial assistance from the European Social Fund, also sponsors the Training and Employment Grants Scheme (TEGS) in special project areas and other selected areas where the Agency is assisting local employment initiatives. TEGS helps employers to recruit and train local people. It is specifically aimed at unemployed people between 17 and 24 and those of 25 and over who have been out of work for a minimum of 12 months.

- The IDS co-operates with the STB and HIDB on tourism matters. Although MSC has no responsibility for tourism in Scotland many Community Programme and YTS projects are of benefit to tourism.

C. OTHER RESPONSIBILITIES OF THE SECRETARY OF STATE FOR SCOTLAND

The Manpower Services Commission (MSC) reports to the Secretary of State for Scotland for its operations in Scotland to the extent that it is possible to distinguish a specific territorial dimension to them. Any function of the MSC relating to matters which cannot be identifiably split between the countries continues to be a matter for the Secretary of State for Employment acting in consultation with the Secretary of State for Scotland (and, in the case of Wales, with the Secretary of State for Wales).

Since the MSC operates in a GB labour market this effectively means matters of policy on most manpower matters are set at GB level by means of proposals from the

Commission requiring the approval of the Secretary of State for Employment in consultation with the Secretary of State for Scotland.

The Secretary of State for Scotland is responsible for approving the Commission's plans for its programmes in Scotland and for the MSC's operation of programmes, both of which are set out in a separate Corporate Plan for Scotland. Thus, the policy on Adult Training is for the Secretary of State for Employment in consultation with the Secretary of State for Scotland while, within overall policy and plans, general oversight of Adult Training provision for the labour market in Scotland is for the Secretary of State for Scotland.

Oversight of the Careers Service in Scotland rests with the Secretary of State for Scotland. The governing legislation is the Education (Scotland) Act 1980. Thus, as far as Department of Employment Group matters are concerned the Secretary of State for Scotland is responsible in general for the day to day operational activities (not involving policy issues) of the employment service, the Careers Service and the Vocational Education and Training Group in Scotland. Parliamentary Questions, Private Office cases, etc on these operational topics are handled, with appropriate input from MSC Office for Scotland, by the Scottish Office on behalf of the Secretary of State for Scotland and his Industry Minister.

The Secretary of State for Scotland is also responsible for funding most of the Commission's activities (such as the Enterprise Allowance Scheme, YTS, Adult Training) in Scotland through his contribution to the MSC's grant-in-aid. The Scottish Office grant-in-aid covers all costs of the MSC programmes including personnel and general administrative expenditure. DE grant-in-aid covers the Employment Transfer Scheme in Scotland. DE also funds the Community Programme, operated by MSC in Scotland on an agency basis on its behalf.

D. MANPOWER SERVICES COMMISSION - BACKGROUND

When the MSC was established in 1973 it was given responsibility for manpower services throughout Great Britain. The rationale behind the decision was that the British labour market must, in many aspects, be treated as a single entity. In July 1977 however responsibility for the Commission's activities in Scotland was transferred to the Secretary of State for Scotland to enable full emphasis to be given to conditions in Scotland.

Also in 1977 the Commission agreed that a Scottish Committee of the MSC representing broadly the same interests as the MSC itself should be established as an integral part of the MSC's GB structure. Members are appointed by the Commission after consultation with the Secretary of State for Scotland.

The Committee is advisory; it has no executive powers. Its role includes putting forward on its own initiative matters it wishes to draw to the attention of the Commission and of the Secretary of State for Scotland - and considering, modifying as necessary and approving the proposals made by the Commission's officials in respect of Scotland. Its Chairman attends meetings of the Commission, though he is not a member of it.

E. HOW IT WORKS IN PRACTICE

Youth and Adult Training

There is a strong Scottish dimension in Education and Training and the MSC co-operates and consults with the Scottish Education Department on all appropriate issues - eg the 16+ Action Plan and YTS. However some matters such as the arrangements for transferring to the MSC a proportion of funds for non-advanced

further education (NAFE) apply only in England and Wales, not in Scotland. Nevertheless Scottish Office officials keep closely in touch with relevant developing issues such as the Review of Vocational Qualifications (which, although restricted to England and Wales, has Scottish implications).

Community Programme (CP)

CP is run by the MSC Employment Enterprise Group on DE's behalf. Questions on policy matters on CP (such as the maximum wage) are handled by DE but local matters concerning scheme provision in Scotland are dealt with by the Scottish Office in conjunction with MSC.

Enterprise Allowance Scheme (EAS)

Again, questions on GB policy matters (such as general eligibility rules) are dealt with by DE. The Secretary of State for Scotland is however responsible for general oversight of the day to day operation of EAS in Scotland (and is consulted by Secretary of State for Employment on major policy issues).

MSC, SDA and HIDB links

The MSC has working links with the SDA across the range of its programmes. These include the Community Programme (where there can be joint funding of environmental projects), ITeCs (which the SDA have helped to set up) and enterprise provision (where for example EAS applicants receive counselling from the SDA). The MSC also has similar close working links with the HIDB (which jointly sponsors some training courses in its area with MSC).

Co-operation on recent Initiatives

Restart for the long-term unemployed (Dundee pilot): This pilot scheme is part of a Government initiative which has been extended nationwide throughout GB from 1 July 1986. Restart is administered by MSC through its Jobcentres. As such it falls within the general arrangements for MSC schemes outlined above, whereby policy is a matter for the Secretary of State for Employment in consultation with the Secretary of State for Scotland and the latter is responsible for day to day activities. Thus, Scottish Office officials have kept closely in touch with the scheme's progress, particularly in Dundee.

Career Development Loans Scheme (Aberdeen Pilot): This Scheme is the responsibility of the Secretary of State for Employment but the help of Scottish Office Ministers was enlisted for the Aberdeen pilot: Mr Allan Stewart addressed the preliminary briefing session for the banks and training providers in Aberdeen on 17 February and Mr Michael Ancram launched the Aberdeen pilot on 15 April. This co-operation involved direct liaison between DE and SO officials. MSC is involved with the scheme's operational aspects (eg in advising potential clients of the existence of these loans when MSC funds are not available).

Action for Jobs: A booklet with this title (providing information on over 30 Government programmes) was produced in the Spring by DE. Scottish Office officials ensured it contained adequate Scottish references. Mr Allan Stewart hosted the Edinburgh presentation (as part of the series throughout GB) together with Mr Ian Lang on 11 July 1986.

MANPOWER = S.E.Ms Pt 馬 17

CCBG

HOME SECRETARY

QUEEN ANNE'S GATE LONDON SWIH 9AT

30 October 1987

NBPM.

Dear John,

INCOME SUPPORT FOR 16-18 YEAR OLDS

will request if required.

I have seen a copy of your letter of 14 October to Norman Fowler about detailed proposals for groups who will qualify for income support in their own right.

I am content with the general nature of your proposals, but as you know I have a particular concern about their impact on young offenders and ex-offenders who live away from home on the advice of the probation service. My officials have been discussing this issue with yours and have now written proposing a form of words for the regulations to cover the type of case we have in mind. This affects List A in your Annex. I should be grateful if this could be taken into account in future announcements about the two Bills.

Yours,

Douglas.

The Rt Hon John Moore, M.P.

OF

VCCBG

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

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Facsimile 01-213 5465 Telex 915564

The Rt Hon Douglas Hurd CBE MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

26 October 1987

Dear Douglas

NRBM.

FLAP PT 16.

In my absence on 5 August John Cope wrote to you and Cabinet colleagues inviting views on this Department's review of the legislation governing the employment of young persons, some of which discriminates between males and females.

As most colleagues have now responded I am writing to express my thanks for those contributions and to let you know we have started work on a consultative document, which will also cover protective legislation which discriminates against women. There seemed to be general agreement that it was the maintenance rather than the abolition of restrictions that would need to be justified, although careful presentation would be required. Colleagues felt that there would be justification in retaining restrictions on employment of schoolchildren, in connection with alcohol and gambling, and at sea.

Naturally my officials will liaise closely with those in other departments during the preparation of the consultative document, and I will send copies to Cabinet colleagues for comment (probably mid to late November) before publication in December.

Copies of this letter go to the Prime Minister, members of the Cabinet, and to Sir Robert Armstrong.

Yours

NORMAN FOWLER

MANPOWER : SEMS : Pt 17

10 DOWNING STREET

LONDON SW1A 2AA

26 October 1987

From the Private Secretary

QUALITY IN YTS AND JTS

The Prime Minister was grateful for the material attached to your letter to me of 19 October. She has commented that she would like to consider visiting one or two JTS agents in due course. Perhaps you could consider this and let us have some suggestions.

The Prime Minister looks forward to receiving the further report mentioned in your letter.

I am copying this letter to Jonathan Taylor (HM Treasury) and Trevor Woolley (Cabinet Office).

David Norgrove

Nick Wilson, Esq.,
Department of Employment.

CONFIDENTIAL

cc PM

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon John Moore MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON SE1 6BY

26 October 1987

NBPM.

Dear John

INCOME SUPPORT FOR 16-18 YEAR OLDS

Thank you for sending me a copy of your letter to Norman Fowler of 14 October, describing the groups who will be able to get Income Support in their own right after automatic benefit entitlement for the 16-18 age group ceases.

I am well content with what you describe for those listed in the annex to your letter. However, I note that these only cover those who have left full-time education. I assume that the position of those in full-time education will be no less than at present. If so, I am content for the details to be settled by our officials.

I am copying this letter to the Prime Minister, Willie Whitelaw, Douglas Hurd, Peter Walker, Norman Fowler, Malcolm Rifkind and John Major.

Yours Kenneth

ED/19/A

CBG

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

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Rt Hon John Moore MP
Secretary of State for Social Services
Alexander Fleming House
LONDON SE1 6BY

29 October 1987

Dear John

INCOME SUPPORT FOR 16 - 18 YEAR OLDS

Thank you for your letter of 14 October setting out your proposals for the groups of 16 and 17 year olds who would continue to be eligible for income support after the general withdrawal of that option from unemployment youngsters in this age group. I am quite content with what you propose - the combination of the social security changes in your Bill, the YTS guarantees and the 'bridging allowance' made possible by my Bill gives us a firm but fair regime for this age group.

I would be grateful if your officials could keep in touch with mine as you draft the Regulations which set out the exceptional cases. Mine will similarly keep in touch with yours as we draft the rules of the YTS Bridging Allowance.

I am copying this letter as you did yours to the Prime Minister, Willie Whitelaw, Douglas Hurd, Kenneth Baker, Peter Walker, Malcom Rifkind and John Major.

John Fowler

NORMAN FOWLER

MANPOWER
SEM'S
PT 17

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The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland
Scottish Office
Whitehall
LONDON
SW1A 2ER

29 October 1987

Dear Malcolm

THE EMPLOYMENT SERVICE

As you know the transfer of Jobcentre and related functions from the Manpower Services Commission to my direct control has taken place. The attached note for which I should be glad to have your agreement, proposes new arrangements for Ministerial responsibility as a consequence of the transfer of functions. It has been provisionally agreed between officials of both our Departments.

In broad terms, the note proposes that questions on the new Employment Service should be wholly fielded by myself, though I would of course consult on issues with a clear Scottish dimension. Similarly, policy on employment programmes would be wholly my responsibility. It would however be for you to field Parliamentary Questions and Ministerial responsibility on local issues connected with programmes.

This formula may not be easy to apply. It is not always possible to distinguish from broader operations nor indeed local issues from those of general policy. It will be important therefore to keep the arrangements under review so that we can fine tune them as necessary.

There will be consequential changes for the Manpower Services Committee for Scotland. From 26 October it has no longer been appropriate for the Scottish or Welsh Committees, or indeed Area Manpower Boards, to maintain oversight of any of the transferred functions. I do however expect my staff to maintain close links with their MSC counterparts so that Commission staff can keep the Committees and Boards informed on relevant DE matters. You will know that I am changing the name of MSC to the 'Training Commission' in the Employment Bill. This too has implications for the Committee for Scotland. It seems logical for it to become known as the 'Training Committee for Scotland', but this will of course be for the Commission itself to decide.

I am writing in similar terms to Peter Walker and am copying this letter to the Prime Minister's Private Secretary.

Yours ever, Norman

NORMAN FOWLER

NOTE ON THE EMPLOYMENT SERVICE : SCOTLAND AND WALES : DIVISION OF RESPONSIBILITIES

The existing relationships between the Department of Employment Group and the Scottish Office are described in the attached memorandum drawn up by officials in 1986. Arrangements for the Welsh Office were not formally set down at that time but are in line with those for the Scottish Office in most respects. In summary, the Secretary of State for Scotland/Wales has sole responsibility for small firms, and tourism. The Manpower Services Commission reports to the Secretary of State for Scotland for its operations in Scotland to the extent that it is possible to distinguish a specific territorial dimension in them. Similarly any MSC function with a territorial dimension in Wales is the responsibilitly of the Secretary of State for Wales. The territorial ministers are responsible for funding most of the Commission's activities via their contribution to its grant in aid.

On 26 October 1987 responsibility for the Jobcentre network was transferred from the MSC back to the Department of Employment so that an integrated service can be established in conjunction with the Unemployment Benefit Service. From the same date the Enterprise Allowance Scheme, Restart courses, Jobclubs, PER, and sheltered employment and services for the disabled (other than employment rehabilitation) will be run directly by the Department. MSC will continue to operate the Community Programme on the Secretary of State's behalf.

The memorandum should accordingly be amended as follows.

Jobcentres

Following the establishment of the new Employment Service it will become increasingly difficult to distinguish the traditional Jobcentre (and PER) functions associated with helping people find work and the functions of what was the Benefit Service. All issues concerning the new Service (as distinct from the individual employment programmes for which it will be responsible) will therefore be the responsibility of the Secretary of State for Employment. He will of course continue to consult the territorial ministers on policy issues with a local dimension such as the location of offices under the new network.

Employment Programmes

The Enterprise Allowance Scheme, Jobclubs, sheltered employment and services for the disabled to the extent that they are self-standing, and separately identifiable, will be handled on a similar basis to the way in which the Community Programme has been dealt with in the past. The territorial ministers will field the PQs and ministerial correspondence on local issues, but in consultation with DE rather than MSC. Restart courses will not be self-standing under the operation of the new Service but inextricably linked with the work of Restart Counsellors and Claimant Advisers in identifying those genuinely seeking work and helping them to find it. They will therefore remain a wholly DE responsibility.

Community Programme

The Community Programme will continue to be run by MSC as an agent of the Secretary of State. No changes are necessary in existing arrangements.

Training Commission Operations

No change.

Unemployment and Other Statistics

The territorial ministers will continue to answer all statistical enquiries with a territorial dimension (eg the rate of unemployment in Strathclyde) on the basis of information supplied by the Employment Service. The future of the Regional Manpower Intelligence Units is still under consideration. Whatever the outcome, the Scottish and Welsh Offices should be able to handle, with their help, the same enquiries as before.

THE RELATIONSHIPS BETWEEN THE DEPARTMENT OF EMPLOYMENT GROUP. SCOTLAND AND THE SCOTTISH OFFICE

A. MATTERS WHICH ARE THE SOLE RESPONSIBILITY OF THE SECRETARY OF STATE FCR EMPLOYMENT

The Secretary of State for Employment has sole responsibility for the Unemployment Benefit Service, Health and Safety Executive, ACAS and special measures such as the Job Splitting Scheme and Young Workers Scheme. He also has responsibility for the British Tourist Authority, and for co-ordinating the efforts of Government Departments in keeping under regular review the range of Government policies which impinge on tourism and leisure.

B. MATTERS WHICH ARE THE SOLE RESPONSIBILITY OF THE SECRETARY OF STATE FOR SCOTLAND

Small firms, enterprise and tourism in Scotland are in general the responsibility of the Secretary of State for Scotland (but the Loan Guarantee Scheme is the responsibility of the Secretary of State for Employment). They are handled by the Industry Department for Scotland (IDS), the Scottish Development Agency (SDA) and the Highlands and Islands Development Board (HIDB). For example:-

- The SDA's Small Business Division (in association with the Department of Employment's (DE) Small Firms Service) runs Small Firms Information Centres providing expert advice and counselling. The HIDB provides similar advice and support to small businesses in its area.

- The IDS has general responsibility for Enterprise Trusts in Scotland and the Trusts have proved useful in administering Scottish Office initiatives such as Enterprise Funds for Youth (EFFY). EFFY helps people aged 16-25 to set up businesses in parts of the central belt of Scotland. It is funded by SDA with the approval of Secretary of State.

- The SDA, with financial assistance from the European Social Fund, also sponsors the Training and Employment Grants Scheme (TEGS) in special project areas and other selected areas where the Agency is assisting local employment initiatives. TEGS helps employers to recruit and train local people. It is specifically aimed at unemployed people between 17 and 24 and those of 25 and over who have been out of work for a minimum of 12 months.

- The IDS co-operates with the STB and HIDB on tourism matters. Although MSC has no responsibility for tourism in Scotland many Community Programme and YTS projects are of benefit to tourism.

C. OTHER RESPONSIBILITIES OF THE SECRETARY OF STATE FOR SCOTLAND

The Manpower Services Commission (MSC) reports to the Secretary of State for Scotland for its operations in Scotland to the extent that it is possible to distinguish a specific territorial dimension to them. Any function of the MSC relating to matters which cannot be identifiably split between the countries continues to be a matter for the Secretary of State for Employment acting in consultation with the Secretary of State for Scotland (and, in the case of Wales, with the Secretary of State for Wales).

Since the MSC operates in a GB labour market this effectively means matters of policy on most manpower matters are set at GB level by means of proposals from the

ommission requiring the approval of the Secretary of State for Employment in consultation with the Secretary of State for Scotland.

The Secretary of State for Scotland is responsible for approving the Commission's plans for its programmes in Scotland and for the MSC's operation of programmes, both of which are set out in a separate Corporate Plan for Scotland. Thus, the policy on Adult Training is for the Secretary of State for Employment in consultation with the Secretary of State for Scotland while, within overall policy and plans, general oversight of Adult Training provision for the labour market in Scotland is for the Secretary of State for Scotland.

Oversight of the Careers Service in Scotland rests with the Secretary of State for Scotland. The governing legislation is the Education (Scotland) Act 1980. Thus, as far as Department of Employment Group matters are concerned the Secretary of State for Scotland is responsible in general for the day to day operational activities (not involving policy issues) of the employment service, the Careers Service and the Vocational Education and Training Group in Scotland. Parliamentary Questions, Private Office cases, etc on these operational topics are handled, with appropriate input from MSC Office for Scotland, by the Scottish Office on behalf of the Secretary of State for Scotland and his Industry Minister.

The Secretary of State for Scotland is also responsible for funding most of the Commission's activities (such as the Enterprise Allowance Scheme, YTS, Adult Training) in Scotland through his contribution to the MSC's grant-in-aid. The Scottish Office grant-in-aid covers all costs of the MSC programmes including personnel and general administrative expenditure. DE grant-in-aid covers the Employment Transfer Scheme in Scotland. DE also funds the Community Programme, operated by MSC in Scotland on an agency basis on its behalf.

D. MANPOWER SERVICES COMMISSION - BACKGROUND

When the MSC was established in 1973 it was given responsibility for manpower services throughout Great Britain. The rationale behind the decision was that the British labour market must, in many aspects, be treated as a single entity. In July 1977 however responsibility for the Commission's activities in Scotland was transferred to the Secretary of State for Scotland to enable full emphasis to be given to conditions in Scotland.

Also in 1977 the Commission agreed that a Scottish Committee of the MSC representing broadly the same interests as the MSC itself should be established as an integral part of the MSC's GB structure. Members are appointed by the Commission after consultation with the Secretary of State for Scotland.

The Committee is advisory; it has no executive powers. Its role includes putting forward on its own initiative matters it wishes to draw to the attention of the Commission and of the Secretary of State for Scotland - and considering, modifying as necessary and approving the proposals made by the Commission's officials in respect of Scotland. Its Chairman attends meetings of the Commission, though he is not a member of it.

E. HOW IT WORKS IN PRACTICE

Youth and Adult Training

There is a strong Scottish dimension in Education and Training and the MSC co-operates and consults with the Scottish Education Department on all appropriate issues - eg the 16+ Action Plan and YTS. However some matters such as the arrangements for transferring to the MSC a proportion of funds for non-advanced

ther education (NAFE) apply only in England and Wales, not in Scotland. Nevertheless Scottish Office officials keep closely in touch with relevant developing issues such as the Review of Vocational Qualifications (which, although restricted to England and Wales, has Scottish implications).

Community Programme (CP)

CP is run by the MSC Employment Enterprise Group on DE's behalf. Questions on policy matters on CP (such as the maximum wage) are handled by DE but local matters concerning scheme provision in Scotland are dealt with by the Scottish Office in conjunction with MSC.

Enterprise Allowance Scheme (EAS)

Again, questions on GB policy matters (such as general eligibility rules) are dealt with by DE. The Secretary of State for Scotland is however responsible for general oversight of the day to day operation of EAS in Scotland (and is consulted by Secretary of State for Employment on major policy issues).

MSC, SDA and HIDB links

The MSC has working links with the SDA across the range of its programmes. These include the Community Programme (where there can be joint funding of environmental projects), ITeCs (which the SDA have helped to set up) and enterprise provision (where for example EAS applicants receive counselling from the SDA). The MSC also has similar close working links with the HIDB (which jointly sponsors some training courses in its area with MSC).

Co-operation on recent Initiatives

Restart for the long-term unemployed (Dundee pilot): This pilot scheme is part of a Government initiative which has been extended nationwide throughout GB from 1 July 1986. Restart is administered by MSC through its Jobcentres. As such it falls within the general arrangements for MSC schemes outlined above, whereby policy is a matter for the Secretary of State for Employment in consultation with the Secretary of State for Scotland and the latter is responsible for day to day activities. Thus, Scottish Office officials have kept closely in touch with the scheme's progress, particularly in Dundee.

Career Development Loans Scheme (Aberdeen Pilot): This Scheme is the responsibility of the Secretary of State for Employment but the help of Scottish Office Ministers was enlisted for the Aberdeen pilot: Mr Allan Stewart addressed the preliminary briefing session for the banks and training providers in Aberdeen on 17 February and Mr Michael Ancram launched the Aberdeen pilot on 15 April. This co-operation involved direct liaison between DE and SO officials. MSC is involved with the scheme's operational aspects (eg in advising potential clients of the existence of these loans when MSC funds are not available).

Action for Jobs: A booklet with this title (providing information on over 30 Government programmes) was produced in the Spring by DE. Scottish Office officials ensured it contained adequate Scottish references. Mr Allan Stewart hosted the Edinburgh presentation (as part of the series throughout GB) together with Mr Ian Lang on 11 July 1986.

MANPOWER: SEMS pt 17



PRIME MINISTER

23 October 1987

QUALITY IN YTS AND JTS

The note from the Department of Employment confirms that hard statistical information on the quality of training programmes - placement rates, qualifications received, etc - is so far patchy, and a request to the MSC to undertake a review of quality is therefore welcome.

However, the information they have been able to provide on YTS is moderately encouraging:

- a recent survey of YTS leavers taken a few months after they left the scheme showed 60% in employment, 17% in further training or other activities and 23% unemployed;

- a survey of employers who took on YTS trainees showed that 67% of ex-YTS trainees stayed with their placement firms, 27% obtained employment with other firms and only 5% became unemployed;

- under the YTS 1 scheme almost 40% of those completing their course achieved a recognised qualification. This figure should be higher for trainees who complete the new two year course - the first of whom will qualify in summer 1988.

