

J.V.
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Prime Minister

(1)

Agree, subject to colleagues
and to a satisfactory outcome on
X, to his oral statement on Tuesday
or Wednesday next week?
MS 21/7

PRIME MINISTER

EMPLOYMENT MEASURES

Now that E Committee has approved the proposal in my paper (E(82)58) I need to make an announcement to the House about the Job Splitting Subsidy and the Community Programme. I cannot do this before the Manpower Services Commission has agreed the details of the Programme, which I hope they will do at their meeting on 27 July, and I therefore propose to make my statement on Wednesday 28 July, if you and the Leader of the House are content - either after Questions or in the employment debate if it takes place that day.

... On the assumption that the MSC's meeting goes as I expect, I attach a draft of what I propose to say. If you or any of our colleagues have any comments on this I should be glad to have them by Monday 26 July.

x | As E Committee asked, I am seeking some assurances of public support for the Job Splitting scheme from employers before we announce it.

In accordance with the outcome of the meeting of E yesterday I propose in consultation with the Chief Secretary to fix a level of subsidy between £500 and £1,000 in the light of the evidence I am now collecting. In the draft statement, therefore, I have used the figure of £500 and its associated figures of gross costs purely for illustrative purposes. Of course, if we had to go up to £1,000, or somewhere in between, the gross costs would have to be adjusted.

I am copying this minute to all other members of E, to the Lord President of the Council, the Chief Whip, the Leader of the House of Lords and Sir Robert Armstrong.

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21 July 1982

EMPLOYMENT MEASURES

With permission, Mr Speaker, I should like to make a statement about further measures to help the unemployed.

In his Budget speech my rhf the Chancellor of the Exchequer announced an initiative designed to enable those who have been on the unemployment register for some time to work for the benefit of their own community, while still getting broadly the equivalent of their benefit entitlement plus an addition for expenses and the like. After consultation with major sponsors the Manpower Services Commission have now put to me recommendations for the operation of such a scheme, which I am glad to announce that the Government accept.

The Commission will accordingly introduce on 1 October a new Community Programme providing opportunities for community work and voluntary service for those who have been unemployed for some time. The Community Work part of this programme will bring together the Budget initiative and the Community Enterprise Programme and, if the demand is there, will provide up to 130,000 places for the long-term unemployed. Most of the places will be part-time and assistance will be given with training if required.

The new Community Programme will also encompass the scheme for voluntary service announced in May, and the whole Programme

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will continue for at least two years at a gross cost in 1983-84 of over £550 million. The net additional expenditure will however be nearer to £170 million when account is taken of the savings in benefit that would otherwise be paid.

The Government has also decided to encourage the extension of part-time work more generally in the economy. The object will be to provide additional opportunities for productive jobs for unemployed people. We propose from 1 January next year until 31 March 1984 to offer grants to employers who split full-time jobs into part-time jobs. These grants will be pitched at a level designed to cover employers' costs and to offer them an incentive to take part in the scheme. They will be paid in cases where the splitting of a job results directly or indirectly in a reduction in the number of unemployed people claiming benefit. This proposal is similar in principle to a suggestion made in the recent report on unemployment from a Select Committee in Another Place. The idea has also been under examination by the Manpower Services Commission, in a study to be published shortly.

The full details of the scheme will be announced in the early autumn. It is not possible to forecast how many jobs will be split as a result. But if, for example, a payment of £500 were made and 100,000 jobs were split, the gross cost would be of the order of £55 million over the life of the scheme. However, because of the large savings in benefit payments the scheme should lead to a net saving in public expenditure, and the staff

needed to administer it will be more than counter-balanced by reductions in the staff needed to pay benefit.

In accordance with the usual procedures we are notifying the European Commission of these proposals and shall be investigating the possibility of European Social Fund assistance towards their costs.

These two measures respond to the calls made by many to provide ways in which money that would otherwise be paid in benefit can constructively help unemployed people to find their way back into work or useful community activity. I hope that the House will fully support these new measures in the assistance they give in particular to the long-term unemployed.

