



Ref. A05868

Handwritten notes:
LFW
30,000
TSWC
Smt.

PRIME MINISTER

Special Employment Measures

E(81) 97

BACKGROUND

As recorded in the Chief Secretary's letter of 30 October, the Secretary of State for Employment has now agreed to drop a number of the proposals he had made in E(81) 97. Unless the Committee feel that the resulting package is either too big or too small, it should be possible to run through the proposals in E(81) 97, as amended, fairly briskly.

Youth Opportunities Programme

2. The Secretary of State for Employment and the Chief Secretary agree that the YOP allowance should be increased in November 1981 from £23.50 to £25.00. There are no other issues under this head.

Community Industry

3. The Secretary of State has withdrawn his additional bid for expansion of this scheme which gives employment to young people.

Longer Term Unemployed: Community Enterprise Programme and Layard Subsidy

4. Against the prospects that by 1983 there will be 800,000 people who will have been unemployed for over a year, the Secretary of State for Employment had proposed that the Community Enterprise Programme should be increased to 50,000 places. He now agrees that it should be maintained at 30,000 places and the Chief Secretary has accepted the net additional expenditure necessary of £33 million in 1983-84 and £34 million in 1984-85.

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Normal allowance program

5. The Secretary of State has agreed to drop his proposal for adopting Professor Layard's idea whereby a subsidy of £50.00 a week would be paid to employers taking on additional employees from among the unemployed. This would have reduced the register by 6,000 in March 1983 at a relatively high net cost per person of £5,000.



Temporary Short Time Working Compensation Scheme (TSTWCS)

6. The two Ministers now recommend that the period of support under TSTWCS should be reduced from 9 months to 6 with effect from the end of September 1982 and that the scheme should be withdrawn from April 1984. This recognises that use of this scheme is already falling, and that it is better to give priority to encouraging recruitment to new jobs rather than to supporting existing jobs. It will lead to savings of £23 million in 1983-84 and £51 million in 1984-85.

Job Release Scheme

7. The two Ministers recommend withdrawal of the concession whereby civil servants can use the JRS even though their post is not filled by someone from the unemployment register, which is the standard condition for other JRS applicants. This would save £40 million in 1982-83 and £70 million in each of the following years. The Chancellor of the Duchy of Lancaster will not, however, have had an opportunity to consider it and so, in fairness to her, any approval should be conditional on her being able to consider the proposal in greater depth and come back to the Committee if she does not feel able to accept it.

Overall Expenditure Effects

8. The overall effect of these proposals, of the training measures, and of other smaller changes which have been negotiated bilaterally, are tabulated in the Annex to the Chief Secretary's letter. In summary, and taking account of the substantial package announced on 27 July, the Department of Employment's public expenditure programmes will have been increased this year as follows:

	£ million		
	1982-83	1983-84	1984-85
(i) March 1981 White Paper	1911	1875	1969
(ii) Now	2831	2909	2925

In short, if the Committee approve the proposals, the Government will since March have increased the public expenditure provision for training and employment measures by around £1 billion a year. The increase over the public expenditure totals proposed by the Chief Secretary in C(81) 51 is, however, fairly small (£90 million in 1982-83, £81 million in 1983-84 and £226 million in 1984-85).

10/6/82
 [Handwritten notes and arrow pointing to paragraph 7]



HANDLING

9. You might ask the Secretary of State for Employment to introduce his paper briefly and then to take the Committee through each of the items in it drawing their attention to the changes which he has agreed with the Chief Secretary.

CONCLUSIONS

10. You will wish to record conclusions on each item as the Committee works through the paper. It would be reasonable to make any approval of the changes in the JRS scheme as it affects civil servants subject to the Chancellor of the Duchy of Lancaster having an opportunity to confirm that she is content.

ROBERT ARMSTRONG

30 October 1981