Although no information is yet available for the new JTS scheme, my own visits to training agencies suggest that it is remarkably effective in achieving the objective of placing the long term unemployed in work. Agents report very little problem in finding placements with employers to provide the work experience element of the course - and it appears to be quite common for employers to offer trainees permanent jobs before they reach the end of the course. The success of the programme seems to rest on:

- the effectiveness of the initial one week induction programme in remotivating the long term unemployed to think about new kinds of career opportunity and undertake the training required;

- the success of the work "placement" process in allowing employers to take on someone who has been out of work for some time - of whom they might naturally be suspicious - and give them a trial without commitment.

At one agent in Birmingham, for example, I met a 32 year old woman who had been out of work for six years after losing a job as a dressmaker. After going through JTS she now had permanent employment as a telephonist/receptionist - a job she would never have thought of applying for, and would have had little chance of gaining without the course. Another agent described a 36 year old man with six children who had never worked - but was now on the scheme and in a successful work placement with an engineering company.

The attached table shows a profile of the initial group of JTS leavers from an agent in Rugby. The previous length of unemployment of these individuals and the range of different kinds of employment obtained is impressive; but so too is the average length of time on the scheme before gaining employment - which is slightly less than 7 weeks against an average of 6 months available on the scheme. It is difficult to imagine a more effective scheme for getting the long term unemployed back into work!

Conclusion

We must continue pressing for usable statistics on the quality of training schemes. However, recent press reports throwing doubts on JTS seem to be more of a reflection of continued trade union opposition to the scheme than the reality of the scheme on the ground - although it is true

that numbers have been much less than planned, partly due to the cancellation of publicity during the election campaign.

Mr Fowler will shortly be presenting you with imaginative proposals to pull the community programme and JTS closer together into a single framework for motivating, training and providing work experience for long term unemployed - bringing the benefits of the JTS approach into the existing community programmes.

In the meantime, to counter adverse publicity, you might consider building visits to JTS agents into your programme as a way of getting the media to highlight some of the individual success stories.

Yes - very good proposal.
MT

Norman Blackwell

NORMAN BLACKWELL

NAME	AGE	LENGTH OF UNEMPLOYMENT	PERSONAL CIRCUMSTANCES	LENGTH OF TIME ON THE SCHEME	EMPLOYMENT OBTAINED
	31	2½ years	Single - live alone	9 weeks	Photography
	23	12 months	Single - lives alone	16 weeks	Carpentry/Joinery
	37	19 months	Married - 2 children	18 weeks	Self-employed selling toys etc.
	19	14 months	Single	12 weeks	Catering
	24	18 months	Married	6 weeks	Sales & Marketing
	22	12 months	Single	18 weeks	General Hotel Work
	41	13 months	Married	12 weeks	Engineering
	20	12 months	Single	8 weeks	Horticulture
	22	25 months	Married - 4 children	20 weeks	Retail/Sales
	21	18 months	Single	10 weeks	Engineering
	25	48 months	Divorced - 3 children	14 weeks	Central Lathe & Milling

CLOSED UNDER THE FREEDOM OF INFORMATION ACT 2000

CLOSED UNDER THE FREEDOM OF INFORMATION ACT 2000

NAME	AGE	LENGTH OF UNEMPLOYMENT	PERSONAL CIRCUMSTANCES	LENGTH OF TIME ON THE SCHEME	EMPLOYMENT OBTAINED
	18	12 months	Single	7 weeks	Floristry
	19	11 months	Single	6 weeks	Clerical
	38	12 months	Married - 3 children	8 weeks	Warehouse Work
	37	72 months	Married - 3 children	10 weeks	Furnace Operator
	19	12 months	Divorced - 1 child	5 weeks	Computers
	24	24 months	Divorced - 1 child	3 weeks	Building Trade
	37	24 months	Married - children	5 weeks	Catering
	18	24 months	Single	4 weeks	Agriculture
	19	12 months	Single	12 weeks	Carpentry
	20	12 months	Single	6 weeks	Catering

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cc AH
DIGup

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

22 October 1987

Dear Ralph.

Thank you for your letter of 15 September about your proposals for Workfare.

Norman Fowler will be in touch with you about the Restart pilot schemes when plans are further advanced. In the meanwhile I was interested to read in more detail about your plan. I appreciate the great deal of work and thought you have put into it and can assure you that our aims in reducing unemployment and dependency on the State are very much in line.

Our Manifesto commitments and current plans go a long way towards meeting your objectives. We are bringing Jobcentres back to the Department of Employment under direct control of the Secretary of State; 16 and 17 year olds will be guaranteed a place on YTS and the option for them of claiming benefit will be removed; 18 to 25 year olds who have been unemployed for six months or more will be guaranteed a place on JTS, EAS or in a Jobclub; we aim within five years to guarantee to 25 to 50 year olds who have been unemployed for at least two years a place on JTS, CP, EAS, or in a Jobclub; and everyone unemployed for more than six months is guaranteed a Restart interview at six monthly intervals. These proposals and guarantees must be seen in the context of more effective availabi testing, including the pilots mentioned above, and a close ..ok at the provisions for withdrawing benefit fr n those who prefer to be idle than to take up these offers.

PTS

As I have said, I think that in practice we are very close in our objectives. Norman Fowler is going to the United States in the New Year and I know he would appreciate a word with you on your ideas before he does so.

Yours ever

Margaret

Ralph Howell, Esq., M.P.

File

D89

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 October 1987

df
to file

Thank you for your letter of 15 October about the £1,000 requirement for the Enterprise Allowance Scheme. The Prime Minister has seen this. It looks reasonably reassuring.

P. A. Bearpark

Peter Baldwinson, Esq.,
Department of Employment.

lo

SECRETARY OF STATE FOR EMPLOYMENT

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R20/10

Andy Bearpark
10 Downing Street
London
SW1A 2AA

20th October 1987

CF flap

I think we need the earlier letter from the PM to RH - a CF file (following a meeting) I expect.

Dear Andy,

Thank you for your letter of 21 September requesting a draft reply for the Prime Minister to send to Ralph Howell, MP.

It has been approved by my Secretary of State.

Yours sincerely

Pete

Peter Baldwinson
Private Secretary

Sorry about the delay.

HK-F-28

DRAFT FOR THE PRIME MINISTER

Ralph Howell Esq MP
House of Commons
LONDON
SW1A OAA

October 1987

Thank you for your letter of 15 September about your proposals for workfare.

Norman Fowler will be in touch with you about the Restart pilot schemes when plans are further advanced. In the meanwhile I was interested to read in more detail about your plan. I appreciate the great deal of work and thought you have put into it and can assure you that our aims in reducing unemployment and dependency on the State are very much in line.

Our Manifesto commitments and current plans go a long way towards meeting your objectives. We are bringing jobcentres back to the Department of Employment under direct control of the Secretary of State; 16 and 17 year olds will be guaranteed

a place on YTS and the option for them of claiming benefit will be removed; 18 to 25 year olds who have been unemployed for six months or more will be guaranteed a place on JTS, EAS or in a Jobclub; we aim within five years to guarantee to 25 to 50 year olds who have been unemployed for at least two years a place on JTS, CP, EAS, or in a Jobclub; and everyone unemployed for more that six months is guaranteed a Restart interview at six monthly intervals. These proposals and guarantees must be seen in the context at more effective availability testing, including the pilots mentioned above, and a close look at the provisions for withdrawing benefit from those who prefer to be idle than to take up these offers.

As I have said, I think that in practice we are very close in our objectives and I understand your concern in this matter. Norman Fowler is going to the United States in the New Year and would appreciate a word with you on your ideas before he does so.

CCBG

SECRETARY OF STATE FOR EMPLOYMENT

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David Norgrove Esq
10 Downing Street
LONDON
SW1

19 October 1987

Dear David,

QUALITY IN YTS AND JTS

Your letter of 22 September to Beverley Evans asked my Secretary of State:

(i) to review the arrangements for monitoring the quality of both YTS and JTS and

(ii) to provide an interim report summarising information currently available.

MSC have been asked to undertake a review of quality with particular reference to the types of work experience placement and their impact on work placement rates etc. We will let you have a report in due course.

I now attach the interim information on quality. In doing so I should emphasise the contrast between the YTS and JTS. YTS is now well-established and generates a considerable volume of statistical information and research reports. You may, for example, be interested to see also the attached article on the "Economic Effects of YTS" from this month's Employment Gazette. New JTS is at an early stage of development and we have much less information.

Quality has always been a key element in YTS and Annex A explains how we are moving from an early stage which inevitably relied largely on detailed MSC monitoring to the approval of organisations as "Approved Training Organisations", a greater emphasis on qualifications (requiring the development of new qualifications in many areas) and a small high-quality Training Standards Advisory Service (TSAS).

In the case of the JTS, the scheme went national only in April and the build-up has been affected by political opposition and the hiatus in marketing resulting from the Election. We are now putting increased efforts into building up the scheme. Annex B describes the approach to quality and what little is so far known about placement rates. I would emphasise the importance attached in the JTS towards minimising the bureaucratic controls and emphasising the obtaining or making significant progress towards recognised qualifications.

I am copying this letter to Jonathan Taylor (Treasury) and Trevor Woolley (Cabinet Office).

Yours sincerely,

Nick Wilson

NICK WILSON
Principal Private Secretary

Special Feature



Photo: Mike Blenkinsop Studios

Economic effects of YTS

by B M Deakin and C F Pratten

Department of Applied Economics, University of Cambridge

The Department of Applied Economics (DAE) of Cambridge University is making a study of the Wider Economic Effects of the Youth Training Scheme (YTS) and the Young Workers Scheme. It is estimating the effects of the schemes on the output of the economy, on employment, unemployment, wages and competition between firms. This article outlines the interim results of the study for YTS.

YTS induces extra jobs. This conclusion emerges from the DAE's study, which looked at the effect of YTS on the economy. The DAE gives several reasons for this:

- YTS encourages firms to bring forward recruitment by reducing the costs of hiring young people. Expanding firms are encouraged to take them on earlier than they would without YTS. YTS trainees are available to fill vacancies or to replace people leaving. YTS encourages firms to create an internal reserve of labour.
- In the service trades and in the service departments of

Approach to the survey

The effects of YTS vary between industries, according to the size of firms, with levels of regional unemployment and the trade which the trainees are learning. Also the number of YTS trainees enrolled by most firms is very small relative to the total number of their employees. Inevitably the effects for these firms are small and small marginal effects are difficult to measure accurately. The DAE relied upon estimates of the effects of the schemes made by managers who had close knowledge of using subsidised trainees and workers. Clearly there are qualifications to the results obtained by this approach, as some of the questions were of a hypothetical nature. For example, managers were asked what would be the effects on employment in their firms of the withdrawal of the scheme.

Sample design and response rates

The information on which the survey is based was obtained from a sample of 256 establishments and firms in eight industries[1]. These included four service industries, three manufacturing industries and construction. They were selected for their relatively high density[2] of mode 'A' YTS placements[3], constrained by a requirement to represent service and manufacturing activities in accordance with the national pattern. Geographically, the sample was selected from 12 rural and metropolitan counties. Six of these are south of the Wash–Bristol Channel line and six are north of it. The sample frame was further specified by size of establishment for each industry.

The names and addresses of 482 Census Units were drawn by the Department of Employment on a random basis within the sample frame specified by industry class, by region and size. The units on the register are primarily establishments but where firms organise wage payments for employees centrally for more than one establishment, the unit includes more than one establishment. The distribution of YTS trainees, the density of YTS trainees by industry, the number of establishments and firms approached and their response are shown in *table 1*. In the event some respondents preferred, or were only able, to provide information for all their operations not for one establishment.

The eight industries accounted for 22 per cent of total employment in Britain, but for 59 per cent of all YTS mode 'A' trainee placements during 1984–85. The distribution of YTS trainees is uneven between the eight industries. In December 1984 retail distribution had 11 per cent of total employment, but 25 per cent of all YTS trainees. The density of YTS was nearly 10 per cent in personal services and for the repair of consumer goods and vehicles.

[1] Researchers visited 240 of these between January and December 1986 and information was obtained from 16 by correspondence supplemented by discussions by telephone.
[2] Density is measured by YTS trainees as a percentage of all employees.
[3] Mode A is the scheme available to private firms and other bodies undertaking commercial business.

Table 1 The sample by industrial distribution and density, and response rates

Industry	SIC class	YTS mode 'A' trainee placements in year to December 31, 1985		Number of establishments or firms approached	Number of establishments or firms providing information	Response rate per cent
		Distribution per cent	Density per cent			
Repair of consumer goods and vehicles	*67*	7	9·7	58	31	53
Personal services	*98*	6	9·7	63	24	38
Manufacture of motor vehicles	*35*	5	5·0	54	29	54
Retail distribution	*64*	25	3·2	86	32	37
Hotels and catering	*66*	7	2·1	46	24	52
Chemicals	*25*	2	1·7	53	42	79
Construction	*50*	4	1·2	55	26	47
Mechanical engineering	*32*	3	1·1	67	48	72
Total		**59**	**2·9**	**482**	**256**	**53**

Of the total of 256 firms which provided information, 147 (57·4 per cent) were participants in YTS.

manufacturing firms extra employees can be used. There are often jobs to be done and by reducing the costs of employing young people, YTS encourages firms to recruit. The firms can then provide a marginally better service for customers; other staff may have to work under less pressure; and there may be some reduction in the recruitment of temporary workers and overtime. Similarly, some jobs—such as filing documents—are done sooner than would be the case without YTS trainees.

- Some firms take on YTS trainees in addition to their normal recruitment and train or provide experience for them, but they do not plan to recruit any of the trainees. Their motivation for these YTS enrolments is social. Firms consider they have a general responsibility or a responsibility to local communities to provide YTS positions and so improve the job prospects of trainees accepting YTS places.
- A few firms use YTS to employ young people, in order to cut prices and increase their sales and output. But many firms would have taken on young people without YTS and would have produced the same output in the absence of the scheme.
- In some firms YTS trainees displace older employees. Where this happens two trainees are sometimes employed in place of one older employee.

YTS

YTS is primarily a training scheme. Its aims during the period of the survey were:

- to provide school leavers with at least one year of high quality training and work experience as a bridge between school and work.
- to provide employers with a better equipped young workforce with competence and practical experience in a range of related jobs or skills.
- to provide work experience and skills which are transferable between employments.

Table 2 Deadweight and substitution effects of YTS

	Size of establishment or firm by number of employees			
	1-99	100-499	500-999	1,000 and over
Number of establishments or firms	*51*	*43*	*16*	*37*
YTS trainees in sample firms	123	147	209	4,611
Deadweight effect[1]	52 (42)	72 (49)	80 (38)	1,287 (28)
Substitution effect[1]	24 (20)	3 (2)	10 (4)	202 (4)
Jobs replaced	**76 (62)**	**75 (51)**	**90 (43)**	**1,489 (32)**
Induced jobs[2]	**47 (38)**	**72 (49)**	**119 (57)**	**3,122 (68)**

The figures in brackets are the percentage of the deadweight or substitution effects, and of jobs replaced or induced, of total YTS trainees in the sample.
[1] The estimates of deadweight for each firm are based on the number of trainees in place at the time of the interview or, where no trainees or young workers were engaged at that time, the position when they were in place not more than a year earlier. The estimates of the deadweight and substitution effects are unweighted.
[2] Induced jobs created by the scheme.

The researchers asked managers whether they would have had fewer young employees, including their YTS trainees, if YTS had not existed. If they said they would have employed fewer young people, they were asked how many fewer. From the answers to this question it was possible to estimate the *deadweight effect*—the YTS places which replaced jobs for young people which would have existed without YTS. Managers were also asked if they would have more employees in other age groups in the absence of YTS, so it was possible to estimate the *substitution effect*—the jobs for older workers which were replaced by YTS trainees.

In *table 2* the estimates of the deadweight and substitution effects are given for each size band as measured by the total number of employees engaged at the establishment or by the firm. Most of the enterprises which provided information for more than one establishment are included in the 1,000 and over size band. Accurate estimates of the distribution of YTS trainees by the size of the establishment at which they are trained are not available. There is some evidence that trainees are quite heavily concentrated in establishments with between 1 and 99 employees[1], but insufficient data exists to enable a weighting by size to be made. The estimates suggest that the extent of deadweight and substitution taken together decreases with size, but it should be noted that coverage of the 1 to 99 employee size band is relatively small in terms of number of YTS trainees.

The extent of deadweight and substitution for YTS trainees varied across industries. The unweighted deadweight effect was high for construction and personal services, and low for chemicals. The explanation for the high level of the deadweight effect in the construction is that many firms use YTS as the first year of apprenticeship, or with two-year YTS, as the first and second years of apprenticeship and they would have recruited many of the apprentices if they had not received the subsidy.

Output

YTS trainees produce some output during the time they spend on the scheme. Managers were asked to estimate the output for each person per working week of their YTS trainees by comparison with that of the job for which they were being trained. The measure of output is the wages of other workers doing equivalent work. Output is net of the value of the contribution of collaborating factors and other

[1] The Providers' Survey, 1985–86. Manpower Services Commission.



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inputs, and before deduction of the costs of training. The principal method used to evaluate the output of trainees is to relate their output or service to that of trained employees. Typically, output varied over the training period, starting at zero or a low figure and rising over time. Respondents were asked to make an average estimate for the whole year. The estimates, which are summarised and analysed by industry in *table 3*, give a broad indication of the output of trainees during the period of training.

For first year YTS trainees, estimates of the average weekly output of 3,465 trainees during 1985–86 were obtained. It may be seen that the first three industries in rank order of output per trainee per week are service industries. The output in these industries—repair of consumer goods and vehicles, retail distribution and personal services—is above the YTS rate of pay of £27·30 per week paid from April 1, 1986. The generally lower output per trainee in the manufacturing industries reflects the low productivity of trainees in their first year of training for skilled work.

Table 3 Output of first year YTS trainees by industry in 1985–86

Weighted averages of respondents' estimates

Industry	SIC class	Output (£'s per trainee per week)	Induced effect[1]	Output *net* of deadweight and substitution effects (£'s per trainee per week)
Repair of consumer goods and vehicles	*67*	36	0·50	18
Retail distribution	*64*	33	0·55	18
Hotels and catering	*66*	31	0·45	14
Motor manufacturing	*35*	29	0·57	17
Chemical industry	*25*	25	0·67	17
Construction	*50*	21	0·31	7
Personal services	*98*	20	0·32	6
Mechanical engineering	32	18	0·60	11

[1] This is the job creation fraction after allowances are made for the deadweight and substitution effects of the YTS.
Note: No information is available on the distribution of YTS by size of establishment or firm by industry. Estimates of average output and of the average induced effect in each industry are made by giving equal weight to each size band.

Output per trainee per week during training varies considerably by occupation. This is shown in *table 4*. Those who are learning a skilled trade produce very little in their first year of YTS—on average £7 per week. This reflects the relatively long learning process, much of it off-the-job training, before trainees are productive. The highest output is that of retail assistants, £39 per week, reflecting the fact that the skills required in that particular trade can be rapidly learned.

Skill shortages

One purpose of YTS is to provide training and work experience for young people who would otherwise have been unemployed. In an important sense YTS improves the employment prospects for all these trainees. Where the alternative to YTS is unemployment, young people would not acquire the habits of working, and for some of them their prospects for employment would be permanently impaired. This effect of YTS—to prevent a deterioration in the employment prospects of young people—will have important long-term consequences for employment.

Table 4 Output of first year YTS by occupational categories, 1985–86

	Number of first year YTS trainees	Output per trainee per week[2] £s	Average wage rates of jobs for which training is given[2] £'s per week.	Output as percentage of wage rate (col 2 as percentage of col 3)
	1	*2*	*3*	*4*
Skilled trades	481	7	153	5
Semi-skilled trades[1]	205	28	98	29
Operators in manufacturing	99	18	133	14
Retail assistants	2,234	39	95	41
Office trainees	343	33	92	36
Other trainees	103	29	88	33

[1] Such as hairdressers, laboratory assistants, assistant chefs.
[2] Weighted averages of respondents' estimates.

To find out whether skill shortages hamper the development and expansion of firms and whether YTS is increasing the supply of workers with these skills managers were asked whether the output of their firms was limited by difficulty in recruiting trained and/or experienced employees. Firms which answered positively were asked to list the categories of employees for which the shortages were most serious.

The replies to the question are summarised in *table 5*. There is a clear distinction between the response of the firms which had not participated in YTS and those which had. The output or development of 16 per cent of the non-participants in the scheme was limited by difficulties with recruitment, compared with 39 per cent of participants in the YTS. This difference in skill shortages is one of the factors which influenced firms' decisions on taking part in the YTS. Firms facing labour shortages were more likely to recruit and train YTS trainess to fill their vacancies.

With high levels of unemployment it is surprising that 30 per cent of the sample of firms considered that their output or development was limited by skill shortages.

Table 5 Question: Is the output or development of your firm limited by difficulty in recruiting trained and/or experienced employees?

Number of firms

	Answers from:			
	Firms which had not participated in the YTS		Firms which had taken YTS trainees	
Industries	Yes	No	Yes	No
Chemical industry	1	16	4	18
Mechanical engineering	1	14	14	16
Manufacture of motor vehicles	6	8	10	5
Construction	1	4	10	7
Retail distribution	0	12	4	15
Hotels and catering	4	5	3	8
Repair of consumer goods and vehicles	1	8	8	13
Personal services	1	11	5	7
Total	**15**	**78**	**58**	**89**



Photo: English Electric Valve Company Ltd

There are three main groups of skills which are in short supply. The first group is made up of personnel with advanced skills: qualified engineers, electronic engineers, computer programmers and, to a lesser degree, accountants. YTS is unlikely to have much impact on these shortages. For the most part, the people who acquire these skills are recruited from school leavers with 'A' levels and only a relatively few YTS trainees will eventually work their way through to jobs of this type. Of the firms in the engineering and motor industries which reported skill shortages, approximately half were in these categories.

The second group are skills generally acquired through

apprenticeships. These include, fitters, toolmakers, draughtsmen, mechanics and welders in the engineering trades, carpenters and bricklayers in construction and garage mechanics. Many first-year and some second-year apprentices are now funded wholly or in part by YTS, but the deadweight effect for these apprentices is high—the firms would have recruited many of the apprentices without YTS. About half the reported skill shortages in the engineering and motor industries and all the construction industry skill shortages were in this second group.

The third and smaller category consists of special skill or experience requirements. For example, two women's hairdressers reckoned they could expand their business if they could recruit trained *male* hairdressers. One rapidly expanding company had difficulty recruiting experienced salesmen. A firm in the West Midlands had difficulty recruiting sewing machinists. A firm in an isolated Northern town had difficulty recruiting an experienced commercial vehicle body builder. There were no other firms of this type in the area. So far YTS had played little part in solving these specialised shortages.

It is clear that in some trades some YTS trainees are being trained for skills which are not in general short supply attributed to YTS apart from the effects of their own YTS programme. There were 19 positive and 217 negative replies to this question. However, for skills involving apprenticeships, it was too soon to assess the effects of YTS from this type of question. The first cohort of apprentices trained under the YTS had not completed their apprenticeships when the interviews took place.

Plainly, there are problems in administering the YTS so as to arrange places which create skills which are in short supply. Although some successful medium-sized and large companies do provide extra YTS places, many engineering and construction companies are unwilling to provide training positions in excess of those required to meet their own requirements for skilled employees. On the other side, some firms reported that they would take more YTS if they could recruit them, but many of these were firms which provided training for skills which were not in short supply.

