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see BT
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Prime Minister

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The statement
doesn't make it plain

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(see x in the antepenultimate

para) that the SB decision

will be reviewed after 12 months.

Do you wish it to?

15 June 1982

otherwise content?

MCS 15/6

Michael Scholar Esq
(Home Affairs)
Prime Minister's Office
10 Downing Street
LONDON
SW1

*Have checked the wording
rephrasing
and*

Dear Michael

YOUTH TRAINING: PARLIAMENTARY STATEMENT

E Committee reached decisions this morning on the Government's reaction to the report of the Manpower Services Commission's Youth Task Group. I attach the text of the statement my Secretary of State would propose, subject to the Lord President's agreement, to make to the House ^{on} of Monday 21 June.

I should be grateful if I could have any comments by close of play on Thursday 17 June.

I am copying this to Private Secretaries of members of E Committee, the Secretaries of State for Scotland, Wales and Social Services, the Lord President, the Chief Whip and Sir Robert Armstrong.

Yours ever

Brendy Shaw

J B SHAW
Principal Private Secretary



PARLIAMENTARY STATEMENT BY THE SECRETARY OF STATE FOR EMPLOYMENT

YOUTH TRAINING SCHEME

With permission, Mr Speaker, I should like to make a statement on youth training.

Last December I told the House of the Government's plans to introduce from September 1983 a new Youth Training Scheme which would guarantee a full year's foundation training for all 16 year old school-leavers who find themselves without a job. This would remove from them the threat of unemployment during their first year on the labour market.

At the same time I announced increased financial incentives to employers for the training of young workers. In that statement I also said that, if the Manpower Services Commission could make other proposals to bring more young unemployed people into paid jobs with proper training, the Government would be willing to consider the transfer of resources proportionately from the new scheme to such proposals.

In response to this invitation the MSC Youth Task Group published on 4 May a more comprehensive scheme, copies of which have been placed in the Library. The scheme was unanimously recommended to me by the MSC, supported by the CBI and the TUC and has generally been endorsed by the Select Committee on Employment.

The MSC scheme is fully in line with the Government's ultimate objective for training young people, although it extends beyond last December's scheme by covering also young people in employment, including apprentices, and proposes a higher level of training allowance. It meets the Government's fundamental requirements of the training scheme - on the guarantee to all unemployed 16 year olds, on the September 1983 date of introduction, on the content and length

of the training programme and on the need to keep within the level of resources made available for 1983-84 and 1984-85 in last December's White Paper on the New Training Initiative.

In this wider scheme employers meet a larger share of the training costs and the Government accept that in these circumstances the training allowance can be increased without increasing the cost of the scheme to the taxpayer or entailing any loss of training standards. A training allowance of £1300 a year for travel and other expenses now seems adequate for the launch of the scheme in 1983, though this will be reviewed in the light of MSC advice in the summer of 1983.

The Government therefore generally accept the revised ~~the revised~~ scheme as set out in Parts IV and V of the Youth Task Group report, on the basis that its costs will be kept within the resources already made available for 1983-84 and 1984-85. Although we believe the resources provided to be sufficient to provide for all 17 year old unemployed school-leavers when the scheme begins, it is not yet possible to say when we might extend a guarantee of places for all unemployed 17 year olds. In deciding the resources required, we have assumed substantial assistance from the European Social Fund and this is essential.

The need for large initial Government funding of the new scheme while youth unemployment is still high has been accepted, but we intend before 1985 to review the future distribution of training costs between employers and Government. The MSC intend to undertake, in co-operation with the Government, a study of funding of industrial training generally which should help us decide the level of public funding in the longer term.

My predecessor as Secretary of State for Employment made clear that, when the Government was in the position to guarantee that no 16 year old need be unemployed, it would be time to withdraw supplementary benefit from 16 year olds in their own right. The Government still believe that it would be right for all 16 year olds, whether in

*We can
guarantee
that now*



education, the new training scheme or unemployed, to be regarded as dependent on their parents for the first year after leaving school at the minimum age.

Nonetheless the Government have noted the firmly held and clearly expressed views of those who will have the responsibility for operating the scheme that its launch could be seriously impaired by the withdrawal of supplementary benefit. Mr rt hon Friend the Secretary of State for Social Services has therefore announced today that withdrawal of supplementary benefit will not take place in September 1983 but ~~there will be a review in the light of the operation of the scheme.~~ *will be deferred while the scheme is launched.*

This will I believe satisfy also the view of the Select Committee who were similarly concerned. In the meantime, we accept the recommendation by the Select Committee and the advice of the Social Security Advisory Committee that those who unreasonably refuse a suitable training place should, like adults, have their benefit reduced for six weeks.

This scheme is an immense step forward towards setting standards and systems of training in Britain as good as those anywhere overseas. Its success now depends above all on the efforts made by employers and unions, who have fashioned its shape, to provide enough good quality training places. I hope that they and all in this House and outside will give this imaginative new scheme the wholehearted support needed to ensure its successful operation from September 1983.

Manpower
Special Employment

Mr. Tebbitts amendments
to E(82) 15th mtg 15/6

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would be made clear in public that the Government could not indefinitely accept responsibility for the financing of training; and that expenditure on the new training scheme would be cash-limited so that, for example, any increase in unit costs as a result of variances in the division of places between the Manpower Services Commission and employers would have to be offset by appropriate economies. Although any immediate public announcement should be on the lines proposed by the Secretary of State for Employment, this was on the clear understanding, which was fully accepted by the Secretaries of State for Employment and for Social Services, that it remained the

Government's ^{view} intention that Supplementary Benefit should be withdrawn from 16 year olds, and that the matter should be reviewed ^{one year after the new training scheme} with a view to giving ~~effect to this intention one year after the new training scheme had come into operation.~~ ^{effect to this intention with that in mind.}

The Committee -

1. Approved the proposals in E(82) 50, subject to the points made in the Prime Minister's summing up.
2. Invited the Secretary of State for Employment to circulate to the Committee the draft of a Parliamentary Statement announcing the Committee's decisions regarding the proposed new training scheme.
3. Agreed that the Government's intention that entitlement to Supplementary Benefit should be withdrawn from 16 year olds should be reviewed in due course with a view to giving effect to it one year after the new training scheme for young people had come into operation.

Cabinet Office
16 June 1982

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