

A. D. Agnew

act with the Treasury



Prudential

You have already agreed, privately, with the Chancellor that the CPAS should undertake a review of this subject. If

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

you agree, I will now give it your formal blessing - subject

Tim - ① I agree with your view in excellent

PRIME MINISTER

② In the same line as with which is included - the Treasury on a new subject - but I think that the old one is more relevant for the working pop.

(The internal Treasury study attached is excellent - you might glance at the conclusions pages 64 onwards)

LONG TERM UNEMPLOYMENT AND THE YOUNG

You will recall that we had a discussion a few weeks ago about the problems in this general area and you asked me (as recorded in Mr Lankester's letter of 5 November) to arrange for an examination of the possibilities with a view to preparing a report for your consideration in due course.

*R
5/12*

2. As a first step I asked my officials to carry out a quick internal examination of existing policies on youth unemployment and of possible new avenues of approach, and I now enclose a copy of the paper they have produced for me.

3. I must stress that the paper was produced entirely within the Treasury and under pressure at a particularly busy time. It does not pretend to provide a comprehensive review of all the issues, and it does of course address them from a specifically Treasury standpoint. Nevertheless I think it is helpful in providing a quick survey of the various measures that are currently being implemented or considered and in relating them to our overall monetary and fiscal strategy.

③ I agree with ref. to CPAS. What could be done to improve decision making and I wonder if before a final conclusion on the other page - in the context of CPAS - it would be better to have to be carefully reviewed.

④ This Treasury conclusion is not within the remit.

/4. The conclusions



4. The conclusions and recommendations of the paper are set out in paragraphs 64-68. They rightly, in my view, stress the need for greater co-ordination of existing policies and work and for a more robust presentation. On the substance of the issues the paper identifies areas where further work is necessary. Of those they mention I would attach particular importance to the possibility of increasing incentives to work among young people (by further consideration of the structure of Social Security benefits and the relationship of juvenile to adult wage levels) and to the removal of restrictive and outdated practices. I would also have liked the paper to give more emphasis to the need to encourage geographical mobility and this is clearly something that must be looked into further.

5. Nearly all these issues cross departmental boundaries and, for this reason, I strongly support the recommendation (at paragraph 68(ii)) that the CPRS should be invited to review the present range of activities and proposals and make recommendations on the future course of policy. I would hope that they could not only provide a fairly wide ranging and objective assessment themselves but also, with the help of other Departments as necessary, follow up in greater detail some of the points (for example the costing of national service type options) which my officials could not examine in depth in the time available. The CPRS would certainly be able to count on help from the Treasury in dealing with this and other points and we would wish to be kept in close touch with the work as it progressed (as, I am sure, would other Departments).

/6. Of course,



6. Of course, some of the topics will fall to be discussed by officials in the Manpower Group under the Department of Employment (as recently agreed at E Committee) but I still see advantage in inviting the CPRS, if they can take the task on, to survey the whole field. As to timing, although I would not expect the work to lead to proposals with any substantial net fiscal impact, it would be most helpful to have a report by mid-February at the latest so that it could be taken into account in formulating my Budget. At the least, for example, there might be important presentational points that could gain from being made in the Budget context. So this is the timescale I think we ought to aim at, and indeed it may even prove necessary to try to accelerate it a little in order to be sure that the work could be useful in other current contexts such as the review of training policy. In the meantime I would not, of course, want to delay other work such as that being undertaken in MISC 45 on possible new forms of public financial support for the young. It will still be important, however, to relate them to the wider context.

7. I am sending copies of this minute to the Home Secretary, the Secretaries of State for Defence, Employment, Social Services, Education and Science, Scotland and Wales, Sir Robert Armstrong and Mr. Ibbs.

A handwritten signature in black ink, appearing to be 'G.H.' with a flourish.

(G.H.)

5 December 1980