Employment of YTS trainees

In the question put to managers about the impact of YTS on the supply of skilled or experienced workers they were asked to exclude the effects of their own YTS programmes

Table 6 Employment of ex-YTS trainees by industry

Numbers (Percentages in brackets)

Industry	SIC class	Employed with firms providing the YTS places	Employed with other firms	Destination not known[1]	Total employment	Unemployment
Retail distribution	64	1,142 (72)	337 (21)	4	1,479 (93)	103 (7)
Repair of consumer goods and vehicles	67	35 (74)	10 (21)	42	45 (96)	2 (4)
Hotels and catering	66	163 [90]	17 [9]	22	180 (99)	2 (1)
Chemical industry	25	206 (51)	179 (45)	8	385 (96)	16 (4)
Personal services	98	37 (76)	10 (20)	1	47 (96)	2 (4)
Construction	50	121 (91)	10 (7)	11	131 (98)	2 (2)
Motor manufacturing	35	223 (64)	109 (31)	13	332 (95)	19 (5)
Mechanical engineering	32	94 (36)	152 (59)	57	264 (95)	12 (5)
Totals		**2,021 (67)**	**824 (27)**	**158**	**2,845 (95)**	**158 (5)**

[1] In addition to the 3,003 ex-YTS trainees included in this analysis of employment and unemployment, there were 158 whose destination after training was not known to respondents.

or which would be met without YTS trainees. This applies particularly to the YTS trainees in retailing (25 per cent of all YTS trainees), hotels (7 per cent), perhaps to trainees in personal services such as hairdressing (6 per cent), and to the clerical trainees in all sectors (10 per cent).[1] These categories account for nearly 50 per cent of all YTS trainees. There are, of course, some shortages of recruits with these skills, for example, for retail assistants in central London. And employers always wish to recruit employees with more aptitude and skill. Also—and this is an important aspect of the scheme—the work experience and transferable skills which the trainees acquire will improve their chances of obtaining other employment.

The conclusion that many YTS trainees are being trained for skills which are not in short supply is supported by answers to another question put to managers. They were asked whether they had noticed any general increase in the supply of skilled or experienced workers which could be on its recruitment. The answers indicated that a high proportion of YTS trainees were recruited into jobs by the firms which provided their training and work experience.

Firms were also asked to indicate the next stage in the careers of YTS trainees who had ceased their training during the preceding 12 months. Their answers are summarised in *table 6*.

Of ex-YTS trainees covered by the sample survey, 67 per cent stayed with their placement firms, 27 per cent obtained employment with other firms and 5 per cent became unemployed. These estimates may exaggerate the retention and employment of YTS trainees because some trainees who left after a short period of training may have been omitted from managers' answers to the question[1].

The employment of ex-YTS trainees has implications for the output of the whole economy. These implications relate to the induced jobs but not to the deadweight and substitution positions which have been estimated and reported

[1] The first three percentages are taken from *table 1*. The estimate of 10 per cent clerical/office workers is based on the proportion of the YTS trainees in the sample who were training for these occupations.

[1] The weighted average training period of YTS trainees who obtained jobs in their placement firms was 10·7 months; of those who obtained jobs elsewhere, 8·1 months; and of those who became unemployed 6·4 months.

earlier in this article. To obtain estimates of net output by ex-YTS in the longer term when training has ended, only output for induced YTS places is included. The estimates are shown in *table 7, column 4*.

It should be noted that the following assumptions underlie this analysis:

- That the ex-YTS trainees who move into jobs after training get the rate of pay for the job for which they were trained. In practice, in the more highly skilled trades they require perhaps two more years training to reach these levels.
- That all ex-YTS trainees who are not known to get jobs become unemployed—the destinations of 5 per cent of ex-YTS trainees were unknown to our respondents.
- That the net output of ex-YTS trainees, as shown in *table 7*, is due to the training and work experience provided by the scheme. Therefore, in the absence of the scheme this net output would not have been produced. This also involves the assumption that the extra trainees recruited by firms (that is, excluding the deadweight and substitute places) would have remained unemployed in the absence of the scheme, and that the ex-YTS trainees who get jobs do not replace other workers. Most firms would have been able to recruit a proportion of the clerical workers, retail assistants, waiters, chefs and hairdressers for the positions they in fact filled with their ex-YTS trainees.

It is clear that in those industries which train YTS for skilled trades—the chemical industry, motor manufacturing and mechanical engineering—the net output of ex-YTS trainees, is much higher than in those industries which train for the less-skilled trades. However, these ex-trainees have to undertake more training before they are paid as fully-trained employees.

Where ex-YTS trainees took jobs which would have been filled in the absence of the scheme, the effect of YTS was to determine who was employed rather than filling jobs which would otherwise have been impossible to fill. One of the objectives of YTS was to increase the employment of young people, even where this reduced employment of other groups, so the effect of redistributing jobs to ex-YTS trainees may be counted a success of the scheme.

The main longer-term effects of YTS on output and employment will emerge as YTS generates workers with the skills which are in short supply. The estimates in *table 7* indicate that in the longer term the gain from increasing the number of skilled craftsmen is high. If and when general demand for less skilled labour picks up, the training and experience from YTS will help to meet the increased demand.

Quality of YTS training

The survey found that YTS has increased the number of youths being trained and improved the quality of industrial training.

Firms which used YTS were asked whether the subsidy enabled them to improve the training they provided for their employees: and 42 per cent of the firms participating in YTS replied that the scheme had helped them to improve the training they provided.

The positive effects of YTS on training included a review and sharpening of training programmes, the addition of new elements to training such as health and safety training, and extra expenditure on equipment for training. For some firms, the changes included widening training programmes to cover more skills; introducing training programmes for clerical workers; providing experience for trainees in more departments (very frequent); initiating a training programme (this applied more often to small firms); restarting training; or retaining an existing training programme. One consequence of these changes in training programmes is to increase the employment prospects of the young workers involved.

The industries where YTS most often had a positive effect on training programmes were engineering, retailing, hotels and garages. For retailing and hotels, the explanation was that some firms did not have formal training schemes before the introduction of YTS. The positive replies from the engineering firms were concentrated among the largest engineering firms in the sample, they referred to detailed improvements in training. The generally negative response from construction firms reflects the existence of locally organised apprenticeship schemes in the industry. The role of construction firms in these schemes seems not

Table 7 Net output of ex-YTS trainees in the longer term, after training

Industry	SIC class	Ex-YTS trainees in employment as a proportion of all sample ex-YTS[1]	Output equivalent earnings of ex-YTS when fully trained[2] £'s per week	Induced effect per week[3]	Net output per person All ex-YTS £s per week[2]
1		*2*	*3*	*4*	*5*
Chemical industry	*25*	0·94	119	0·67	75
Motor manufacturing	*35*	0·91	136	0·57	71
Mechanical engineering	*32*	0·78	119	0·60	56
Retail distribution	*64*	0·93	94	0·55	48
Construction	*50*	0·91	144	0·31	41
Hotels and catering	*66*	0·88	99	0·45	39
Repair of consumer goods and vehicles	*67*	0·51	130	0·50	33
Personal services	*98*	0·94	77	0·32	23

[1] Including those whose destination was not known to their placement firms. It is assumed for the purpose of this analysis that these ex-YTS trainees became unemployed.
[2] Weighted averages
[3] This is the job creation fraction after allowances are made for the deadweight and substitution effects of YTS.

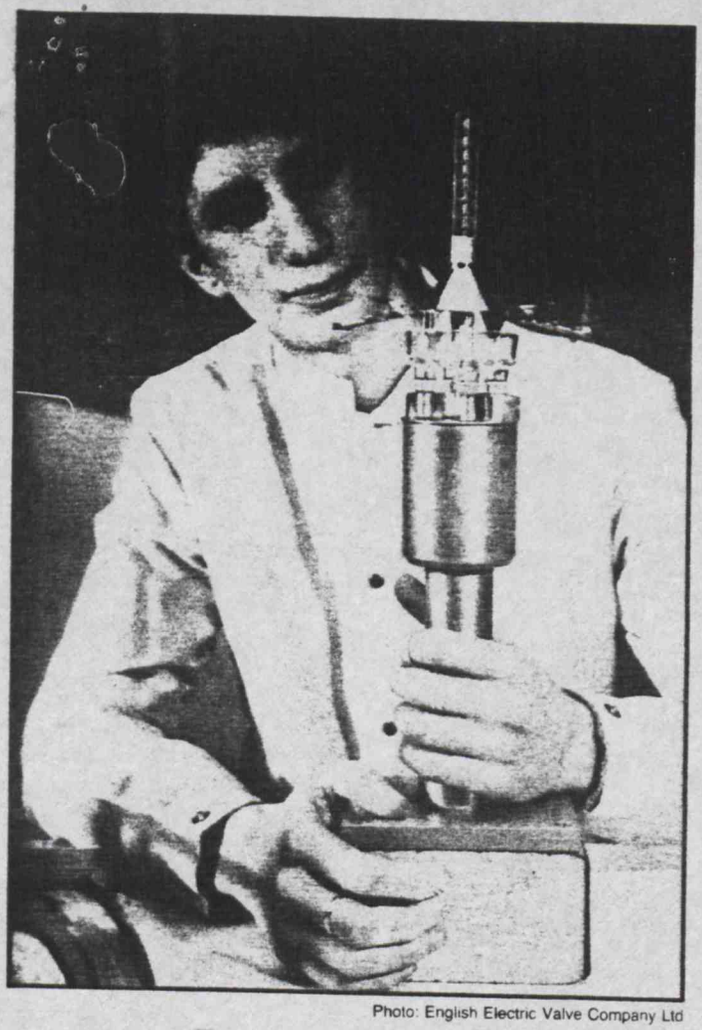

Photo: English Electric Valve Company Ltd

to have been affected by YTS.

It was not possible to carry out an audit of the quality of the training provided by firms. Generally firms made a serious attempt to provide good training. Much of the training was of an impressively high standard. An area where the quality of the training seemed less satisfactory was in retailing. Supermarkets can extend the training of assistants by rotating them through different departments, but specialist shops can not do this. Several managers in these trades admitted there would be little to teach second-year YTS trainees. One development for second-year YTS trainees is to train them for supervisory or management roles, but firms would have to train for these positions in any case. It was clear that for specialist retailers in particular much of the training for general shop assistants could be provided in a few weeks. After this time trainees could undertake productive work, but the transferability of such skills is not great. Some companies do take advantage of YTS. A manager of one retail company stated that for the first two years of the scheme most of the firm's YTS trainees filled new places, but that the current trainees had replaced employees and this trend would continue. In future, this firm would not recruit 16 year-olds where they could get YTS trainees. Policies of this sort increase the pressure on other firms to use YTS in the same way.

Wages

Shortages of certain types of skilled labour have been specified earlier in this article. There are, nevertheless, many categories of labour for which recruitment is easy. So firms were asked why they did not reduce wages for these employees. The principal explanations were agreements with unions, and pay scales related to the scales set by the Wage Councils. Another explanation was that some managers considered that they could gain more by productivity agreements, providing positive motivation for employees and similar measures rather than by cutting wages. Some firms wanted to be seen to be "good employers" and thought they would lose valued employees if they unilaterally cut wages. Others expected the performance of their labour force to deteriorate if wages were cut.

The effects of reducing wages are a subject of theoretical and empirical controversy which are outside the scope of this article. However, it is noteworthy that the overwhelming impression given by the replies to the question about wage flexibility is the rigidity of wages in the downwards direction. In an economy where the allocation of resources is primarily carried forward by the price system, the near total downwards rigidity of wages at most firms is remarkable.

Effects on competition and prices

All the evidence gathered pointed to YTS having little impact on competition. Firms were asked whether their relative competitiveness had been noticeably worsened by other firms receiving YTS. Only three out of 230 respondents, including the firms which received YTS, claimed that their relative competitiveness had been worsened by other firms receiving YTS. More important, none of the 98 respondent firms which did not take YTS trainees considered their relative competitiveness had declined because of YTS.

The small number of YTS trainees employed by most firms suggests that the subsidy could have only a marginal effect on competitiveness. For 133 of the 147 respondents who had YTS trainees, these trainees represented less than 10 per cent of the total number of their employees. It is noteworthy that 7 of the 14 firms for which more than 10 per cent of total labour force were YTS trainees were in the personal services industry, and six of them were hairdressers. In effect, YTS was subsidising about 10 per cent of the labour costs of these firms.

Conclusion

YTS has been successful in creating positions for school leavers, by placing more young people in training and improving the quality and range of the training for them and for other trainees. YTS reduces the costs to employers of training and employing young people, but the scheme has not had a direct effect on the wages paid by firms to other employees. The scheme does not distort competition between firms.

The results of the survey suggest that some modifications to the terms and administration of the YTS would be worthwhile. The scheme was introduced at a time of rapid increase in youth unemployment during the early 1980s. However, the focus of YTS is upon training, and understandably the first priority has been to place YTS trainees with firms which provide well-designed and well-organised training. There is also a preference for schemes where the firms providing places will be likely to recruit a high proportion of the YTS trainees after their training. The next development should be to concentrate on placements which provide training for skills which are in short supply. This would involve some emphasis on the needs of the labour market as a guide to the placement policy of the scheme. In particular, there should be greater concentration of placements to fill shortages in the supply of skilled labour and upon the encouragement of firms to initiate or expand training facilities for the acquisition of advanced skills. ■

QUALITY IN YTS

One Year YTS

1. Under one-year YTS standards of quality were established by setting "minimum" design criteria, including at least 13 weeks off-the-job training; and this was monitored by MSC's local programme staff who visited schemes. Although successful in terms of the volume of provision (one million entrants in three years) and the destination of trainees (60% found jobs within three months of leaving) the one year programme did not provide sufficient opportunities for trainees to achieve recognised qualifications. The Scheme was designed to provide "learning opportunities" rather than set standards of achievements for trainees and trainers to work towards.

Two Year Scheme

2. In providing a permanent vocational training scheme for the under 18 age group as a bridge between school and work, the quality of the Scheme was recognised as the key component. Two year YTS was therefore designed as a high quality programme. The main elements guaranteeing quality are:-

1) design framework
2) introduction of Approved Training Organisations
3) Training Standards Advisory Service
4) qualifications

YTS 2 Design Framework

3. The two year scheme is a significant improvement over the one year scheme in several respects. The length of the programme will enable most trainees to achieve a recognised vocational qualification or a credit towards one. An agreed Design Guide was introduced to ensure that managing agents plan their training in terms of what trainees will be expected to achieve (competence objectives) and make adequate arrangements for assessment and recoding of achievements. An outline of the design framework is attached at Appendix 1.

4. All two year YTS training programmes now provide for a minimum of 20 weeks off the job training which is integrated with a programme of planned work experience, leading to certification. These components are set out in a Training Plan which is available to trainees, their supervisors, and tutors, and which sets out the competences which should be achieved by the end of the programme. There are four main aspects of trainee achievement (outcomes):

i) competence in a job and/or range of occupational skills

ii) competence in a range of transferable core skills

iii) ability to transfer skills and knowledge to new situations

iv) personal effectiveness.

Approved Training Organisation Status

5. The requirement for YTS training providers to gain the status of an Approved Training Organisation is perhaps the most important element in the quality control process. ATOs have gone through a rigorous process of scrutiny by MSC staff and have demonstrated that they are properly managed and resourced and capable of providing high-quality training.

6. Each organisation contracting with MSC to provide a YTS scheme was required to apply for ATO status between 1 April and 1 September 1986. To gain full ATO status an organisation needed to satisfy ten criteria:

- devising a Two Year Programme which is acceptable to MSC
- having arrangements for effectively reviewing the training programme
- having a positive commitment to equal opportunity
- having a positive commitment to safety at work
- having a good record in training both in and out of YTS
- having sufficient resources, particularly in terms of staffing
- having competent staff
- premises and equipment that are suitable and convenient for use by trainees
- financially viable
- having an undertaking to assess trainee levels of achievement regularly

7. MSC (Regional Directors), after a 3-month monitoring period, awarded either full or provisional ATO status, or in a few cases rejected applications or received withdrawals. The latest figures are given in Appendix 2.

8. The award of provisional ATO status is not a mark of failure. Rather the reverse, for the MSC are only awarding provisional status to those organisations who are providing good quality training and who can be expected to reach the high standards set for full status by 1 April 1988. So it is very much a positive assessment. Many organisations are not meeting the mark on only one or two of the criteria, and these things are being put right - and have to be put right by April 1988 if they are still to operate on YTS. Those organisations who are not expected to reach the required standards are either withdrawing from YTS or are being rejected

outright. The criteria which provisionally approved organisations have not met are set out in Appendix 3.

Partnerships with Approved Training Organisations

9 The quality process does not end with the achievement of ATO status. The MSC will act in partnership with ATOs in a continuous process of review and development. The MSC will provide advice, support and information to help ATOs prioritise their work and achieve the objectives of their training programme. ATOs will be expected to assess their progress through their own programme review mechanisms and evaluate their performance, with MSC on hand for advice.

Effective Programme Review

10 The MSC has issued a five-point code of practice for ensuring that training programmes are regularly reviewed and updated. It would expect to see:

- A structure - often called a programme review team - for bringing together at regular intervals representatives of the main parties involved in training, including the scheme leader, trainees, work experience providers and supervisors, off-the-job training providers, 'appropriate and recognised' trade unions, MSC and the careers service. Teams should meet at least three times a year and discuss feedback about the operation of the programme and plans for the future.

- Methods, ranging from informal feedback to formal surveys, for gathering information on matters such as trainee destinations, trainees' views on their training and employers' views on its relevance.

- Regular reports on the state of the programme, identifying strengths and weaknesses.

- A forward agenda, such as an annual plan for scheme development.

- Interest in good practice elsewhere.

Training Standards Advisory Service

11 The Training Standards Advisory Service is a 30-strong team of export inspectors. They started work on April 1 and plan to inspect 1,000 schemes a year, getting round all managing agents once in five years. Their remit is to provide comprehensive quality audits of managing agents schemes as well as expert advice and guidance on quality matters.

12 Their reports will go to the managing agents concerned and the MSC Area Office to be considered as part of the contract monitoring process, but will not be published or produced automatically at Area Manpower Board meetings. Reports on various aspects of YTS, drawing from the unpublished material, will be published. TSAS reports will not simply repeat Area Office monitoring but will concentrate more on training content and practice and on themes within the design criteria which have caused difficulties in implementation. Inspectors' recommendations will propose development work as well as highlighting deficiencies.

Qualifications in YTS

13 In order that all YTS trainees have the opportunity to acquire a vocational qualification or a credit towards one the MSC is working with industry bodies and the various examining and validatory bodies (City and Guilds, Business Technician Council, Royal Society of Arts etc) to provide nationally recognised qualifications for use in YTS. The aim is to cover all occupations and sectors and to ensure that such qualifications reflect occupational competence (rather than time serving) based on the needs of the workplace.

14 To assist this process a YTS Certification Board was set up in April 1986 to approve and recommend to MSC qualifications which are suitable for use in YTS. The Board is working closely with the National Council for Vocational Qualifications. As qualifications are approved by the Board they will be introduced into relevant schemes as quickly as possible. Appendix 4 sets out the present position on progress by sector for national occupations. Under the YTS 1 Scheme almost 40% of those completing their course achieved a recognised qualification.

15 The first trainees to complete the two year course will not do so until summer 1988 and no figures will be available until the end of that

year. However the numbers gaining qualifications is expected to be higher than 40% and the MSC is aiming for 80% of completers to achieve a recognised qualifications by 1990.

Destinations of Leavers

16 Under the one-year YTS programme 60% of trainees found jobs afterwards. This figure is expected to increase under the two year programme but until the first trainees complete their two year course (in summer 1988) no reliable figures are available.

17 Of those young people who have left early from two years YTS (ie not completed their course) 60% were in a job three months after leaving, and 74% were in employment, further education or training.

18 Leavers from private sector schemes are more likely to be in a job (63%) than leavers from public sector schemes (53%). This difference is mainly accounted for by the much larger proportion of young people with special training needs and low qualifications who are on public sector schemes, particularly in areas of high unemployment.

19 The latest available figures (August 1987) covering leavers during the period April 1986 to April 1987 is attached as Appendix 5.

Design Framework

The Chart outlines the main principles which should underlie the design of all YTS programmes. It lays stress on four outcomes (competences and abilities that trainees should acquire) which, taken together, make up occupational competence. Competences, when achieved by trainees, should be recognised through certification involving vocational qualifications.

As well as setting out the main outcomes of YTS, the design framework requires the provision of certain inputs and training processes in the design of programmes.

The individual elements are now described, together with points to which training providers will need to pay special attention.

DESIGN FRAMEWORK FOR A TWO-YEAR YTS

Training content to be delivered through integrated INPUTS

Planned work experience and on-the-job training	off-the-job training/education

expressed in a

Training plan with competence objectives

delivered through TRAINING PROCESSES

Induction and initial assessment
Participative learning
Continuous assessment
Guidance/reviewing

to produce THESE OUTCOMES

Competence in a job and/or a range of occupational skills	Competence in a range of transferable core skills	Ability to transfer skills and knowledge to new situations	Inter-Personal effectiveness

which lead to CERTIFICATION

Vocational qualifications, demonstrating occupational competence, or credit towards such qualifications; plus a record of achievement.

APPENDIX 2

INCIDENCE OF PROVISIONAL APPROVAL/REJECTION BY SPONSOR TYPE

A comparison of full, provisional and rejection decisions by sponsor type is given below. (31 August 1987)

TYPE OF SPONSOR	Number Fully Approved	Number Provisionally Approved	Number Rejected	Total Number of Decisions
Private Sector				
1.0 Employer Led	564	478	3	1045
1.1 Chamber of Commerce	30	37	-	67
1.2 Group Training Organisation	95	128	4	227
1.3 Industrial Training Boards	27	20	-	47
1.4 Other	255	363	6	624
	971 (48.3%)	1026 (51.1%)	13 (0.6%)	2010
Public Sector				
2.0 Local Authority	227	420	-	647
2.1 Skillcentre Training Agency	1	6	-	7
2.2 Other	38	46	1	85
3.0 ITeC Provider (LA)	33	34	-	67
3.1 ITeC Provider Other	30	27	-	57
TOTAL	329 (38%)	533 (62%)	1	863
4.0 Voluntary Organisations	102	157		259
TOTAL	102 (39%)	157 (61%)		259
GRAND TOTAL	1402(44.7%)	1716(54.8%)	14 (0.5%)	3132

CRITERIA WHICH PROVISIONALLY APPROVED ORGANISATIONS HAVE NOT MET

The table below shows particular criteria which provisionally approved organisations have not met together with the percentage occurrence of these in the total of provisional approvals:

CRITERIA	% OF OCCURRENCE IN PROVISIONAL APPROVALS
- Assessment of trainees	65%
- Effective Programme Review	60%
- Arranging a 2 year Programme	40%
- Resources of the Organisation	35%
- Positive Commitment to Health and Safety	30%
- Competence of Staff	30%
- Positive Commitment to Equal Opportunities	25%
- Premises and Equipment	20%
- Financial Viability	2%

A breakdown of the number of criteria not satisfied by provisionally approved training organisations is given below:

Number of criteria not satisfied	1	2	3	4 or more	TOTAL
Number of organisations in category	258	351	383	724	1716

APPENDIX 4

PROGRESS ON STANDARDS AND QUALIFICATIONS BY SECTOR

i) Sectors where standards will shortly be reflected in suitable qualifications.

