

80,000 of the limit

5,000.

27,200.

9,600 left.

Reserve - 8 options.

PRIME MINISTER

21,500 minimum.

100,000 Apr 87
4 million Oct 87WORKFARE

This meeting was sparked by your interest in the Panorama programme on Workfare in America.

Lord Young's minute of 2 May (Flag A) is the main paper for the meeting. You will also want to look again at the Policy Unit note (Flag B).

There is some risk of confusion in the use of the term Workfare. In America, the word seems to cover a variety of schemes, and they would think of Restart, Job Clubs and Community Programme as falling under the heading. But Lord Young has chosen to define Workfare as a requirement to work or train in return for remaining on benefit, a much more restrictive definition.

You could start by considering whether Workfare as defined by Lord Young's would be a desirable objective. Should all the unemployed be required to work or retrain in return for benefit? There are good reasons for believing that they should not:

- (i) To create such a requirement would make the State the employer of last resort and would take the Government deeply into the labour market;
- (ii) The unemployed would tend to be taken out of the normal labour market by the proposal, and the result would be to cause it to operate even less effectively;
- (iii) There would bound to be a substantial displacement of people from ordinary jobs;
- (iv) It would be expensive.

4,500

W/L/H

M.S.

876/10/10

427-

2-1/2

470

W/L.

2,737

6/10/10

minimum

16 1/2

82

100,000

Autumn

Indeed it is not clear whether even in America any state has adopted a scheme running on Lord Young's strict definition.

But there is still clearly a great deal more to be done to make sure that people receiving benefit are genuinely available for work and doing all they can to find it. And, beyond that, it must be right to both offer and require as much work from the unemployed as is consistent with leaving them open to looking for and find proper jobs. (I have asked for a note before your meeting on how it is that the drop-outs in "the Convoy" who squat on farmers' land in the West Country can claim SB.) The meeting could consider the proposals that have been made by Lord Young and by the Policy Unit in these areas.

(a) Lord Young has proposed using the existing nine pilot Restart schemes to test the effectiveness of extending Restart from people who have been unemployed for more than a year to people who have been unemployed for six months. After an initial disagreement, the Chief Secretary has now assented to this. Is that confirmed?

(b) Lord Young also says that when he has some experience of operating Restart on a national basis, he will want to consider the possibility of making some of it compulsory (e.g. the short Restart courses). What are the merits of this, and when does Lord Young think he might be able to set about it?

(c) How can the links between claiming benefit and signing on be restored? DHSS and the Department of Employment are at present looking at the way in which unemployment benefit and supplementary benefit for the unemployed are paid separately. They may conclude that one or other of them should do it, and that the present split arrangements should be ended. Lord Young also has designs to integrate the Job Centres into this. You will want to say how important it is that the links should be restored. What is the timetable?

(d) Lord Young says he wants to explore ways of moving the

Community Programme closer to the "Work-for-Benefit" model, and David Willetts suggests using specially reserved CP places to apply the "availability for work" test. Does this make sense and how quickly can it be done?

(e) Could we go beyond an "availability" test and instead have a "job-seeking" test in which people would have to show that they had applied for so many jobs in the previous month?

(f) Can the disqualification rules be tightened up: the period for which benefit is reduced has been extended from 6 to 13 weeks, but it could be extended further, e.g. to 26 weeks. And disqualified people could be taken off the unemployment register.

(g) Lord Young says he is considering the possibility of running pilot schemes to test the response of the unemployed to the idea of working in return for their benefit. How far has he got on this?

(h) Finally, Lord Young wants to publish Professor Blaug's report and to invite the views of the Select Committee on Employment about it. The Chief Secretary is doubtful. Should the report be published and the Select Committee's views invited?

For each proposal you will want to know how quickly it could and should be implemented and whether legislation would be needed.

DN

David Norgrove

30 May 1986

MJ2BZG

Action: Benefit Claim

Stiffer test
of availability

First compulsory
interview

Second compulsory
interview

Weeks:

0

1-6

26

52