Agriculture
Electrical Contracting
Travel Agents
Hotel and Catering
Engineering Craft
Printing
Construction Craft
Road Transport

ii) Sectors where an authoritative lead body is established and standards have emerged, but where certification/qualifications will need further development.

Hairdressing
Distribution
Clothing
Meat

iii) Sectors where either an authoritative lead body does not presently exist or work on standards requires a good deal of further development.

Clerical
Engineering Operative
Construction Operative
Caring
Leisure

YTS LEAVERS : APRIL 1986 TO APRIL 1987

1. This section sets out the latest results from the follow-up survey of YTS Leavers, covering those who left YTS schemes between 1 April 1986 and 30 April 1987.

2. The information shows the combined destinations of YTS1 leavers in the period April - September 1986 with the destinations of YTS2 leavers in the period April 1986 - April 1987.

3. The key results for all leavers during the period April 1986 - April 1987 are:

60% in work
74% in work or further education/training
23% unemployed

The response rate remains around 60%.

4. These figures show no change compared with those last presented to the YTB (September Progress Report - YTB/87/15) which covered the period April - September 1986 (YTS 1 leavers) and April 1986 - March 1987 (YTS 2 leavers) combined.

5. Comparisons with previous periods containing YTS 1 leavers information are becoming increasingly inappropriate with the advent of the two year scheme. A comparison figure has not therefore been given.

RESPONSE TO THE QUESTION: "WHAT ARE YOU DOING NOW?"

	By all leavers from YTS between April 1986 and April 1987 (cumulative)	
IN FULL-TIME WORK WITH SAME EMPLOYER	27	
IN FULL-TIME WORK WITH DIFFERENT EMPLOYER	29	60
IN PART-TIME WORK	4	
ON A FULL-TIME COURSE AT A COLLEGE/TRAINING CENTRE	3	
ON ANOTHER YTS SCHEME	11	
DOING SOMETHING ELSE	4	
UNEMPLOYED	23	

NUMBER OF QUESTIONNAIRES ISSUED	328,814
USABLE RESPONSE (%)	58
% RESPONDENTS WHO WERE EARLY LEAVERS	58

1. Includes 100,000 YTS 1 leavers who left between April 1986 and September 1986 and who were surveyed between July and December 1986.

2. YTS 2 leavers, between April and December 1986, were surveyed in April and May 1987, subsequent leavers were surveyed 3 months after leaving.

ANNEX B

NEW JTS

Quality is being pursued by -

- Local monitoring to ensure that the new Job Training Scheme model is being appropriately and effectively delivered.

- Evaluation of the outputs of the Scheme, including both job placement rates and the extent to which recognised vocational qualifications or credits towards such qualifications are obtained by participants.

- Monitoring by the Training Standards Advisory Services (TSAS) which provides professional and independent assessment of the Scheme. (See Annex A, paras 11-12). The TSAS is focussing particularly on the effectiveness of the Training Action Plans, agreed during the initial assessment, in meeting trainees' needs.

- Introduction of Approved Training Organisation (ATO) status in line with the YTS model (described in Annex A, paras 5-9), as soon as possible for all YTS managing Agents.

PRACTICAL EXPERIENCE PLACEMENTS

2 Recent statistics show that during August, 47% of training taking place was in work experience placements. More details about the placements will be provided shortly from:-

- From mid October, a statistical 'snapshot' of how many trainees are in practical experience placements.

- A trainee survey, comprising face-to-face interviews with some 2,000 trainees which will investigate skills learnt on the scheme, with results due at the end of January 1988.

- 100% follow-up of trainees which will be introduced shortly, using the YTS model.

JOB PLACEMENT RATES

3 At this stage of the scheme's development, information about direct job entry rates is incomplete; it is known that at least 12% of trainees leaving the scheme early go immediately into employment, but comprehensive information on those completing is not yet available. However, results from a small sample of people joining JTS pilots during January 1987 showed that at May 1987 some 30% of those who had already left the scheme had gone into employment. More detailed data collection, including the 100% follow-up which will inform MSC what trainees are doing three months after leaving the Scheme, is being introduced shortly, as completers emerge from the national scheme.

MANPOWER

SEM'S

PT 17

HK-G-37

GR

Prime Minister 2

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

P A Bearpark Esq
10 Downing Street
LONDON
SW1A OAA

15th October 1987

MF

Dear Andy,

ENTERPRISE ALLOWANCE SCHEME: £1000 REQUIREMENT

Thank you for your letter of 24 September concerning the Prime Minister's recent visit to the Cleveland Youth Business Centre.

We share your concern that potential applicants should not be unduly discouraged by the need to have access to £1000 as a condition of eligibility for the Scheme. On the other hand, we consider it is only fair that people should be made aware that there is such a condition.

The £1000 condition is mentioned in current advertising and publicity material which also emphasises that the £1000 does not have to be in cash but may take the form of a grant, an overdraft or other loan facility from any source. The Manpower Services Commission, who administer the Scheme, are about to introduce new national press advertisements, three of which are specifically desigened to overcome the misconception that applicants must have £100 cash in hand. I attach copies of these.

In many of the current advertisements, particularly those connected with the Action for Jobs campaign or Restart there is not sufficient time or space to permit mention of the many bodies from whom loans or grants might be available. One of the new advertisements will mention some organisations and anyone enquiring from this Department or the Commisssion where money might be available is advised to contact the Small Firms Service or another counselling and advice agency for help.

It must also be borne in mind that the organisations, whether in the public or private sector, which have some money available for loans or grants, do not operate on a national scale for all applicants. For example, some cover only particular age groups (Prince's Youth Business Trust), a local area (local authority grants) or particular industry sectors (the Calor Gas Scheme for new manufacturing industries). It would not be possible in Scheme advertisements or publicity material to list all the available help.

I hope this is helpful.

Yours
Peter

PETER BALDWINSON
Private Secretary

Getting £1000 to join the E.A.S. needn't hit you where it hurts

The Enterprise Allowance Scheme is about working for yourself.

One of the requirements is that you must be able to raise £1000 to invest in your business, which some people may find difficult.

In addition to overdraft facilities from banks there are various organisations that are prepared to lend this money or give grants to people who are unemployed in order to get them going.

For instance loans and/or grants are available from:

1. The Prince's Youth Business Trust supplies grants and low interest loans (up to £5,000) to people under 25.

2. The Royal British Legion provides interest free loans (up to £2,500) to ex-service personnel.

3. British Coal Enterprise Ltd. provides low interest loans (of up to 25% of a project's funding) to people setting up in coal-mining areas.

4. The council for Small Industries in Rural Areas (COSIRA) operates joint lending schemes with some of the major banks. Where funding is not available from private sources and some topping-up help is needed COSIRA is also able to offer loans.

Further advice on obtaining loans is also available from:

- Small Firms Service
- Scottish Development Agency
- Welsh Development Agency
- Local Enterprise Agencies

For more information call in at your local Jobcentre.

You only have to put it up not give it up

The Enterprise Allowance Scheme is about working for yourself. To be eligible to join the Scheme one of the requirements is that you must be able to raise a £1000 to invest in your proposed business.

The £1000 can be in the form of a loan from a bank or finance company, a bank statement in the name of the proposed business or even an overdraft facility. All you need to do is prove that you have access to the £1000. You can use this money to invest and support your business over the first 12 months when you're getting going.

Guess where the £1000 you need to join the E.A.S. ends up?

The Enterprise Allowance Scheme is about working for yourself. To be eligible to join the Scheme one of the requirements is that you must be able to raise a £1000 to invest in your proposed business.

The £1000 can be in the form of a loan from a bank or finance company, a bank statement in the name of the proposed business or even an overdraft facility. All you need to do is prove that you have access to the £1000. You can use this money to invest and support your business over the first 12 months when you're getting going.

'87-10-07 14:20 MSC NELSON HSE SHEFF.0742 758201

file (DS2 gm) DSG

10/10

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 September 1987

ENTERPRISE ALLOWANCE SCHEME

When the Prime Minister visited Teesside last week, one of the youngsters at the Cleveland Youth Business Centre made the point that he felt that advertising for the Enterprise Allowance Scheme was misleading in that it laid too much stress on the requirement to have £1,000 start-up capital, and did not make it clear that there were in fact various organisations who might be able to help with the provision of the money. In other words, he felt that anybody without £1,000 in the bank might be discouraged from making any further enquiries at all.

The Prime Minister has asked me to follow this point up, and I should be grateful for a short note which I might show to her.

P. A. Bearpark

Peter Baldwinson, Esq.,
Department of Employment.

CCBG.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

Oct 14.87

NBBN

Dear Norman.

INCOME SUPPORT FOR 16 - 18 YEAR OLDS

In my letter of ~~10~~ 11 September I said that we were working up the detail about the groups who will be able to get income support in their own right after automatic benefit entitlement for the age group ceases.

We have now completed our consideration and I think the easiest way to demonstrate our conclusions is by means of the attached lists. The first, list A, shows those who will be entitled to benefit only during the child benefit extension period when others in the age group will be treated as dependent on parents - the extension period will be to the end of the calendar year for summer school leavers and for three months for those leaving at other times. After the extension period the only cash help available will be your waiting allowance. The second, list B, shows those who will be able to get benefit at any time, that is during and after the extension period. The third, list C, is of people who will not be able to get benefit in their own right at any time. There are a few points to which I would draw particular attention.

We have always agreed that couples, married or not, with a child of their own should be able to get benefit. I propose that married couples without children should also be given entitlement, but only during the child benefit extension period. Child benefit is not payable for a married child except in most unusual circumstances; we should be open to criticism if we argued that parents-in-law should accept responsibility for a child that was not theirs; and we should equally be criticised if a married couple living independently were in effect required to return to their parents. But young people should not be exempt from the thrust of our policy to remove benefit entitlement solely because they are married and I propose therefore that both partners should be expected to enter YTS or jobs within the guarantee period and that thereafter they should therefore be entitled only to waiting allowance, when appropriate under the standard rules (unless, of course, they fall for other reasons within the categories entitled to benefit).

E.R.

I do not propose that benefit be paid to cohabiting couples without children, unless both are in the categories who could get benefit in their own right as individuals. If one person is in such a category we will pay for that one but not for the other. We do not want to create a situation where youngsters living away from parents without good reason cannot get benefit unless they go to live with someone of the opposite sex.

So far as sick people are concerned, we have taken the line that those whose incapacity is very long term - likely to last a year or more - can be paid at any time but that those whose incapacity is short term can be paid only after the extension period. Before that they are dependent on their parents. We have procedures to pick up people abusing the system by claiming as sick when fit for work and these will minimise abuse by youngsters trying to get benefit that would not otherwise be payable.

Those entitled to benefit during the extension period but not thereafter are those with good reason for living away from home. You will note that this does not include youngsters who have left home to look for jobs or YTS places to whom Robert Jackson referred in his letter of 28 August - and John Major mentioned the jobs aspect in his letter of 24 July. I am sure there is no need for a youngster to move to seek a YTS place - if there are no local places you have arrangements to pay a lodging allowance and place a person outside his home area. I propose that we should not provide for those seeking jobs. To do so would be to give carte blanche to youngsters to move out of their home areas, especially to London, and receive benefit. I do not think it is good social policy to enable, and so probably encourage, school leavers, the majority aged 16, to leave home - even to look for work.

You will note that we propose to take a residual discretionary power to make payments at any time where exceptional hardship would otherwise occur. Our experience with the boarder regulations - which you will remember only too well - was that one cannot cover all the cases where payment should be made in regulations and that without this sort of power cases will inevitably arise where we shall be open to criticism because we cannot pay. As with boarders the discretion will lie with the Secretary of State and not the adjudicating authorities and its use will be very carefully controlled.

I should like to make one further point about these groups. We have all agreed that there should be no topping up of the Waiting Allowance because it will be paid for a very short period and the individuals will usually have come from a higher income, from a job or YTS. Some of these people will be those with good reason for living away from home and with no parents to fall back on, who could have received income support during the initial period, and we shall be open to criticism if they are kept to the lower waiting allowance level for more than a minimal period. I hope therefore that you will be able to arrange for special priority to be given to placing in YTS those youngsters who do not live in the family home.

Since I last wrote I have received your letter of 30 September and you raised some points there that call for an answer. I note that you are likely to provide that Waiting Allowance is payable only to people prepared to enter training schemes and that this contrasts with my intention that extended Child Benefit will depend upon the youngster registering for training or a job. I think that this difference is logical and therefore defensible. Our approach has been that the initial period after leaving school, during which the youngster will usually be treated as dependent on his parents, is one in which the young person can consider which of the channels available to him is the

E.R.

most appropriate without being under pressure. So we will not reduce or withdraw benefit in the event of a YTS place or a job being refused during this period. Moreover the young person may decide on a different course altogether - for instance to return to education. But after this period the position is quite different. The youngster has had his thinking time. The YTS guarantee has come into operation. The waiting allowance is intended for people who, despite the YTS guarantee, are for some reason without a place for a short time.

Your other point concerned the provision of information about these youngsters from the Careers Offices. I accept what you say about the impracticality of getting useful information about people entering YTS places or jobs and we will bear this in mind when we make arrangements for checking payments in a sample of cases. I am pleased with your offer that Careers Offices should provide the Child Benefit Centre with confirmation of registration. Your officials and mine can work out procedures for handling this information. I note your intention to require those receiving Waiting Allowance to attend fortnightly at an Employment Service Office. This will match the arrangement for those who, by virtue of regulations or the discretionary power, can get benefit while required to be available for work and who will, as now, be required to sign fortnightly at your offices in order to prove availability and to trigger benefit payment.

We already have agreement that our two Bills will be published on the same day. I shall be issuing a press release then and I think it best that I deal there with the benefit side of the new arrangements for under 18s, with a brief reference to how this fits in with your proposals. I would expect your release to deal with your side and to refer briefly to my complementary changes. Our officials are in touch and I suggest that they should consult about the drafts to ensure that they match properly and we can then each be armed with a copy of the other's statement.

Except for the residual discretionary power which I am including in my Bill, on legal advice, to avoid the risk of challenge to vires, the circumstances in which payments can be made will be prescribed in regulations and these will be made after my Bill receives Royal Assent. The descriptions in the lists attached to this letter are not, of course, in the words that will be used in regulations but they give the picture in layman's language. However we need to agree our approach now because we shall be pressed closely on these provision when our Bills are debated. I shall be glad therefore to have your, and colleagues', agreement to my proposals. I am copying this to the Prime Minister, Willie Whitelaw, Douglas Hurd, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Major.

JOHN MOORE

ANNEX 1

LIST A

LIST OF 16 - 17 YEAR OLDS WHO WILL BE ENTITLED TO INCOME SUPPORT DURING THE CHILD BENEFIT EXTENSION PERIOD ONLY (THOSE WITH GOOD REASON FOR BEING AWAY FROM THE FAMILY HOME AND MARRIED COUPLES WITHOUT A CHILD)

1. Living away from the parental or family home and;

   a) With no living parent or guardian.

   b) Have been in Local Authority care within the previous 24 months.

   c) On bail or under supervision of a Probation Officer or Social Worker and placed away from home.

   d) Cannot live at home because they would be threatened with physical or sexual abuse.

   e) Mentally or physically handicapped or mentally ill and need to live away from home because parents cannot cope, but are not so handicapped or so mentally ill that they are incapable of work (see List B. 3.)

   f) Where parent(s) is/are.

      (a) In prison

      (b) In a home or hospital.

      (c) Unavoidably absent abroad (but not in the Forces)

2. Married couples without a child.

NOTES

- All of the above are currently entitled to Supp Ben without any time restriction.

LIST B

LIST OF 16 - 17 YEAR OLDS WHO WILL BE ENTITLED TO BENEFIT AT ALL TIMES

1. Lone parents.

2. Registered blind.

3. Incapable of work by reason of some disease or bodily or mental disablement. (Excluding the temporarily sick (see below).

4. Pregnant (but only for the period commencing 11 weeks before the expected date of confinement and ending 7 weeks after the date pregnancy ends).

5. Couples, married or cohabiting with a child.

6. In receipt of a training allowance.

7. Carers.

8. Refugees attending a course for the purpose of learning English (for more than 15 hours a week).

9. Where exceptional hardship would be faced if he was refused benefit (discretionary power).

NOTES

1. All are currently entitled to Supp Ben.

2. The incapacitated will be able to claim in their own right at all times only if so handicapped (physically or mentally) or so ill that they are unlikely to be able to obtain employment within 12 months. Temporarily sick people will be able to claim in their own right only after the extension period.

LIST C

LIST OF 16 - 17 YEAR OLDS WHO WILL NOT BE ENTITLED TO INCOME SUPPORT DURING THE CHILD BENEFIT EXTENSION PERIOD

1. Living with parent(s) or guardian. (And not in List B)

2. Living with parent(s) or guardian and temporarily sick.

3. Living apart from parent(s) or guardian without good reason. (See List A) (and not in List B).

4. Unmarried, living with someone as man and wife, having no good reason for living away from home and not being in one of the categories mentioned in List B.

NOTES

1. All would currently be entitled to benefit (Supplementary Benefit or Income Support) after the current extension date (early September)

2. The parent(s) or guardian of those in 1 and 2 above will be able to claim child benefit and dependency additions where applicable during this period.

3. Neither child benefit nor dependency additions will be payable in respect of those falling in 3 and 4 above.

4. The definition of "Temporarily sick" is that the handicap or illness is unlikely to prevent the young person obtaining employment within the next 12 months. For long term sick cases, List B 3 applies.

MANPOWER: SGM's PT17.

008/4215

CC60

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

13 October 1987

Dear Norman,

NFBM.

INCOME SUPPORT FOR UNDER 18s

Thank you for sending me a copy of your letter of 30 September to John Moore. I am content with what you propose, and agree that a press release would be helpful (I would be most grateful if you could let me see it in draft).

I am pleased to see the arrangements you propose for checking the payment of benefit. In addition, I gather that it is envisaged that there will be separate child benefit books for young people in this category, so that when they get jobs or YTS places there will be less disincentive for their mothers to return the books. I also gather that there will be sample checks during the child benefit period, in order to detect payments made to those not registered at all or already in jobs or YTS. I hope that the potential deterrent value of these checks can be maximised by ensuring that claimants know of them.

I understand the reasons for seeing that the waiting allowance does not appear to duplicate the benefit system. But I think it essential not to restrict the allowance in practice to those prepared to enter training schemes. That risks driving more people who would have got jobs into YTS, increasing the overall demand for YTS places (especially premium places), and so increasing costs. There may also be a risk of encouraging young people to make false statements; and some may be left without income through no fault of their own. I gather that your officials are looking at ways of ensuring that young people and their advisers are in no doubt that they can and should continue to look for jobs (if that is what they want) while on the waiting allowance. I think it important that this is achieved.

MANPOWER SEMS PT 17

CONFIDENTIAL

Our officials have been discussing with John Moore's the details of those who will get income support in their own right, and those who will be deemed to have left home with good reason. I would be grateful if they could also discuss the groups for whom waiting allowance might be paid beyond the 8 weeks normally allowed. It is important that these exceptions should not open loopholes in the policy which could be abused.

I am sending copies of this letter to the Prime Minister, Douglas Hurd, Kenneth Baker, Peter Walker, Malcolm Rifkind, and John Moore.

Yours Ever,

John

JOHN MAJOR

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 October 1987

The Prime Minister has seen your Secretary of State's minute of 30 September about the Manpower Services Commission. She is content with his proposal to change its name to the Training Commission.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Education and Science, Trade and Industry and Scotland and Wales.

P. A. Bearpark

Peter Baldwinson, Esq.,
Department of Employment

CONFIDENTIAL

6

CONFIDENTIAL

PRIME MINISTER

The Employment Bill which I plan to introduce as soon as Parliament reassembles will present an opportunity (which may not recur in the near future) to change the name of the Manpower Services Commission to reflect its new role as an organisation focussed only on training, and no longer responsible for other manpower services such as the Jobcentres.

Some market research which I have commissioned has indicated that awareness of the present title is very low even amongst potential customers for the Commission's Services. A summary of the findings of the research is appended to this note. There is also widespread ignorance of what the MSC actually does. I believe there would be considerable attractions in making a change.

"Manpower Services Commission" is now a misleadingly wide title and it carries with it all the associations of the original tripartite body conceived in the quite different circumstances of the early 1970's. The alternative title I have in mind is the "Training Commission". Other possible titles which I consider to be much less effective are listed in the Appendix. In the first place, this would accurately reflect the nature of the Commission's responsibilities after the return of the Jobcentres and related employment programmes to the Department. Secondly, it would underline the importance we attach to ensuring that we have a properly trained workforce to meet the needs of a modern, expanding economy. Thirdly, it would signify that the Government was no longer looking to a tripartite Commission to develop and deliver policies and programmes across the whole spectrum of the labour market.

CONFIDENTIAL

If you agree, I propose to make provision in the bill for the new title. Drafting is now in its final stages and I expect the bill to go to Legislation Committee on 21 October.

I am sending copies of this minute to the Chancellor of the Exchequer, the Secretaries of State for Education and Science, Trade and Industry and Scotland and Wales.

N F

3 September 1987

MANPOWER SERVICES COMMISSION: THE TITLE

RESULTS OF MARKET RESEARCH

1 The Market Research tested the opinion of two main groups:

(i) the public at large (a sample of 1015)

(ii) employers (368 directors who were not involved in training or personnel work).

THE PUBLIC

2 Only 39% of the public recognised the initials MSC (compared with 99% recognising BBC, 95% DHSS, 92% NHS). The activity most frequently associated with MSC was "finding jobs/job placement" but only 22% mentioned this spontaneously and only 29% when prompted. When asked which of a number of specified activities MSC ran, 64% said "yes" to YTS, 59% to skillcentres, 43% to EAS and only 37% to Jobcentres. When asked whether they thought MSC was "good at its job", the mean score (out of 5) was 2.9. Members of the sample who were unemployed gave significantly lower scores.

EMPLOYERS

3 Spontaneous recognition of MSC was higher amongst Directors: 76% recognised the initials (compared with 90% for IBA). Some 60% put the right words to the initials. However Directors of all sizes of companies know little about the MSC beyond its name. When asked what they associated with the MSC, "training/retraining" was the activity which scored the highest at 13%, followed by job placement at 12%, YTS at 11% and "employment" at 10%. When prompted with the titles of activities run by MSC 80% said "yes" to YTS, 71% to skillcentres and 47% to Jobcentres. When asked what MSC did best, the largest number of responses (35%) was in the "don't know" category. Furthermore when asked what MSC did worst, 53% said "don't know".

CONCLUSION

4 Awareness of the MSC is at a low level among both employersw and the general public. Awareness of what the MSC does and perceptions of the value of what it does are at an even lower level.

POSSIBLE ALTERNATIVE TITLES

British Training Corporation
National Training Corporation
Skills Development Council
Development and Training Agency
Training and Skills Commission
National Training Corporation - Investing in People

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111

MO 5/29V

30th September 1987

Dear Richard,

YTS IN THE CIVIL SERVICE

Thank you for sending me a copy of your letter of 6th August to John Moore, about the extension of non-industrial YTS more widely in Government Departments.

The Ministry of Defence is already participating in industrial YTS, and has non-industrial Schemes in Germany, Hong Kong and Cyprus. So far extension of the non-industrial Scheme to the United Kingdom has been constrained by our need to secure Approved Training Organisation (ATO) status, the opposition of Trade Unions (especially the CPSA) and resources.

We hope to achieve ATO status quite soon. We have, however, deferred pressing ahead with further non-industrial schemes in the face of CPSA opposition to their introduction. I believe that there are risks if we go forward without Union acceptance if not support, but in this context I support David Young's and Kenneth Baker's line that you might consider a central approach to the Unions.

The requirements of the YTS do, of course, demand considerable resources to set up and run to the established MSC

The Rt Hon Richard Luce MP

criteria. The constraints on the Defence budget in terms of both manpower and finance already make it difficult to achieve these standards, and our experience overseas shows that the MSC contributions do not cover our costs. Nonetheless, we are pressing ahead with a view to introducing three or four trial non-industrial YTS schemes in areas of high unemployment and we are also examining the prospects for a scheme in central London.

I am sending copies of this letter to the Prime Minister, other Ministerial Heads of Departments and to Sir Sir Robert Armstrong.

Yours ever,

George

George Younger

Manpower
Stern's
PT17

01.X 5 PM 7



MC/Conf 75

RESTRICTED

CCBG

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The Rt Hon John Moore MP
Secretary of State for Social Services
Alexander Fleming House
Elephant and Castle
London
SE1

30 September 1987

Dear John.

INCOME SUPPORT FOR 16-18 YEAR OLDS

Thank you for your letter of 10 September. I too, am particularly pleased that so much progress has been made on this topic in a very short period of time.

I am grateful for your agreement that we should jointly carry out a review of the proposed arrangements for the first two years in order to check the validity of the estimates made and the effectiveness of the control and monitoring arrangements. If the costs are significantly different from the estimates then, in addition to considering whether adjustments should be made to Main Estimates, we will obviously need to give careful thought to the question of overpayments or fraud, and whether any changes are needed to the system or method of payment.

I welcome your agreement that there should be no transitional protection for young people receiving Income Support in their own right at the date of change, and I am content for the new arrangements, including the Waiting Allowance to start from 12 September 1988.

I note that you would not wish to extend the payment of Child Benefit to registered disabled young people beyond the normal three or four month period you are providing for others. No course is without risk of pressure for any concession to be extended in coverage. I can, however, see the strength of your argument that the Child Benefit extension is intended to

be of general application and your officials have explained the administrative difficulties in a concession for the registered disabled. I am accordingly prepared to agree that they should receive Waiting Allowance.

I have read the very logical case you have set out for making no payments to those young people who have left home without good reason and I have no wish to question your decision. I look forward to receiving further details of those who will be able to get Income Support in their own right.

May I take this opportunity of raising some further points.

I understand that you intend to provide in your legislation for Child Benefit to be made available to young people who are waiting for either YTS or a job. This is entirely consistent with the policy lying behind the whole exercise that young people should be free to find jobs outside YTS if they and employers wish. I am, however, likely to provide that the Waiting Allowance should be available only in respect of those prepared to enter training schemes. Parliamentary Counsel has questioned the wisdom of appearing to provide for an alternative benefit system which could be said to be designed simply to get people off the count. My intention is, however, that the administration of the provision would allow young people, who are looking for jobs and will in some cases have been in work with training for well over a year to draw the Waiting Allowance if they are prepared to enter YTS when a suitable place is offered to them. If the difference between our provisions is challenged, we can point to the distinction between a general transition period to allow young people to make a wise choice after leaving full-time education and a Waiting Allowance available to young people who have already been in employment.

Officials here have looked into the feasibility of providing information to both the Child Benefit Centre and to Unemployment Benefit Offices about young people who have found YTS places or started jobs as a check on possible overpayments. They have concluded that such information would be limited in scope and generally not available in time to assist such checks. In view of the need to have an effective system of control, I am proposing that young people in receipt of a Waiting Allowance should attend an Employment Service Office every two weeks to confirm their availability. I do not consider that the requirement to attend on four occasions within a period of twelve months will create the dependency that we are seeking to avoid. In addition I would suggest that the sample of payment checks that you are proposing to carry out for Child Benefit purposes, be increased in number. I would also be prepared to see Careers Offices provide your

Child Benefit Centre with confirmation of registration in order to avoid lengthy overpayments where young people have failed to register. I have asked my officials to put forward proposals on this.

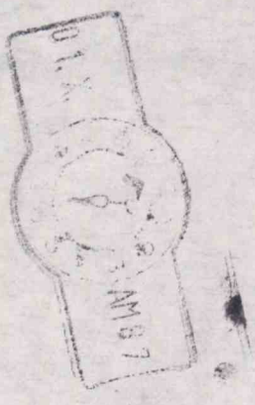
I agree of course that we shall need to liaise closely about our two Bills. I understand that you are aiming for publication in the week Parliament reassembles. I suggest that, given the highly controversial nature of what we are proposing for 16 and 17 year olds and the (perhaps) genuine surprise the removal of benefit entitlement seems likely to cause, I should issue a press release as soon as our Bills are published giving a full explanation of the arrangements we envisage for this group in the future. If you agree with this, there will be every advantage in our two Bills being published on the same day.

I am sending copies of this letter to the Prime Minister, Douglas Hurd, Kennth Baker, Peter Walker, Malcolm Rifkind and John Major.

Yours

NORMAN FOWLER

MANPOWER - SEMO PT 17



VCBG

HOME SECRETARY

QUEEN ANNE'S GATE LONDON SWIH 9AT

29 September 1987

NTBM.

Dear John,

Thank you for your letter of 5 August about the legislation governing the employment of young persons. I should welcome the removal of the provisions which are discriminatory between young males and females, and I recognise that we must do so to satisfy the European Commission. I can see no difficulty as far as the Shops Act 1950 is concerned in going further and removing the restrictive provisions on the employment of young persons of either sex. I am, however, concerned about the suggestion that the restrictions under gambling, gaming and licensed premises legislation should be relaxed.

I accept that, if your proposed consultative paper is to give a comprehensive account of the controls on the employment of young persons, mention of these restrictions should be included, but I must warn you that I foresee serious and fundamental objections to any proposals to remove these provisions. These are particularly sensitive issues and require most careful public presentation. The question of young people and alcohol is being examined by a working group chaired by Baroness Masham, and I understand that it is likely to recommend further restrictions on the sale of alcohol by young people, particularly in terms of their supervision. This working group comes under the Standing Committee on Crime Prevention. The connection between excessive drinking and juvenile crime is becoming clearer all the time. We should not, therefore, give the impression that we are going to relax the existing controls in this area.

I would also expect the Gaming Board and other interests to oppose removing the controls on the employment of young people in casinos; and there would be difficulties in allowing them to become directly involved in some, if not all, betting transactions. As Tom King points out in his letter of 17 September, there is public concern at the possible addiction of young people to gambling (in amusement arcades). The research we are engaged upon on this subject may add in due course to the difficulties in removing the present restrictions on the employment of young people in gambling facilities.

In the circumstances I would ask to be consulted about the terms of the consultative document before it is published and no doubt your officials will liaise closely with mine in its preparation.

Copies of this letter go to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

Yours,

Douglas.

John Cope, Esq., MP.

MANPOWER: SEMS: PT 16



SF/I24

PRIME MINISTER

ACTION FOR JOBS

The purpose of this minute is to bring you up to date with the latest developments in my Department's Action for Jobs Campaign.

As you know for the last 18 months we have run the campaign to promote the opportunities available for enterprise, employment and training. So far we have concentrated on an awareness campaign based on TV and other media advertising and a series of breakfast presentations around the country. The centre of the campaign has been the Action for Jobs booklet over 6 million copies of which have been taken up.

I am now developing the campaign more deeply at the regional and local level. Over the next 18 months I plan to hold a series of Action for Jobs events around the country. Each event will be based on a TV region and will consist of three or four weeks of promotional and practical events backed by TV and other advertising to bring home to people what is on offer to them in their local area. The events will not only raise awareness of the help available but will generate the support and participation of local industry and communities so essential to the successful operation of this Department's programmes. In addition, because in each region we should be taking the activities into inner city areas, the weeks will add an extra dimension to the contribution my Department is making to inner city regeneration.

I intend to hold the first regional campaign in the North West. I shall be launching this with a presentation in

Manchester on 2 November. For the following 3-4 weeks, the North West will be a focal point for action exhibitions, events, workshops, visits by colleagues here, and other activities. My officials are having discussions with television, local radio and newspapers and I am optimistic that the campaign will attract significant attention in the region. I plan to run a second regional campaign in the Midlands in February and follow with other regional campaigns in the months after that.

As the campaigns can serve as helpful vehicles for setting out Government policy, particularly in the inner cities. I am also copying this note to members of E(UP).

NF

26 September 1987

MANAGEMENT IN CONFIDENCE

Cabinet Office

MANAGEMENT AND PERSONNEL OFFICE

From the Minister of State
Privy Council Office
The Rt. Hon. Richard Luce MP

Great George Street
London SW1P 3AL
Telephone 01-270 5929

C87/3717

The Rt Hon The Lord Young of Graffham
Secretary of State for Trade and Industry
1-19 Victoria Street
LONDON SW1H OET

25 September 1987

Dear David,

YTS IN THE CIVIL SERVICE

Thank you for your letter of 2 September about the wider introduction of YTS in the non-industrial Civil Service. I am pleased to learn that you propose to get your own scheme off the ground as soon as possible in 1988.

I note your, and those of Kenneth Baker, views about informing the Trade Unions at national level about this initiative. However, we already have a national Framework agreement with the Civil Service Trade Unions on the introduction of YTS. That agreement makes it incumbent on departments considering the introduction of YTS to consult their trade union sides. In addition, the briefing and guidance circulated by officials, to which you refer, reminds departments of the need for early and close consultation with the Civil Service unions within the normal Whitley machinery.

I think it is important not to give the impression that this initiative reflects a move away from the national Framework agreement. It does not. However, in the light of the restatement of the MSC's procedures, which has been published, I think we can now be more confident of our ability to extend the provision of YTS in the Civil Service.

Copies of this letter go to the Prime Minister, Norman Fowler, other Ministerial Heads of Departments, and to Sir Robert Armstrong.

Yours

Richard

RICHARD LUCE

MANAGEMENT IN CONFIDENCE

MANPOWER : Special Emp Measures
Pt 17



Prime Minister!
Most of these ideas look well worth pursuing. All could at least be discussed. Agree? DCW 25/9 Yes MS

PRIME MINISTER 25 September 1987

REMOTIVATING THE LONG TERM UNEMPLOYED

A few practical proposals related to the problems raised by the 'Council Estate' video you saw earlier this week.

1 A "better off in work" guarantee: It is clear that many people do not understand what benefits they would be entitled to if they accepted low wage jobs. Many wrongly assume that they would lose their entitlement to housing benefit, and few seemed aware of FIS/Family Credit.

The unemployment trap report earlier this year showed that, while a significant number were not much better off in work, very few were actually worse off. After the Social Security reforms next April, there should be even fewer. We could use the launch of the new benefit system to publicise a "better off in work" guarantee - making the point that we have now made it possible for everyone to get a foot on the work ladder by taking low wage jobs without being worse off. The guarantee could be met for the occasional case of somebody who could prove they would actually be worse off by providing a temporary "top up" allowance - similar to the current Jobstart scheme. In practice, it would rarely be needed; the important thing is a simple slogan to get across the message.

2 Repackaging the Enterprise Allowance Scheme: The size of the black economy on council estates is evidence of how many people potentially have the enterprise and initiative to work for themselves. The appeal of the Enterprise Allowance Scheme is such that it is already over-subscribed. However, there are still many other people who might take advantage of it but are put off by the £1000 capital requirement and other formalities. We might consider extending and repackaging the EAS to sell it more effectively on council estates and in inner cities as a gateway from the black to the white economy.

- Market it under an enticing slogan such as "A Chance in a Lifetime".

- Provide help in obtaining the £1000 working capital to anyone who attends and completes a one month induction course covering basic bookkeeping, marketing, etc (the money could be guaranteed by Government, and repaid out of the individual's allowance over the first 1-2 years; alternatively it could be provided from sources such as the Prince's Trust).

- In addition, to make it more attractive to those with dependents, the flat £40 a week allowance might be replaced by an allowance related to (but less than) their current benefit level. (At the moment over 70% of EAS participants are young, single people who actually increase their benefit by going on the Scheme). Attracting more people into the scheme under this arrangement would reduce public expenditure.

We might also consider offering a limited tax amnesty for those who register for the scheme (to help encourage black economy businesses out into the open).

3 Improving Transport: We can overcome some of the transport problems by bringing some employment services into the estates, at least for one or two days a week. However, we might also consider providing funds and relaxing regulations to help tenants establish a private shuttle service from remote estates into the local town centre. This itself could provide an initial business opportunity for local unemployed people.

Conclusion

If you think these ideas are worth developing I will pursue them with Mr Fowler. They are also, of course, relevant to the inner cities discussion next week.

Norman Blackwell

NORMAN BLACKWELL

CCBG.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Great George Street
LONDON
SW1P 3AL

25 September 1987

Dear Minister,

NBPM

YTS IN THE CIVIL SERVICE

I refer to your letter to John Moore of 6 August about the wider introduction of YTS in the non-industrial Civil Service.

I agree very much with the principle of extending the YTS to as many Departments as possible. There are some problems which we shall need to look into carefully in MAFF, not least the difficulties, in the face of many other priorities, of finding extra manpower resources within unchanged running cost limits. However I have asked my Department to examine the issues as constructively as possible.

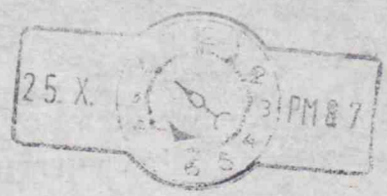
I am sending copies of this letter to the Prime Minister, Norman Fowler, other Ministerial Heads of Department and to Sir Robert Armstrong.

Yours sincerely,

Elizabeth Mann

for JOHN MacGREGOR
(approved by the Minister
and signed in his absence)

Manpower, SEM PTL6



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David Norgrove Esq
10 Downing Street
LONDON SW1A 2AA

24 September 1987

Dear David

YTS IN THE PUBLIC SERVICE

You wrote to Beverley Evans today following her earlier letter to you about YTS in the public service.

My Secretary of State has noted the Prime Minister's views on local authority involvement in YTS. He is presently looking at the arrangements for monitoring the quality and success rates in gaining employment of YTS and JTS. I will, however, arrange for a copy of the information we have now to be sent to you in the next few days, as you requested and I will of course let you know of any futher information which emerges.

My Secretary of State welcomes the opportunity to take stock of progress on the Manifesto commitments and on employment strategy in the Autumn. I will send you a paper for discussion at the meeting in due course.

I am copying this letter to Jonathan Taylor (HM Treasury) and Trevor Woolley (Cabinet Office).

Yours sincerely

John Turner

JOHN TURNER
Principal Private Secretary

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bc: BG

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 September 1987

YTS IN THE PUBLIC SERVICE

The Prime Minister has seen your letter to me of 18 September about YTS in the public service.

The Prime Minister remains concerned about the scale of local authority involvement in YTS and has noted that areas where trainees are difficult to place may also be those where the local authority itself is not well run (Liverpool, Sheffield and Manchester for example). With the changes in employment policy, including withdrawal of benefits from 16-18 year olds and making the Community Programme benefit plus, the Government is likely to be attacked for "forcing" people into what will be reported as "inadequate programmes". This makes it all the more important to ensure that the quality of the programmes is high.

The Prime Minister has asked that your Secretary of State should review the arrangements for monitoring the quality of both YTS and JTS, including the type of work placement provided and the success rate in gaining employment at the end of a scheme. In the meantime she would be glad to receive a report summarising what information is currently available on these matters.

1

The Prime Minister would also like to take stock later in the autumn of progress towards the changes announced in the Conservative Party Manifesto, and more generally to review the employment strategy. We shall be in touch to arrange a time, probably in the early part of November. I should be grateful for a paper in due course which could serve as a basis for discussion.

2

I am copying this letter to Jonathan Taylor (HM Treasury) and Trevor Woolley (Cabinet Office).

DTS

DAVID NORGROVE

Ms Beverley Evans
Department of Employment.

CONFIDENTIAL

Ralph Howell MP

5/10

1) 6/10
2) 13/10
3) 20/10

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

21 September 1987

I attach a copy of a letter the Prime Minister has received from Ralph Howell, MP.

I should be grateful if you could provide a draft reply for the Prime Minister's signature. It would be helpful if this could reach me by Monday 5 October.

P.A. BEARPARK

Peter Baldwinson, Esq.,
Department of Employment.

Prime Minister

Some useful suggestions here.
Agree to write as proposed?

DLR
21/9.

PRIME MINISTER 21 September 1987

YTS IN THE PUBLIC SERVICE

Yes - we should also make the point about over reliance on L.A's - but possibly Sheffield / Manchester for example not

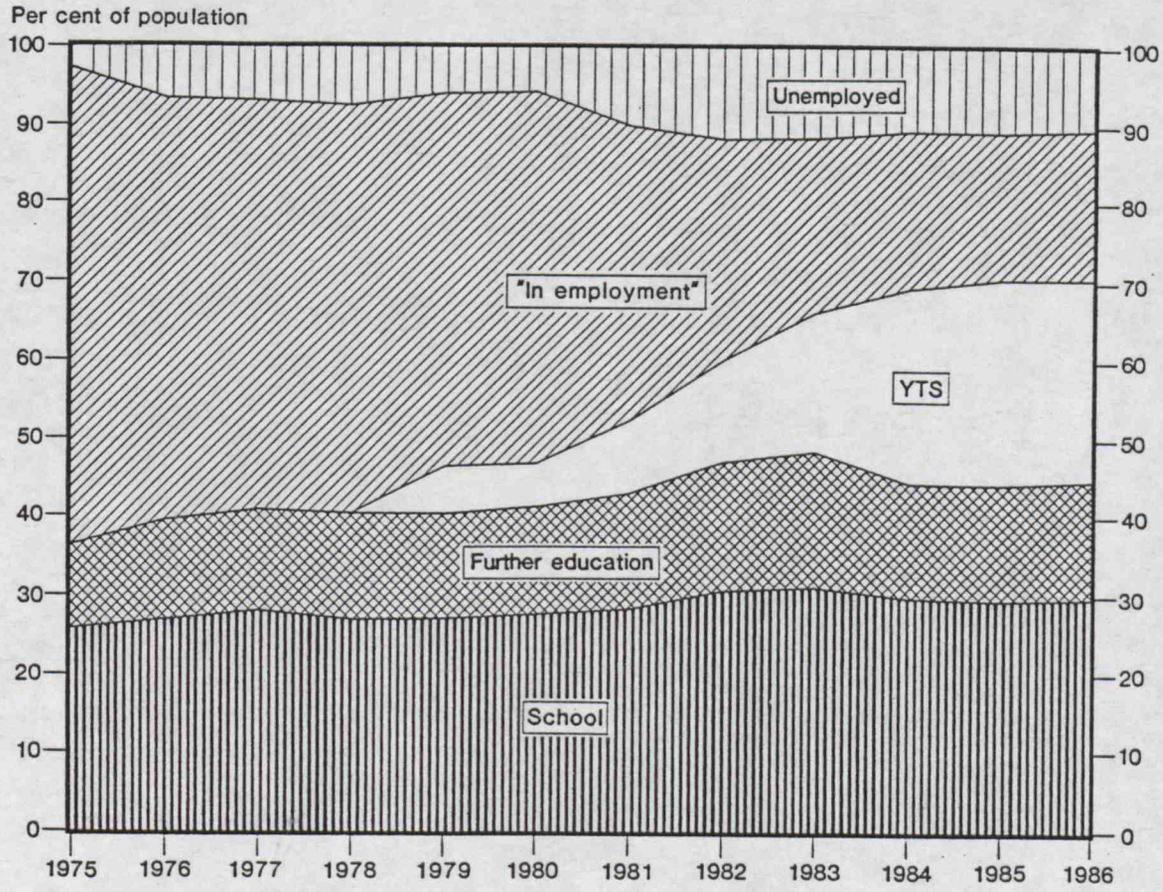
The memorandum from the Department of Employment notes that many of the 26% of YTS trainees in schemes where the local authority (or LEA) is managing agent may nevertheless be placed in work experience with private sector employers.

However there is still cause for concern. Although all managing agents are required to provide on the job training as part of the scheme, we have no record of where that work placement takes place. There are certainly concerns that there has been an over reliance on local authorities to provide work placement experience in certain areas of the country - particularly in areas where work placement opportunities with private employers are more difficult to find.

While the MSC has performed a fantastic task in gearing up the YTS programme so quickly, we must now be very concerned to monitor and maintain quality if our whole programme of training and employment initiatives is not to fall into disrepute. As the attached chart shows, YTS has already become the normal route for employment of 16 year olds - substituting for some direct recruitment by employers that might otherwise have taken place. While we can justify the public expenditure involved if it helps provide a better qualified workforce as a result of the YTS training structure, it would certainly be worrying if the quality were allowed to slip or if the scheme ended up sucking young people into the public sector who might otherwise have found employment in the private sector.

The problem may be even more severe in the new JTS training programme where the response from employers has so far been disappointing - but where a high success rate is vital to

Chart 1 Educational and economic activity of 16 year olds in England (see Table 6)



Refer to Table 1 for footnotes

meet our manifesto guarantee to 18-25 year olds and enable us to force the workshy back into employment. The Department of Employment and MSC are reviewing options for strengthening the programme, but no firm conclusions have yet been reached.

Conclusion

With the announcement of the legislation to follow through current changes in employment policies - withdrawal of benefits from 16-18 year olds, making the Community Programme a benefit plus regime, etc - the Government is likely to face persistent attacks for "forcing" people into what will be represented as "inadequate programmes". We need to ensure that the quality is high.

I would therefore recommend that you ask Norman Fowler to review what mechanisms are in place to monitor the quality of both YTS and JTS - including the type of work placement provided and the success rate in gaining employment at the end of the scheme. In the meantime it would be helpful if you could receive a report summarising what information is currently available on these points.

It might also be helpful if you asked Mr Fowler to prepare a brief review of the current status of the employment strategy for later this autumn, taking account of any necessary changes in programmes, to ensure that the policies decided before the election are still workable.

Norman Blackwell

NORMAN BLACKWELL

SF/H44

cc BC

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Prime Minister 2

David Norgrove Esq
10 Downing Street
LONDON
SW1A 2AA

18 September 1987

Dear David,

Val Hall pt 16

YTS IN THE PUBLIC SERVICE

Thank you for your letter of 29 July to John Turner. You explained that the Prime Minister was concerned at the proportion of YTS trainees participating in schemes run by local authorities.

I should explain that only in a minority of cases are these YTS trainees directly employed by the local authorities attached. The analysis of YTS trainees by sector in the annex to my Secretary of State's minute, understates the participation of employers from commerce and industry in YTS since many organisations which run YTS schemes do so as managing agents. The managing agents extensively involve other employers in their schemes: typically, local authorities acting as managing agents (often through colleges of further education) provide the required off-the-job element which is a feature of the bulk of all YTS schemes, while local industry and commerce provide on the job training and work experience.

In addition, local authorities provide a high share of "premium" places ie places for initially hard-to-place youngsters with special needs and in areas where there are insufficient employer-based places. Premium places make up only 15% of all YTS places, but local authorities provide just under half of the premium places.

It is the Department's objective to reduce the level of non-employer led premium schemes. However, this will take time, particularly while YTS absorbs the effects of the forthcoming changes in the entitlement of young people to supplementary benefit. My Secretary of State is therefore satisfied that, as matters stand, the Government could not fulfil its guarantees to unemployed 16 and 17 year olds without the level of places which local authorities provide.

I am copying this to Private Secretaries to members of the Cabinet, Michael Stark and Trevor Wooley.

Sincerely,

Beverley Evans.

BEVERLEY EVANS
Private Secretary

MANPOWER - SEMS pt 17

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

17 September 1987

EQUAL TREATMENT OF YOUNG PEOPLE

Thank you for copying to me your letter of 5 August to Douglas Hurd about your proposals on the removal of restrictions on the employment of young people.

The proposals have no special implications for Northern Ireland in relation to youth training, or health and safety.

I would, however, view with grave concern any proposal to remove the restrictions on the employment of young persons in Northern Ireland in premises licensed, or registered, to sell or supply drink or in the premises of licensed bookmakers. In the present climate of concern about young people and drink and of possible addiction to gambling, I am sure that you too would wish to proceed with the utmost caution in considering any proposal to abolish restrictions on employment of young people in such premises.

Such a move would undoubtedly provoke a public outcry and would be difficult for the Government to defend, particularly in view of recent measures which it has taken in Northern Ireland in liquor licensing legislation to increase substantially penalties for offences relating to the presence on licensed premises of young people and to the sale of drink to them. In addition there are tight restrictions on their presence in the bar areas of registered clubs. I also have serious reservations about your proposals as they affect the regulation of employment of children below the upper limit of compulsory school age. This area has been the subject of a Departmental review in Northern Ireland and

we have only recently issued a Consultative Paper outlining proposals for change which take account both of the need to simplify the law in this area and of the implications of the Sex Discrimination legislation. It also takes account of criticism from a Committee of Independent Experts of the Council of Europe about the Government's alleged non-compliance with Article 7(3) of the European Social Charter, which seeks to ensure that no person under the upper limit of compulsory school age shall be employed in such work as would deprive him of the full benefit of his education. I am satisfied that our proposals are in accord with this principle, but I am worried that the removal of restrictions as contemplated by you would conflict with it and that young people could be tempted away prematurely from full-time education. We must also recognise the possible conflict with the principle that children should have protection against abuse of child labour.

I could not therefore support any proposal which would remove all restrictions without due account being taken of the above reservations.

I am copying this to the Prime Minister, members of the Cabinet and to Sir Robert Armstrong.

TK

SMN/243

Manpower: SEM's PT17



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CCBG

FINANCIAL SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

16 September 1987

Dear John

EMPLOYMENT RESTRICTIONS ON YOUNG PEOPLE

Thank you for sending the Chief Secretary a copy of your letter of 5 August 1987 to Douglas Hurd; which he has passed to me to deal with.

It seems eminently sensible to take this opportunity, not only to conform to the EC Equal Treatment Directive but move towards the elimination of the restrictions placed on the employment of young people, where these restrictions are no longer necessary for their well being and protection.

I fully endorse Kenneth Clarke's comment that we need to start from the principle that it is the maintenance rather than the abolition of restrictions which need to be justified.

I agree with your proposal to consider removing all restrictions on the employment of young people and the issue of a consultative document as soon as possible and I have no objections to the denounciation of Article 7(8) of the European Social Charter.

I am copying this letter to the Prime Minister, and other members of the Cabinet, and to Sir Robert Armstrong.

Yours

NORMAN LAMONT

MANPOWER - SEMS PG 17



Ralph Howell, M.P.

House of Commons,
London SW1A 0AA

de 18

15th September 1987

Rt. Hon. Mrs. Margaret Thatcher, M.P.
Prime Minister

Dear Prime Minister,

CIF, PPS "workfare"

I am very grateful to you for your letter of 21st August and I was greatly encouraged to know that pilot schemes are to be set up to measure availability for work. So far I have not heard from Norman Fowler but I would certainly welcome such a pilot scheme in my constituency.

Following our meeting at the end of last Session, I was still uncertain as to whether or not I had made my message crystal clear and I have attempted to set out my ideas in the enclosed paper - Workfare - The Howell Report. I hope it does not sound pretentious but what I am proposing differs fundamentally from anything I know of that is happening in the United States and John Burton, in his pamphlet 'Would Workfare Work' also envisages 'working for benefit'.

The main point I am trying to make is that in a modern society the State is the provider of last resort. It would cost no more, and in my view very much less, if fit and able people were required to work and this can only be proved or disproved by means of a pilot scheme. I still hope you will feel able to set up a pilot workfare scheme for a limited age group in the near future.

I am sure it is quite unnecessary for me to say how greatly I admire all you have done to save this Country from being destroyed by Socialism. In my opinion, nobody could have done more and it is my sincere hope that you will continue as Prime Minister for many years.

Nevertheless, we have only arrested Socialism in certain areas. In others the power of the State is still advancing.

I am most concerned at the great increase in the number of people dependent on the State and especially the great increase in the number of single parent families. The graphs which I enclose demonstrate these points most starkly.

Rt. Hon. Mrs. Margaret Thatcher, M.P. 15th September 1987

Our present welfare, taxation and employment systems are eroding the moral fibre of the Country and, if they continue to make more and more people dependent on the State, we will reach a point where the remainder of the wealth creators cannot carry the burden. Fundamental changes must be made.

I do hope you will be able to assure me that action is being planned to reverse the present pattern.

Yours ever

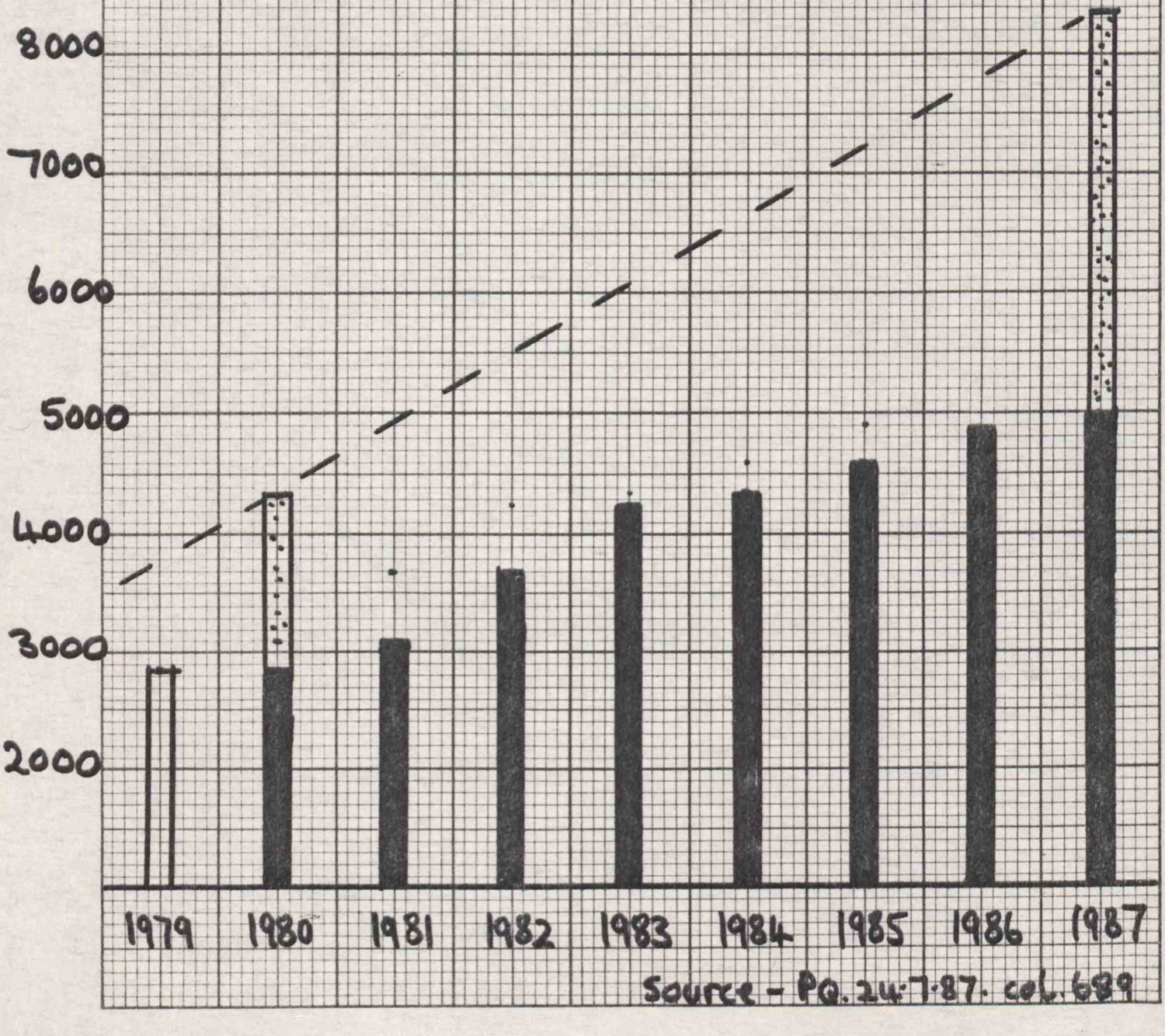
Ralph.

(1)

SUPPLEMENTARY BENEFIT CLAIMANTS

	Claimants.	Claimants + dependents.
Nov.1979.	2,855	4,370
Dec. 1980	3,118	
Dec. 1981	3,723	
Dec. 1982	4,267	
Dec. 1983	4,349	
Dec. 1984	4,609	
Feb. 1986	4,938	
Feb. 1987	5,008	8,350

Source : Claimants - P.Q. 24.7.87.(Col.689/690)
Dependents - P.Q. 24.7.87. (Col.689)



(2)

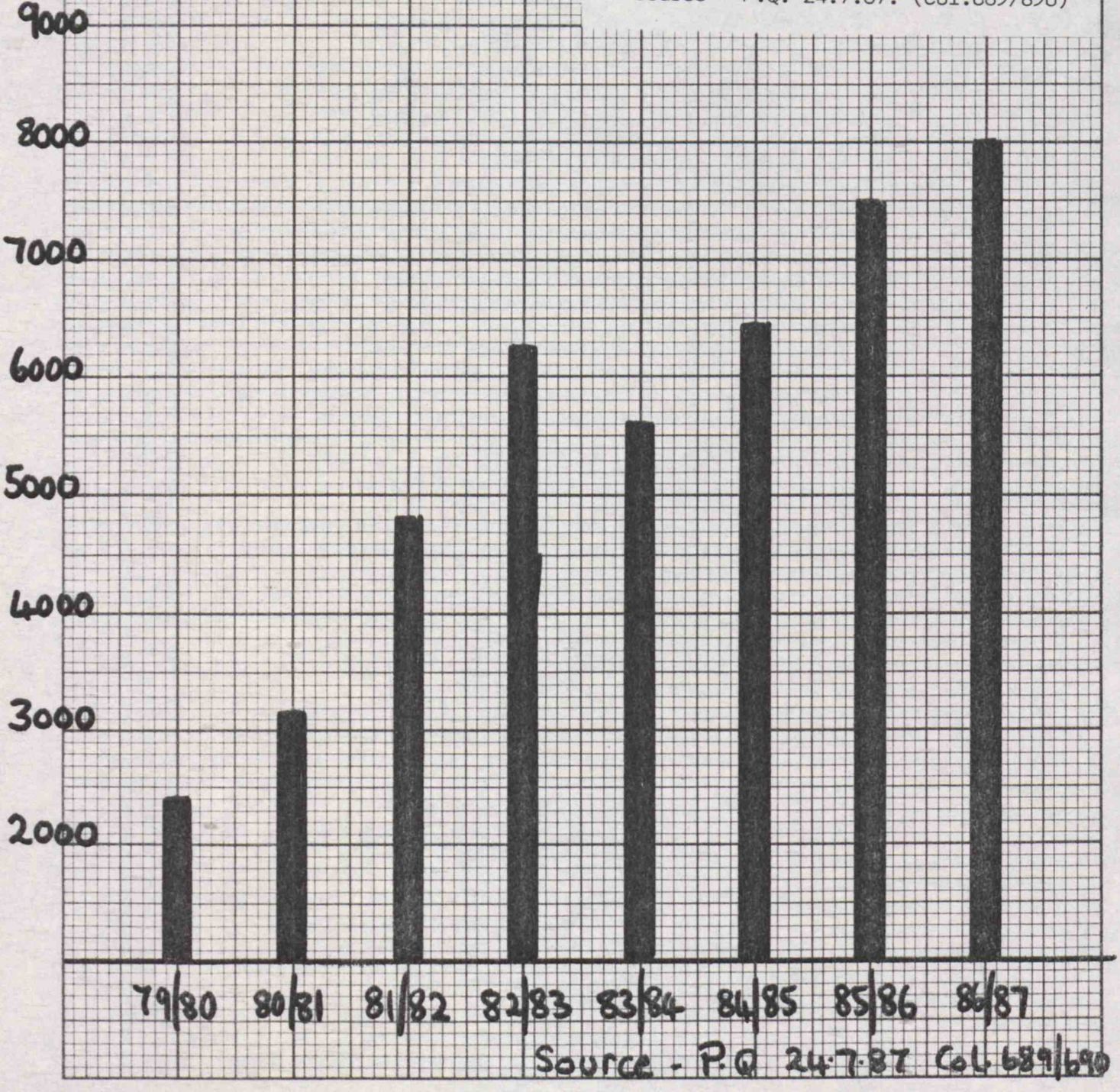
SUPPLEMENTARY BENEFIT EXPENDITURE.

£m.

	£million
Nov. 1979	2,436
Dec. 1980	3,172
Dec. 1981	4,840
Dec. 1982	6,261
Dec. 1983	5,592 *
Dec. 1984	6,472
Feb. 1986	7,512
Feb. 1987	8,022

* Reduction due to introduction of Housing Benefit

Source * P.Q. 24.7.87. (Col.689/690)



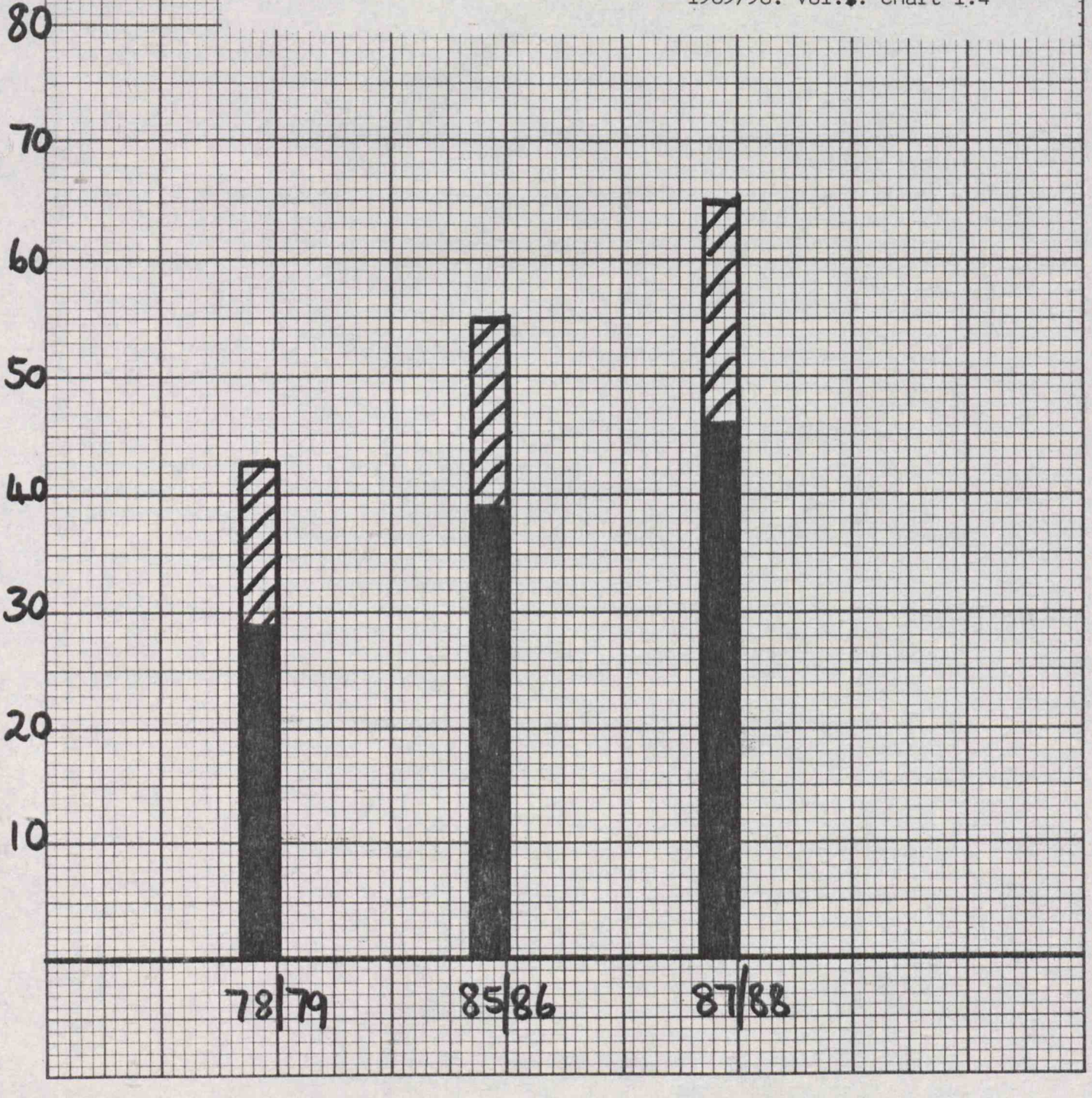
Source - P.Q 24.7.87 Col. 689/690

DHSS. SPENDING

(3)

Departmental Spending	1978/79 £bn	1985/86 £bn	1987/88 £bn
DHSS. Social Security.	29.4	39.3	46.0
Health & Personal Social Services.	13.3	15.9	19.1
	42.7	55.2	65.1
TotalDepartmental spending.	117.5	130.9	148.6
As % of total.			
DHSS. Soc.Security	25.02%	29.79%	30.95%
Health & Personal Soc.Services.	11.32%	12.15%	12.85%

Source : P.Q. 7.7.86. Col.5/6. Table 2.
1987/88 figs. from Gov.Expend.Plans 1987/88 1989/90. Vol.1. Chart 1.4



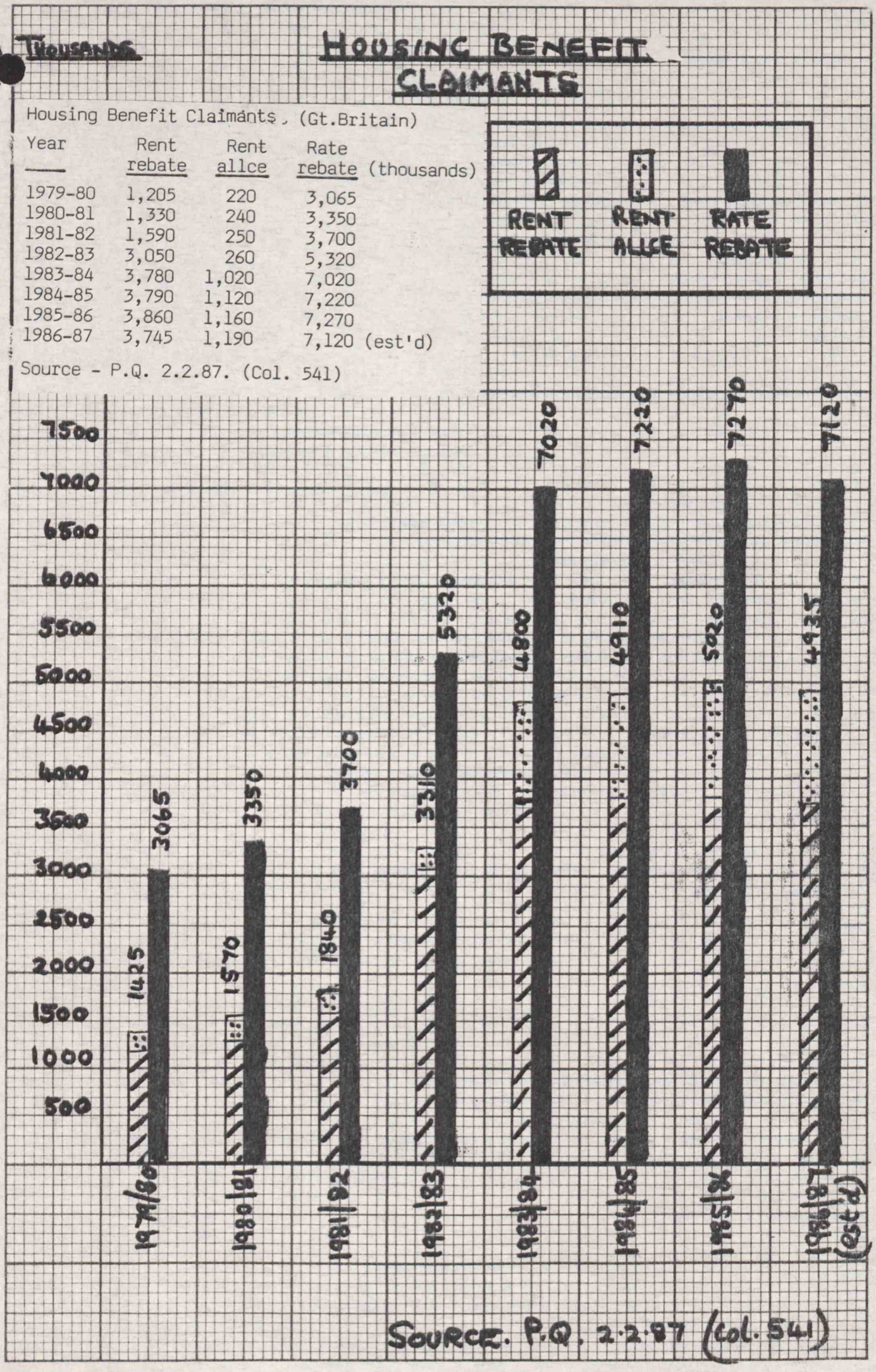
(4)

HOUSING BENEFIT CLAIMANTS

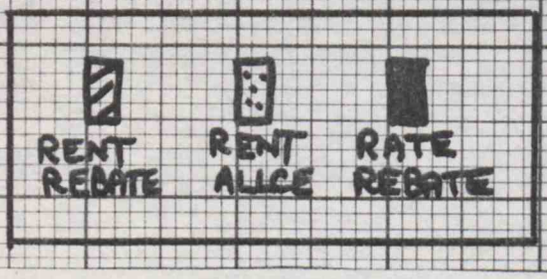
Housing Benefit Claimants (Gt.Britain)

Year	Rent rebate	Rent allce	Rate rebate	(thousands)
1979-80	1,205	220	3,065	
1980-81	1,330	240	3,350	
1981-82	1,590	250	3,700	
1982-83	3,050	260	5,320	
1983-84	3,780	1,020	7,020	
1984-85	3,790	1,120	7,220	
1985-86	3,860	1,160	7,270	
1986-87	3,745	1,190	7,120	(est'd)

Source - P.Q. 2.2.87. (Col. 541)



HOUSING BENEFIT EXPENDITURE



Housing Benefit expenditure (Gt.Britain)

Year	Rent rebate	Rent allce.	Rate rebate (£ mill)
1979-80	230	40	210
1980-81	300	50	290
1981-82	500	70	410
1982-83	930	70	120
1983-84	1,980	540	1,220
1984-85	2,150	690	1,370
1985-86	2,300	830	1,520
1986-87	2,430	1,020	1,640 (est'd)

Source P.Q. 13.3.87. (Col.323/324)

5

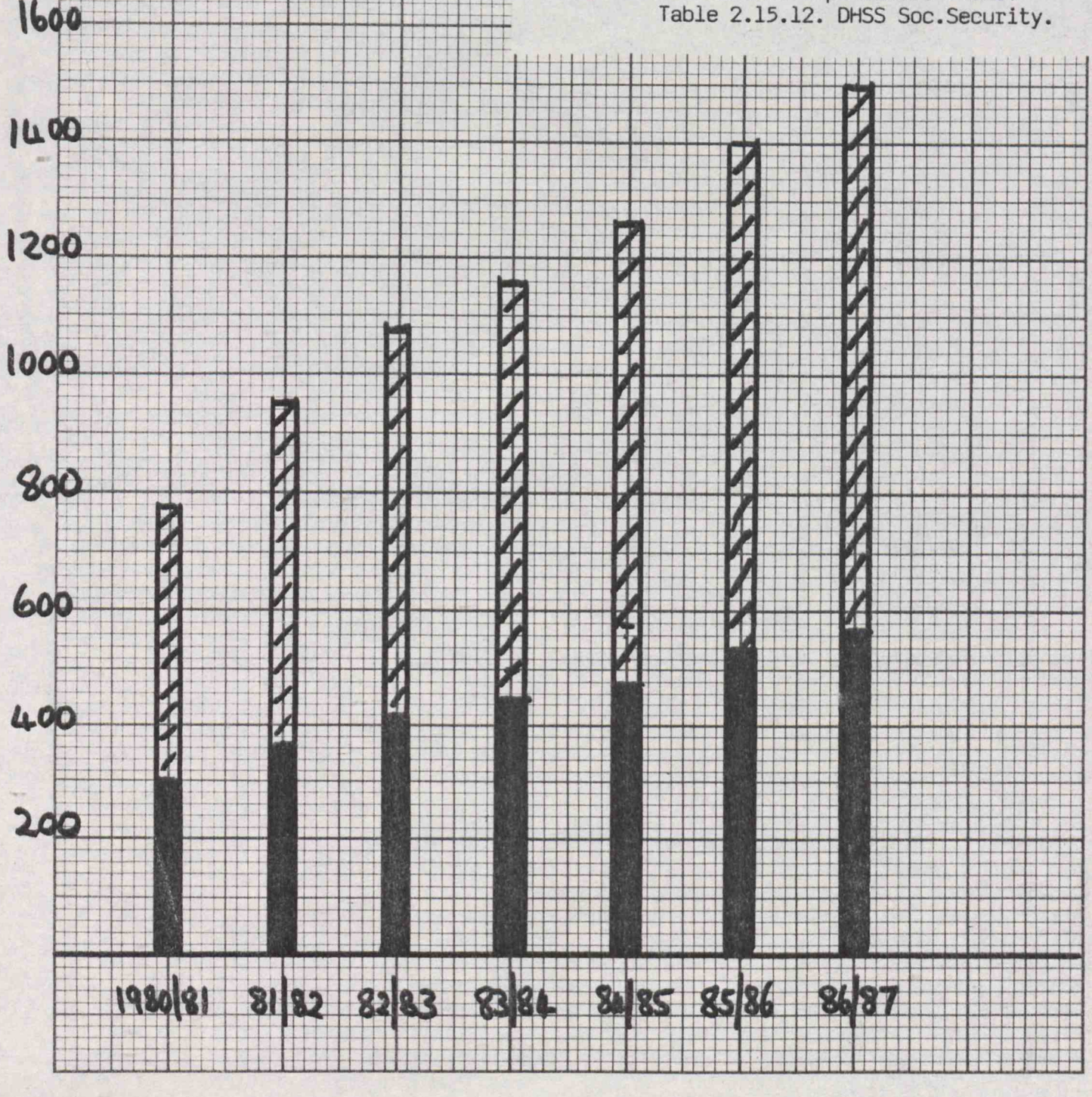
SUPPLEMENTARY BENEFIT CLAIMANTS.

One parent families receiving benefits

	Claimants	Claimants + dependents. *
1980/81	300,000	780,000
1981/82	365,000	949,000
1982/83	415,000	1,079,000
1983/84	450,000	1,170,000
1984/85	485,000	1,261,000
1985/86	540,000	1,404,000
1986/87	575,000	1,495,000

* Average number of dependent children estimated at 1.6 per family (library letter 27.10.86)

Source : Governments Expenditure Plans. Table 2.15.12. DHSS Soc.Security.



WORKFARE

THE HOWELL PLAN

HOW WOULD WORKFARE WORK?

1. The present Unemployment Benefit system would be abolished.
   No unemployment or any other benefit would be paid to fit and able people.
2. Work Centres would replace Job Centres to offer and organise useful environmental work from Centres which would be located in such a way that nobody would have to travel more than five miles except in the very extremities and most sparsely populated areas.
3. The Right to a Job would be established for everyone of working age who was unable to find normal work. Work would be offered :-

For people over 20 years of age -	£2.00 per hour.	Max. 40 hours.	£80.00 p.w.
For 16-17 year olds.	£1.00 per hour.	"	£40.00 p.w.
For18-19 year olds	£1.50 per hour.	"	£60.00 p.w.

4. Initially from amongst the present unemployed, jobs at £120.00 per week as supervisors would be offered to those suitable and willing to accept responsibility to organise the other environmental workers.
5. The tax threshold would be raised to at least £80.00 per week, thus the basic £80.00 would be entirely tax free.
6. Partially disabled persons would receive a payment equal to the percentage of disablement. Thus a 50% disabled person would receive £40.00 automatically without working. He could make up his pay to the normal £80.00 per week by working 20 hours at the normal rate or 40 hours at half-pay, whichever fitted in with his disability. It might well be decided to be more generous to the disabled and make the initial payment in this case £50.00 per week, so that a 50% disabled person would have the right to a basic income of £90.00 per week.

HOW COULD WE INTRODUCE WORKFARE?

The new system proposed in the Queens Speech, of withdrawing benefits from unemployed 16-17 year olds who refuse further education or YTS is, in effect, TRAININGFARE. Once that principal has been established it will be a simple matter to progress to the introduction of WORKFARE.

All that remains to be done is to convert the Job Centres into Work Centres from which environmental work, transport, tools, etc., can be organised and then amend the above legislation to include 18-19 year olds and offer them environmental work, as previously described, and no benefit to those who refuse.

This is not compulsion or conscription-it is merely common sense.

Later, when this group has been absorbed and the principal and idea firmly established, the 20-25 year olds could be dealt with similarly. Thus we could advance gradually up the age scale until unemployment was a thing of the past, the Right to Work established and the Something for Nothing society eliminated.

It should be remembered that although the Government thought long and hard and braced itself for widespread attack for including in the Election Manifesto the withdrawal of benefit to 16-17 year olds who refuse further education or YTS, no serious criticism developed. The Country as a whole supports this idea, thinks it is plain commonsense and cannot understand why it has not been put in place years ago.

Work such as street cleaning, sweeping pavements, repairing potholes in roads and minor road widening, coast defence, repairs to river banks and sluices etc. would be suitable for males. Social work, helping to care for the elderly in their own homes, and home helps, would be more suitable for females, although no firm demarkation lines should be made.

In conjunction with an Agricultural Set-aside Scheme, a vast amount of work could be found in establishing woodlands on 2 million acres of surplus agricultural land. This would entail a great deal of tree nursery work, woodland planting and subsequent woodland husbandry.

Real work with real wages would replace unemployment benefit and those who refused to accept such work would receive nothing.

We will never know how many of the present 3 million registered as unemployed would avail themselves of the Workfare work until it is actually tried. The obvious way forward is to set up a number of pilot schemes. Such pilot schemes could be put in place very easily. An experiment on a small age group, say 18 and 19 year olds, could be carried out using the same legislative mechanism as is now being drawn up to withhold benefit from the 16 and 17 year olds who are unemployed and who refuse Further Education or YTS places. If such a scheme were introduced in the North Norfolk Parliamentary Constituency in all probability no more than 130 jobs would have to be found. Here are the figures :-

Total unemployed		2,984	representing 12% of workforce
18 & 19 year olds. 8.7% of total		260	
Assuming 50% accept work under Workfare scheme		130	
Work Centres operating in main towns of Cromer, Fakenham & North Walsham	say	30	jobs in each place
Plus 4 subcentres	say	10	jobs in each place
	Total	130	jobs

Such an experiment would give a clear indication of the percentage of people who would actually participate in Workfare.

WHAT WOULD BE THE COST?

HOW GREAT THE SAVINGS?

If all 3 million unemployed attended the Work Centres then the cost would be :-

3 million x £80.00 per week or £4,160 per year	£ 12,480 M
Assuming that 10% accepted £120 per week or £6,240 per year. 300,000 extra at £2,080	624 M
	13,104 M
Add £1,000 each for tools, transport, etc.	3,000 M
	£ 16,104 M

There is ample evidence that the present cost of all payments to those classified as unemployed exceeds this figure.

On the assumption that no more than 50% of the 3 million unemployed take up the environmental work, the overall cost would be about £8,000 M.

Thus public expenditure would be reduced by about £8,000 M. The savings could be used to raise income tax thresholds to £80.00 per week for all taxpayers, thus greatly increasing the incentive to work generally.

WHAT WOULD WORKFARE ACHIEVE?

1. Practically everyone would be gainfully employed. Nobody would need to fear unemployment. Nobody would be rejected by society. Nobody would be required to retire before normal retirement age.

2. The fact that everyone who participated had an income of at least £80.00 per week would create a more responsible society. Dropouts apart, and there is no reason to believe there would be any great increase in their numbers, everyone would have a real wage and attachment of earnings could be made. This is particularly relevant as far as implementing the new Community Charge or any other form of rating system that may be devised.

3. Help to solve the Inner City problems.
Work Centres could be located, in the main, outside inner city areas, thus drawing people from the inner cities to workplaces outside the difficult areas. Boredom would no longer be a problem. Mixing with other more motivated people would help considerably. Pouring more and more public money into inner city areas, in the hope that industry, large or small, will spring up is 'pie in the sky'.

4. Law and Order is a worsening problem even in rural areas. Boredom and a feeling of rejection, particularly by young people, leads them to crime merely to get some excitement out of life. Opposing the police and cheating the system are closely related. There is no effective way of fining people dependent on social security for lesser criminal offences.

There would be no fraud squads as there would be no fraud. Either a person would work for a number of hours and receive the relevant wage or, if he refused to work, would receive no money.

In conclusion, Workfare would mean :-

(i) Full use of our manpower resources

(ii) The work ethic would be restored.

(iii) Very large cuts in public expenditure could be made, making way for large reductions in taxation.

(iv) Incentive to work would be re-established.

Finally, if we wish to maintain and improve our standard of living we must find a way of making substantial cuts in public expenditure, bearing in mind that our public expenditure is at least 5% higher than that of the United States and 20% higher than some Pacific Countries with whom we have to compete.

WHY IS WORKFARE NECESSARY?

1. Public Expenditure is far too high.

   Public Expenditure at over 43% of GDP is still higher than it was in 1979 and 5% higher than that of the United States and most of our competitors.

2. Taxation is also too high.

   Taxation at 38% of GDP compared with 36% in 1979.

3. Too many people are dependent on State Support.

   The number of supplementary benefit claimants and dependents has increased from 4.3 million to 8.3 million since 1979.

   One parent families dependent on supplementary benefit have increased from under 800,000 to 1.5 million in the same period

   The number of people dependent on means-tested State Benefits has increased from 14 million in 1983 to over 16 million now.

4. State Support too high.

   Unemployment + supplementary benefit + rent & rates or mortgage support - creates an ever-rising safety net which competes with employers, thus forcing up wages and creating labour shortages.

5. Welfare - the present 'Something for Nothing' system - encourages cheating and fraud, necessitating extra expenditure on more fraud squads etc.

   Indiscipline is encouraged.

   Fines for lesser crimes which do not carry a custodial sentence, are less effective against persons dependent on social security.

   Lawlessness is often the result of boredom and frustration.

   Workfare - real work in place of benefits - would relieve the problem of boredom and frustration, particularly in the deprived Inner City areas.

'WORKFARE'

THE HOWELL PLAN

John Burton's paper, 'Would Workfare Work', has achieved a great deal in initiating serious discussion on the question of Workfare. His conclusion that Workfare is both feasible and desirable as a means of reducing long-term unemployment is most welcome. He has added credibility and respectability to the concept.

The various Workfare systems operating in the United States, Sweden and Switzerland, as well as that envisaged by John Burton and Professor Patrick Minford for the United Kingdom, have one thing in common. All assume that Workfare will be super-imposed on the existing system and all, in one way or another, require the unemployed to work for benefit. This is a fundamental weakness and would inevitably lead to increased expenditure as a new bureaucracy would be needed on top of that which already exists.

Spending £850M more, as Burton suggests, to operate the 'Working for Benefit' type of Workfare would add to the already unacceptable burden of public expenditure and this would tend to create more unemployment.

When he then examines the Howell proposals and declares that they are too optimistic, as far as cutting Public Expenditure is concerned, he has not taken into account that the Howell plan is based on an entirely new concept - the belief that unemployment is unnecessary and that unemployment could and should be eliminated in it's entirety. In any modern advanced society the State is obliged to be the provider of last resort to those citizens, including the unemployed, who are unable to support themselves. The Howell plan merely insists that all who are able to work should accept environmental work and thus contribute to the general good. Working for benefit, on the other hand, is merely a half-way house and keeps in being the existing complicated benefit systems and the consequent bloated bureaucracy. If real work was offered and wages paid nobody would ever lose the incentive to work, there would be a beneficial psychological

effect, nobody would feel rejected and the community as a whole would benefit. Work such as street cleaning, sweeping pavements, repairing potholes in roads and minor road widening, coast defence, repairs to river banks and sluices, etc. for males. Social work, helping to care for the elderly, sick and disabled in their homes, and home helps, would be more suitable work for females, although no firm demarkation lines should be made. In conjunction with an Agricultural Set-aside System, a vast amount of work could be found in establishing woodlands on 2 million acres of surplus agricultural land. This would entail a great deal of tree nursery work, woodland planting and subsequent woodland husbandry. Real work with real wages would replace unemployment benefit and those who refused to accept such work would receive nothing.

In the Howell plan every employed person would be encouraged to take out fully-funded insurance to cover at least three months without work while changing jobs but, whether or not that were done, everyone who no longer had a normal job would have the right to work at £2.00 per hour, £80.00 maximum per week for adults - £1.00 per hour, maximum £40.00 per week for 16-17 year olds and £1.50 per hour, maximum £60.00 per week for 18-19 year olds would be appropriate.

This would also mean that those engaged in the black economy would no longer be able to claim benefit while working unofficially. They would have to choose between a Work Centre job or whatever work they were doing elsewhere. The Workfare wages should be free of tax and there would be no other payments, such as rent or rate rebate, free school meals or any other State handouts. It would mean that the huge bureaucracy built up to operate the overlapping, uncoordinated DHSS offices, Employment Benefit Offices and Job Centres could be drastically reduced. There would be no question of fraud - there could be no fraud - the fraud squads could be disbanded.

The Howell plan of'Work for all' but 'No Work - no Pay' would lead to a great reduction from the present 3 million people depending on the

State for support and thus to a large reduction in public expenditure. There is ample evidence that a large percentage of the unemployed, early retired, young mothers who have discovered how to 'work the system' as well as the unofficial workers, would melt away like'dew before the sun!

We will never know how many of the present 3 million registered as unemployed would avail themselves of the Workfare work until it is actually tried. The obvious way forward is to set up a pilot scheme. Any such pilot scheme could be put in place very easily. An experiment on a small age group, for instance the 18 and 19 year olds, could be carried out using the same legislative mechanism as is/now being drawn up to withhold benefit from the 16 and 17 year olds who are unemployed and who refuse Further Education or YTS places.

If such a scheme were introduced in the North Norfolk Parliamentary Constituency in all probability no more than 130 jobs would have to be found. Here are the figures :-

Total unemployed		2,984	representing 12% of workforce
18 & 19 year olds.	8.7% of total	260	
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Work Centres operating in main towns of Cromer, Fakenham & North Walsham.	say	30	jobs in each place
Plus 4 subcentres	say	10	jobs in each place
		130	

Such an experiment would confirm or deny the contention that no more than half the unemployed would actually participate in Workfare.

It follows that Work Centres would replace Unemployment Benefit Offices and Job Centres and that the workload of DHSS offices would be drastically reduced. There would be one simple system merely organising work, checking the time worked, and making payment accordingly.

This, in effect, would mean the implementation of the original Beveridge Plan of 1942 on which the present Welfare State was established. Beveridge envisaged a Work Test which could only have been applied if Work Centres offering work were established. Unfortunately the Attlee Government failed to implement the Beveridge Plan in full and all subsequent Governments have perpetuated this fundamental error.

Unemployment and how to deal with it did not develop into a major issue either in the 1983 or 1987 elections. This is because none of the Parties had any feasible solution. Nevertheless, the Government was able to achieve another massive majority despite the fact that roughly 3 million people were registered as unemployed.

It should also be remembered that although the Government thought long and hard and braced itself for widespread abuse for including in the Manifesto the withdrawal of benefit to 16-17 year olds who refuse Further Education or YTS, no serious criticism developed. The Country as a whole support the idea, think it is plain commonsense and cannot understand why it has not been put in place years ago. Thus we could advance gradually up the age scale until unemployment was a thing of the past, the 'Right to Work' established and the 'Something for Nothing' state abolished.

The real problem of high unemployment is that it is the principal cause of high and rising public expenditure and thus the cause of high and rising taxation which in turn destroys the incentive to work. Depsite all the Government has tried to do to reduce public expenditure it is still higher than when the Conservative Government first took office.

In 1979 General Government Expenditure accounted for 43.4% of GDP and in 1985/86 it accounted for 44.5% of GDP. Public Expenditure has increased by £6.1BM each year in real terms - an annual rise of 5.2% - while taxation and national insurance contributions have risen from 35% to 38% of GDP. This is under a Government which aims to cut public expenditure and reduce the burden of taxation.

If all 3 million unemployed attended the Work Centres the cost would be :-

3 million x £80.00 per week or £4,160 per year	£ 12,480 M
Assuming that 10% accepted £120 per week or £6,240 per year 300,000 extra at £2,080	624 M
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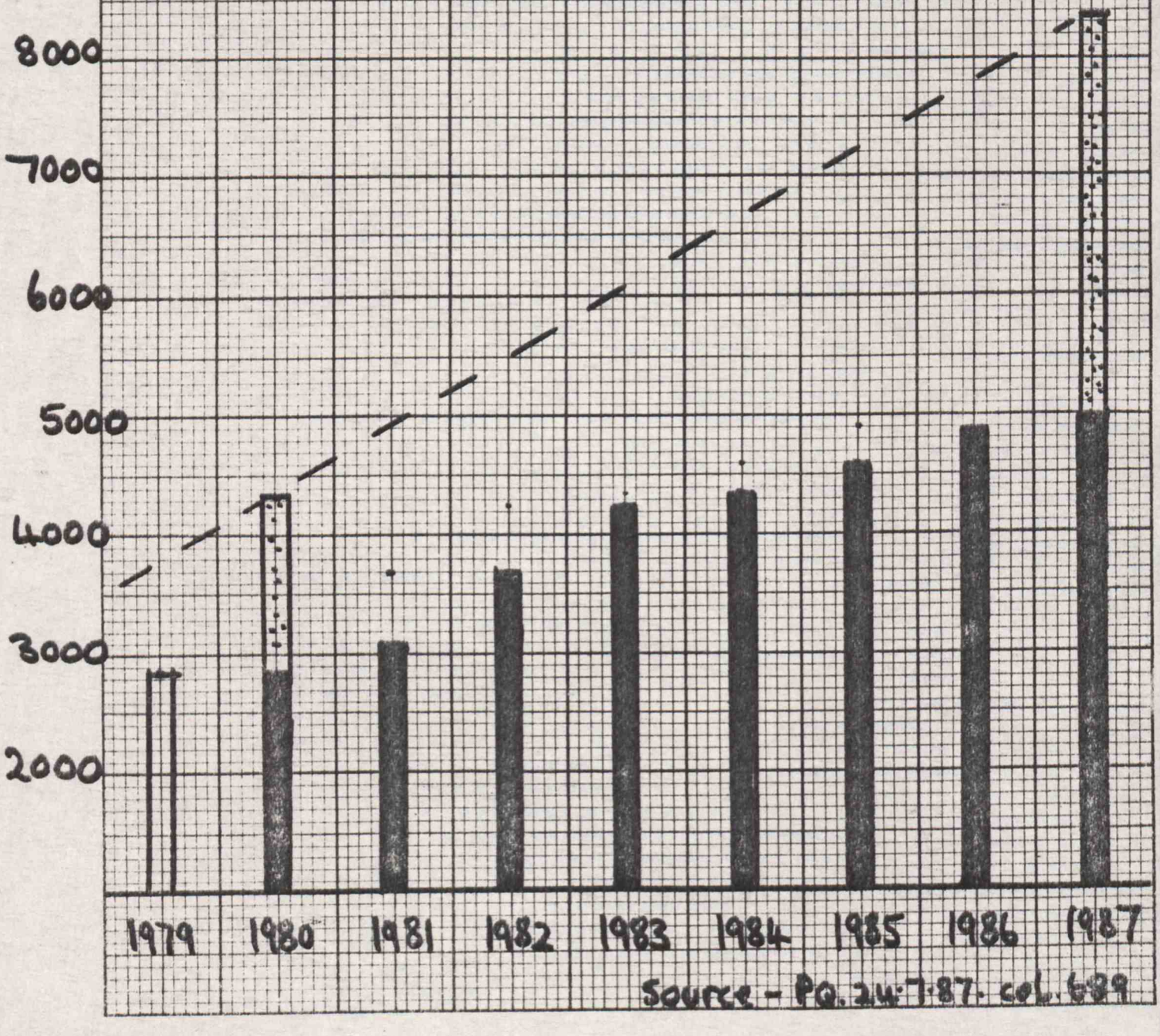
Thus Public Expenditure would be reduced by about £8,000 M. The savings could be used to raise income tax thresholds to £80.00 per week for all taxpayers, thus greatly increasing the incentive to work generally.

SUPPLEMENTARY BENEFIT CLAIMANTS

Thousands.

	Claimants.	Claimants + dependents.
Nov.1979.	2,855	4,370
Dec. 1980	3,118	
Dec. 1981	3,723	
Dec. 1982	4,267	
Dec. 1983	4,349	
Dec. 1984	4,609	
Feb. 1986	4,938	
Feb. 1987	5,008	8,350

Source : Claimants - P.Q. 24.7.87.(Col.689/690)
Dependents - P.Q. 24.7.87. (Col.689)



SUPPLEMENTARY BENEFITS

One parent families receiving benefits

	Claimants	Claimants + dependents. *
1980/81	300,000	780,000
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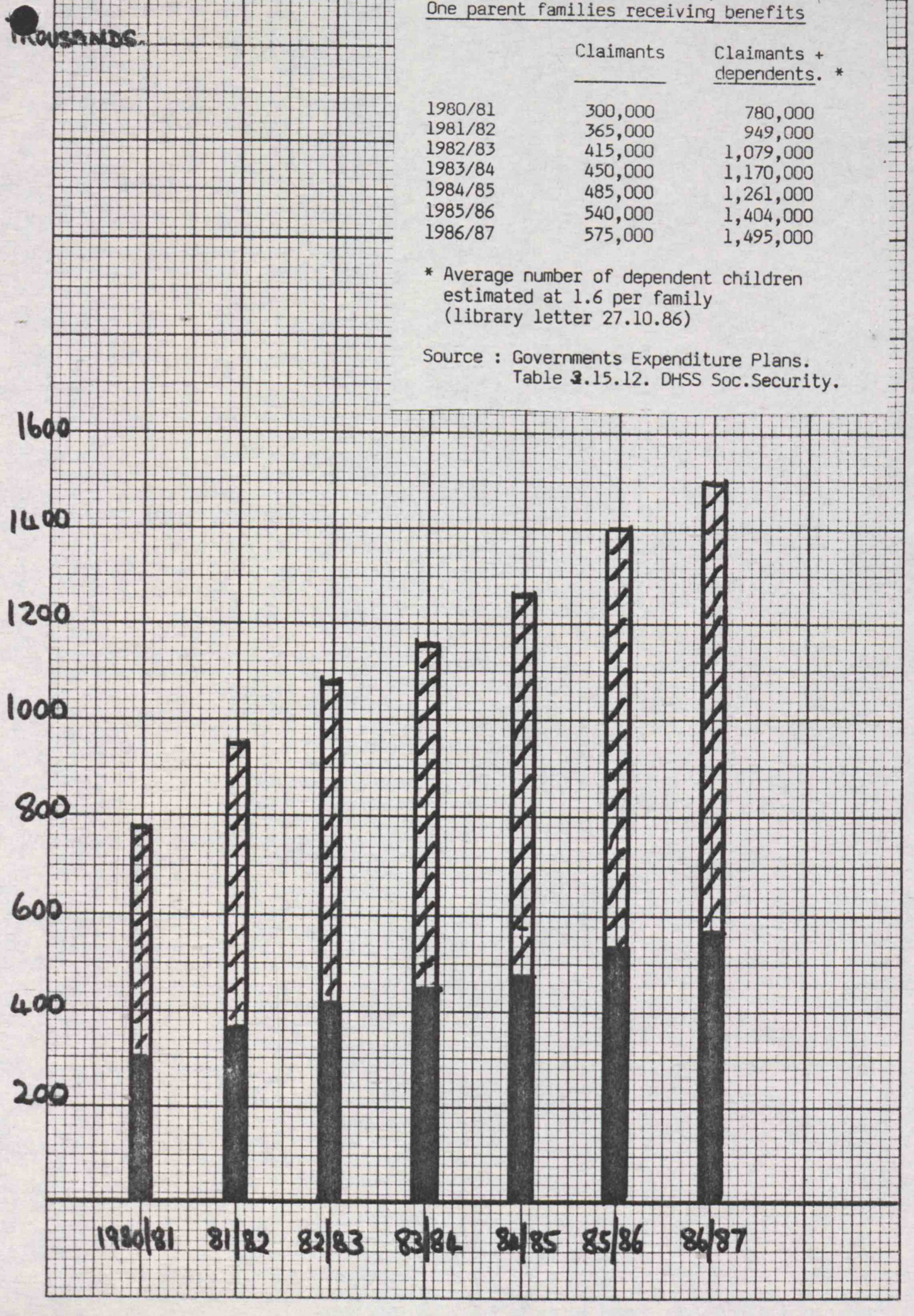
1984/85	485,000	1,261,000
1985/86	540,000	1,404,000
1986/87	575,000	1,495,000

* Average number of dependent children estimated at 1.6 per family (library letter 27.10.86)

Source : Governments Expenditure Plans. Table 2.15.12. DHSS Soc.Security.



The graphs show the extent to which more and more people are becoming dependent on the State, This is principally due to the increased level of unemployment. It will be seen that people depending on supplementary benefit have risen from under 4.5 million to over 8 million since 1979. The number of people belongingto single parent families, who are dependent on supplementary benefit, have increased from under 800,000 to nearly 1.5 million in 6 years.

At the same time, the lack of pressure by the unemployed to find work has resulted in an increase in the number of vacancies to over 850,000. There are shortages of labour, both skilled and unskilled, and wages have risen this year by 7½%, considerably higher than inflation.

In North Norfolk, where unemployment is still over 12% and was as high as 17% earlier in the year, builders are unable to find bricklayers and carpenters, although people with these skills are being interviewed by Restart personnel and are still refusing to return to work. The problem is that although unemployment benefit itself is too low to encourage anyone to stay out of work, when all the other benefits, such as rent and rate rebate, mortgage interest relief, free school meals, free prescriptions, etc., are taken into account many of the unemployed can no longer afford to work.

In conclusion, Workfare would mean :-

1. Full use of our manpower resources.
2. The work ethic would be restored.
3. Very large cuts in public expenditure could be made, making way for large reductions in taxation.
4. Incentive to work would be re-established.

Finally, if we wish to maintain and improve our standard of living we must find a way of making substantial cuts in public expenditure, bearing in mind that our public expenditure is at least 5% higher than that of the United States and 20% higher than that of many of our Pacific Country competitors. They make far better use of their resources and keep a firm control on public expenditure.

PRIME MINISTER

11 September 1987

SURVEY OF RESTART INTERVIEWS

At the suggestion of the Policy Unit, the Department of Employment conducted a survey on the characteristics of a sample of 4,500 long term unemployed people brought in for Restart interviews. The results are one more piece of evidence reinforcing the view that long term unemployment is primarily a problem of poor skills and motivation.

Leaving aside those interviewees who were about to start work or training (about 17% of the total), just two-thirds of the remainder were judged by the MSC interviewer to be actively seeking work. About one-quarter were available but clearly not actively seeking work, and the remaining 5% were not available for work (ie should not be unemployed claimants). These figures tally closely with the results of the Annual Labour Force survey.

In suggesting why they remained unemployed, the Restart counsellors identified particular characteristics which made it difficult for those interviewed to take up normal work in more than 70% of the sample surveyed. The main barriers to getting a job were:

- Poor health - 13.2%;
- Poor English/numeracy/literacy - 11.8%;
- Only prepared to accept limited work - 11.1%;
- Unattainable wage expectations - 6%;
- Poor transport - 5.6%.

Total 47.7%

(A wide variety of reasons was quoted for the remainder.)

Within the quarter of the sample who were not actively seeking work, roughly half were not looking because they were effectively unwilling to take work at the wages

available - believing they would lose benefit by taking a job, seeking unattainable wage aspirations or simply prepared to live on benefit. A further 13% were not actively looking because they were only prepared to accept very limited kinds of work.

All of this adds up to a picture where most of the long term unemployed, rather than being victims of the Macro economy, are in reality victims of their own lack of skills and experience and/or their lack of work ethic within a permissive Social Security system. Mr Fowler needs to find ways of getting these kind of facts out into the public domain in response to criticism of Restart, the Job Training Scheme (JTS), etc. (eg see attached press cutting)

You might also like to think about using your conference speech to set the background to policies in this and other areas by reaffirming some of the traditional values of individual and family responsibilities against the erosion of the Welfare State.

I have suggested to Norman Blackwell that he might prepare some speech material.

Norman Blackwell

DCV

NORMAN BLACKWELL

Stiffer opposition to training scheme likely

DELEGATES are today expected to beef up the TUC's opposition to the controversial Job Training Scheme (JTS) for young adult unemployed people in the 18-25 age group by making current policy of withdrawal more effective.

The new scheme, which was originally designed by Lord Young, now Industry Secretary, to have 110,000 places by the autumn, has provoked a barrage of criticism ever since it was introduced by the Manpower Services Commission.

But the TUC Secretariat and its General Council have been reluctant to institute a full-scale boycott of JTS since this is seen as endangering its continued representation on the MSC, one of the few remaining bodies where unions sit as social partners with employer bodies and government representatives.

But the MSC has circumvented unions' withdrawal from the scheme by ending their right to veto companies' work experience programmes under JTS. However, it does face problems in finding places for trainees as a growing number of local authorities, normally big providers, are boycotting the scheme.

Opposition to JTS has been led by Nalgo and the Civil Service union, the CPSA, but today's composite motion is being moved by the white collar union ASTMS and seconded by the National Association of Teachers in Further and Higher Education.

It makes seven basic points of opposition to the scheme, of which the most important are that trainees work for their benefit (seen as introducing the American concept of Workfare to the UK.

It is funded at the expense of other adult training schemes and it does not give a minimum level of off-the-job training or guarantee proper vocational qualifications.

In a recent study by the Unemployment Unit, whose analyses are always hotly disputed by Ministers, Mr Dan Finn declares that JTS is " part of a significant ideological attempt to interprete mass unemployment as a problem of skill deficiency and personal inadequacy rather than a question of employment and employment creation."

But Ministers and the MSC, pointing to the fact that over half the long-term unemployed have no formal qualifications at all and a quarter can be classified as illiterate, claimed that the scheme will provide a gateway for unemployed young adults into work and fill a genuine and growing skills gap.

Critics of JTS also argue that it is another measure to cut the unempolyment figures since trainees will be removed from the count and it will result in job substitution whereby trainees replace, at a cheap rate, fulltime paid employees. Studies of the ten pilot schemes also show an alarming drop-out rate.

RESTRICTED

CC(87)

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

10 September 1987

BSM

Dear Norman.

INCOME SUPPORT FOR 16 - 18 YEAR OLDS

Cabinet Papers Pt 16

Thank you for your letter of 17 August. I am delighted that so much progress has been made.

I think the compromise proposed on financial responsibility provides the right answer. It is very desirable that there should be a review for the first two years to see that we have got the costings, necessarily based on assumptions, reasonably right - particularly as these affect the benefit savings available to offset the costs of your programme. But once we know we are on the right lines, financial responsibility for the benefits should rest with my Department.

I agree that there should be no transitional protection for youngsters receiving income support in their own right at the date of change. Benefit should be withdrawn then and a waiting allowance paid if appropriate by your Department. I shall make this plain when I announce the benefit changes that form part of this policy decision at the time when my Bill is introduced in Autumn - I agree with you that there should be no announcement before then; we shall need to liaise closely about this and any other aspects where both Departments are involved on both content and timing. Incidentally, under current arrangements the last payment of child benefit for summer school leavers would be on 5 September 1988, so that the new arrangements will in effect start from 12 September and not the first of the month.

I cannot accept your proposal that there should be no time limit on the payment of child benefit for the registered disabled. The principle behind that benefit is that it is paid for children over

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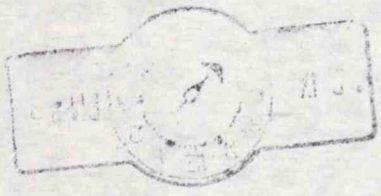
16 only if they are in full-time education and in effect we deem education to continue beyond the school leaving date up to a set date by which time the youngster should have been able to find another approach if not returning to education. A variable terminal date for disabled youngsters - potentially up to age 18 and more than two years after leaving school - would stretch this principle too far and would lay us wide open to pressures to provide similar extensions for other groups. I propose therefore that in these few cases a waiting allowance should be paid from the end of the child benefit period, and this would have the advantage that your people would be able to keep a close eye on the efforts made to place the youngsters. This arrangement would match the provision you intend to make for those who lose a YTS place or a job. Such control would not be possible with child benefit which, as you know, is paid by order book and administered from a central office.

You express some surprise that we envisage one group of youngsters not receiving any financial support during the period they are waiting for YTS - those who have left the family home without good reason. This is not a decision that I have taken in isolation. In your letter of 15 July you proposed that "DHSS should try to distinguish between the deserving and the undeserving" and the paper attached to that letter assumed that "those with good grounds for living away from the parental home need to be added to the groups continuing to receive income support". These ideas received general support. As noted in my letter of 17 July, it will be necessary to define objective criteria for distinguishing between those who should and should not receive income support when living away from home, but on that basis, and in accordance with the agreement reached in July, neither the YTS scheme nor social security will provide in the period during which the YTS guarantee is being implemented for those who do not meet the conditions for income support. I appreciate that this goes a little beyond the manifesto commitment but we are aiming to prevent youngsters being pulled into the benefit culture. There is nothing to prevent these youngsters returning home, and indeed I would expect that far fewer will leave home when the benefit avenue is no longer open to them. If anything was to be paid in these circumstances it should be a waiting allowance but I agree with you that there is a strong argument against this - essentially the same argument as for not paying benefit. We are now working up the detail about the groups who will be able to get income support in their own right and I will write again when we have firmed up on this.

I am copying this letter to the Prime Minister, Douglas Hurd, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Major.

JOHN MOORE

MANPOWER – SEMS, PE17



cc JG

nb pm

ELIZABETH HOUSE
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LONDON SE1 7PH
01-934 9000

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Cabinet Office
MPO
Great George Street
London SW1P 3AL

9 September 1987

Dear Richard,

flap pt 16

YTS IN THE CIVIL SERVICE

You wrote to John Moore on 6 August. I am a strong supporter of YTS and agree that we should try to build on the lead given by the Department of Employment.

My aim will be a small headquarters clerical scheme in place by next Easter, though the timetable assumes that we shall be able to draw on the equivalent part of the Department of Employment scheme and that negotiations with the MSC will not be unduly protracted.

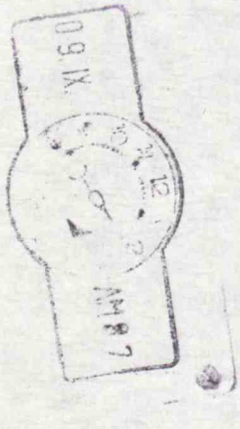
Local trade union opposition is, I fear, to be expected but I was pleased to hear that it is no longer a procedural bar to the introduction of a scheme. Like David Young - his letter of 2 September - I hope you will keep in mind the possibility of a central approach to the unions so that they know that Departmental managements are following a concerted Government line.

I am copying this letter to the Prime Minister, Norman Fowler and other Ministerial Heads of Department; and to Sir Robert Armstrong.

Yours ever

Kenneth

MANPOWER: SEMS pt 16



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CBG

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CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

7 September 1987

Dear Norman,

INCOME SUPPORT FOR UNDER 18s

Thank you for sending me a copy of your letter to John Moore of 17 August. It was most useful to hear how you now see the position.

I am, as before, broadly content with what you are proposing.

My main concern remains the issue of the costs of the child benefit option. In this context it is crucial to minimise the number of claims which should never or no longer be made (because the young people have found YTS places or jobs). I welcome the procedure for reapplying for child benefit. I would have liked the careers service to certify registration; but I am, nonetheless, prepared to accept your proposal on the basis that DHSS will carry out sample post-payment checks and review the position if there seems to be significant overpayment. I gather that your officials are considering controls to ensure that child benefit stops when people get into YTS or jobs. I attach weight to getting such controls in place.

I am grateful to you for your offer of reviews of the costs for the first couple of years. Because of the uncertainties about the costs of delivering support to school leavers by this route, I think it important that there be a presumption that, if costs exceed the estimates, DE will provide in Main Estimates for the following year for transfer to DHSS (with appropriate offsetting savings on DE programmes). I think it would be helpful if these reviews also looked at the result of DHSS monitoring of overpayment and fraud.

If the points above are agreed satisfactorily, I would be happy to endorse the child benefit option.

I accept, as you do, John Moore's view that we could not withdraw child benefit where suitable offers are refused. But I agree that the waiting allowance should be withdrawn for those refusing suitable YTS or job offers. I gather that your officials are considering ways of ensuring that waiting allowance is stopped as soon as people get jobs or YTS places. I think some such arrangements essential.

I am also concerned that exceptions to the rules (even if necessary) should be defined carefully to avoid opening loopholes. The criteria for judging whether people are living away from home with good reason must be tight; we must not allow the treatment of those living away from home without good reason (the last paragraph on your page 3) to open a loophole; and any proposals for extensions of waiting allowance beyond the "8 weeks in any 52" for particular groups should be tightly drawn.

I was grateful to you for setting out the costings. As we have agreed, the "net DHSS savings" will be treated as a saving on the DHSS programme, and an agreed bid for DE in the Survey; any other costs falling to DE (as now estimated in the "net DE costs" line) will be absorbed within your Department's programmes without extra resources being made available.

I am sending copies of this letter to the Prime Minister, Douglas Hurd, John Moore, Kenneth Baker, Peter Walker, and Malcolm Rifkind.

Yours Ever,
John

JOHN MAJOR

MANPOWER

SKM'S

PT 17

08.IX.



CC89.

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215)
GTN 215) 5147
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From the Chancellor of the Duchy of Lancaster and Minister of Trade and Industry

THE RT HON KENNETH CLARKE QC MP

John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

7 September 1987

Dear John.

EMPLOYMENT RESTRICTIONS ON YOUNG PEOPLE

Thank you for sending me a copy of your letter of 5 August to Douglas Hurd on this subject. I think that we need to start from the principle that it is the maintenance rather than the abolition of restrictions which needs to be justified. The evidence presented in your review of the existing legislation leaves me in little doubt that it does not significantly affect working hours and can easily be by-passed. The present restrictions do, however, retain considerable nuisance value for certain employers, for example the Post Office who are restricted in the employment opportunities which they can offer to young people by the requirement that they should not start work before 6am.

Whilst repeal would be likely to prove controversial, the balance of arguments is clearly on our side and I don't think that we should allow the prospects of controversy to deter us. It follows that I believe that we should proceed with a view to repealing the existing restrictions on the employment of young persons and support your proposal to issue a consultative document on this matter at the earliest opportunity.

I am copying this letter to the recipients of yours.

Yours ever,

EC5BDM

KENNETH CLARKE

MANPOWGR : SGMS PT17



CCPX

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

NBPM

7 September 1987

Dear John,

You sent me a copy of your letter of 5 August to Douglas Hurd about action we might take to comply with EC pressures to remove those legislative provisions which discriminate between young men and young women.

Although the legislation has no particular significance for my Department, I should like to add my support to the case for total repeal of the restrictions on the employment of young people.

/ Copies go to the Prime Minister, Members of the Cabinet and to Sir Robert Armstrong.

Yours ever,

JM

JOHN MacGREGOR



MANPOWER : Special Emp Measures
Pr 16

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PAYMASTER GENERAL

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Whitehall
LONDON SW1

4 September 1987

NBPM

Dear Richard,

YTS IN THE CIVIL SERVICE

On my return from leave I have seen a copy of your letter of 6 August to John Moore. I have also seen David Young's letter of 2 September.

As you know, we can see presentational advantage in expanding YTS within the Civil Service, provided there are no adverse affects on running costs and this does not stoke up pressures for more money to be spent on YTS generally. I intervene only to draw attention to the industrial relations dimension. You noted this in your letter to Kenneth Clarke last November, when the Department of Employment were thinking of introducing a pilot scheme, and I understand that there have indeed been some flurries of industrial action. While I am sure we should press ahead, it seems to me that, when considering where they might seek first to introduce YTS, Departments should think carefully about where they have the best prospect. Initially, some areas may permit easier progress than others, and the aim should be to build on that.

David Young suggested that we should tell the unions at national level of our intentions and our determination to introduce the YTS more widely in the Civil Service. I can see the point of this, but to do so might prompt a formal statement of their opposition. In any case, having signed the framework agreement some while ago the unions are fully aware of the Government's intentions. It seems to me that our best course is to proceed with implementation as quickly as possible, but, as I have suggested above, to think carefully about those areas which meet with the best immediate prospects of success.

I am sending copies of this letter to the Prime Minister, other Ministerial heads of Departments and Sir Robert Armstrong.

Yours ever

Peter

PETER BROOKE

MANPOWER: SGMS PT17.



DEPARTMENT OF TRADE AND INDUSTRY
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Secretary of State for Trade and Industry

The Rt Hon Richard Luce MP
Minister of State
Privy Council Office
Great George Street
London SW1P 3AL

2 September 1987

Dear Richard,

YTS IN THE CIVIL SERVICE

I refer to your letter to John Moore of 6 August about the wider introduction of YTS in the non-industrial Civil Service. As I said in my letter of 10 August to Norman Fowler, I am a firm advocate of the YTS scheme and my department is currently examining its earlier proposals for its introduction here. My officials have now received the promised briefing and guidance from your officials and in the light of that we will aim to get our scheme off the ground as soon as possible in 1988.

The offer by the Department of Employment and MSC to share their initial experience of YTS with other departments is most welcome.

I note what you say about the support and involvement of recognised Trades Unions and the ability of the MSC to overrule invalid objections under revised procedures for Area Manpower Boards. I am quite clear that union objection should not prevent us moving ahead with the introduction of the YTS in the non-industrial Civil Service. However, as departments begin to develop their schemes it will become apparent that there has been some change in our position and I would have thought it better to have told the trade unions at national level of our intentions and our determination to introduce the YTS scheme more widely in the Civil Service.

I am copying this letter to the Prime Minister, Norman Fowler, other Ministerial Heads of Department and Sir Robert Armstrong.

Yours,

JG5BGL

LORD YOUNG OF GRAFFHAM

Manpower. SEM's PT16



RESTRICTED

NEW ST. ANDREW'S HOUSE
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The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

2 September 1987

Dear Norman,

INCOME SUPPORT FOR 16-18 YEAR OLDS

Thank you for sending me a copy of your further letter of 17 August to John Moore.

I am grateful for your assurances on the extension of child benefit for Christmas and Easter leavers and for confirmation that the term registered disabled relates to those registered with MSC Disablement Resettlement Officers. I have to say however that I am disappointed by - although I accept - your decision not to allow any further extension to child benefit for those who do not receive an offer of a suitable place within the guarantee period. This makes it all the more vital for the MSC to deliver guaranteed offers in all areas and I shall be keeping a close eye on developments in Scotland in this respect.

I am copying this letter to the Prime Minister, Douglas Hurd, John Moore, Kenneth Baker, Peter Walker and John Major.

Yours ever,

MALCOLM RIFKIND

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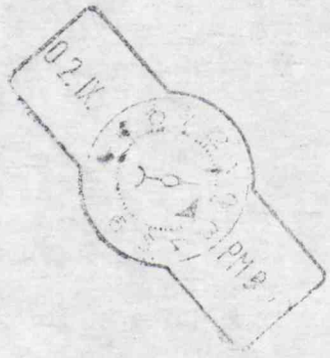

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DRAFT

PRIME MINISTER

EMPLOYMENT OF YOUNG PEOPLE AND CHILDREN

I draw this to your attention as a change which would be thrown at you in Questions if it goes through.

As part of the process of dealing with EC pressure on equal treatment of males and females, the Department of Employment has reviewed the legislation on young people and children. Here the choice lies between removing discriminatory provisions and abolishing the legislation relating to employment of young people which in this case effectively means 16 and 17 year olds. Mr. Fowler proposes to issue a consultative document.

Legislation in this case restricts hours, times of work, overtime, weekend work, shift work and night work and sets minimum meal and rest breaks and holidays. Mr. Fowler believes that there is no reason on health and safety grounds to retain these provisions though if they were removed the Government would need to denounce an article of the European Social Charter which prohibits night work by people under 18. MoD and FCO are content with what Mr. Fowler proposes. DES and Scottish Office are doubtful believing that the change would be very controversial.

(DAVID NORGROVE)
1 September 1987

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PART 16 ends:-

PUSS/DES TO SS/EMP 28.V.87

PART 17 begins:-

DCN TO PM 1.9.87


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