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CONFIDENTIAL



bc JV

10 DOWNING STREET

From the Private Secretary

30 September 1982

Dear Barnaby,

Job Splitting Scheme

The Prime Minister has seen the recent correspondence, beginning with your Secretary of State's letter to the Chancellor of 8 September and including the Lord Privy Seal's Private Secretary's letter of 15 September, about job splitting and Civil Service participation in this scheme.

The Prime Minister has commented that she assumes that Civil Service participation in the scheme can be brought about at no extra cost.

I am sending copies of this letter to the Private Secretaries to the Members of E Committee, Richard Hatfield (Cabinet Office) and Gerry Spence (CPRS).

Yours sincerely,

Michael Scholar

Barnaby Shaw, Esq.,
Department of Employment.

CONFIDENTIAL

da



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

cf 5v

Prime Minister (2)

2 = PP's

MUS 27/9

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON SW1

I assume it can be done at no cost?

23 September 1982

MS

See Norm

JOB SPLITTING SCHEME

I was grateful for a copy of your letter to Geoffrey Howe of 8 September about your job-splitting proposals.

Subject to the resolution of the problem to which Janet Young has referred (her Private Secretary's letter of 15 September) I would be in favour of Civil Service participation in the scheme. Indeed I may say that this Department has already begun an exercise to identify non-industrial posts where there is potential for job-splitting as part of a Management and Personnel Office initiative to help staff through periods of domestic difficulties. Although the exercise is not yet complete it looks as though there might be scope for splitting up to 150 to 200 non-industrial posts (mostly in the Administration Group) and perhaps a limited number of Professional and Technical posts, too.

I am advised that there could be extra management effort and cost; and in so far as this materialises I would need to be assured that, if we do proceed, my existing allocations for

administration could if necessary be adjusted to cope with any likely extra demands which a job splitting scheme may place upon them.

I am copying this letter to members of E Committee, Sir Robert Armstrong and John Sparrow.

Gannan

David

DAVID HOWELL

23 SEP 1982

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CONFIDENTIAL

cc JD



Caxton House Tothill Street London SW1H 9NXP
Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

Prime Minister ②

Mus 5/10

John Gieve Esq
Private Secretary
Chief Secretary's Office
Treasury
Great George Street
LONDON SW1

5 October 1982

Dear John

My Secretary of State has asked me to let the Chief Secretary know that, when he makes his announcement about the Job Splitting Scheme on Thursday of this week, there will be one small change from the proposals which the Chief Secretary agreed to in his letter of 14 September.

The question of minimum hours is, as the Chief Secretary pointed out, finely balanced, but the Secretary of State has accepted the arguments in favour of a 15 hour minimum both in John Sparrow's letter of 13 September and in the CPRS unemployment report.

The Department will continue to say, as previously agreed, that further consideration is being given to the position of the Civil Service.

I am copying this letter to the Private Secretaries of the other members of E Committee, Sir Robert Armstrong and John Sparrow.

Yours

ROSALIND McCARTHY-WARD
Private Secretary

Manpower, Employment Measures P48

5 OCT 1982





S821 132 0 5

9/23V
Prime Minister (2)

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

ms 20/9

My ref:
H/PSO/16272/82
Your ref:

17 September 1982

MS

De Roma

You sent me a copy of your letter of 8 September to Geoffrey Howe about the job splitting scheme.

Provided we can find a solution to the problem to which Janet Young has referred (her Private Secretary's letter of 15 September), there may well be scope for splitting some non-industrial posts in my Department. The scope for doing the same with some industrial jobs will, however, be limited by the fact that the Property Services Agency direct labour force is being run down and few jobs which become vacant are filled. Insofar as we can apply the scheme, there will be extra management effort and cost and I should want my existing allocations for administration to be increased if it proved necessary.

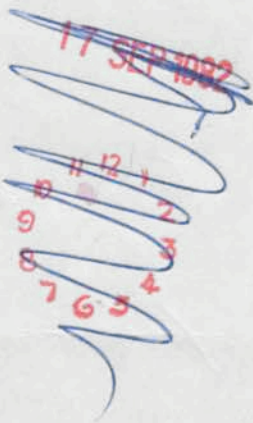
Incidentally, I hope that when you consult the CBI and the TUC you will also consult the local authority employers organisation - LACSAB - because they are not of course represented on the CBI.

I am copying this letter to members of E Committee, Sir Robert Armstrong and John Sparrow.

Yours ever

MICHAEL HESELTINE

20 SEP 1982



Manpower

Employment measures

cc JV



Management and Personnel Office
 Whitehall London SW1A 2AZ
 Telephone 01-273 4400
 GTN 273 4400

15 September 1982

Marie Fahey
 Private Secretary to the Secretary of
 State for Employment
 Caxton House
 Tothill Street
 London SW1H 9NF

Prime Minister (2)

MUS 16/9

MF

Dear Marie,

JOB SPLITTING SCHEME

We had a word on the telephone yesterday and again today about your Secretary of State's letter of 8 September.

This is to confirm that we would have difficulties in operating the job splitting scheme because selecting from particular categories - those on the unemployed register or schoolleavers - comes into conflict with the Civil Service Order in Council which lays down that recruitment to the Service should be fair, and open to all those eligible. This is why we are finding it impossible to operate the Job Release Scheme following the withdrawal of our special arrangements which you announced on 1 April.

The Lord Privy Seal would, however, like to consider what might be possible and would be grateful if no commitments about the participation of the Civil Service in the scheme are given to the CBI and the TUC. You read over to me a form of words which you proposed to meet this, saying that special arrangements for the public services were still under consideration. The Lord Privy Seal is content with this.

I am copying this letter to the Private Secretaries to the members of E Committee, to Richard Hatfield in Sir Robert Armstrong's office and to Mr Sparrow, CPRS.

*Yours sincerely,
 Jim Buckley.*

J BUCKLEY

16 SEP 1982

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9/25V

Prime Minister (2)

CABINET OFFICE
Central Policy Review Staff

MS 14/9

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

Qa 06067

From: John Sparrow

CONFIDENTIAL

13 September 1982

The Rt Hon Norman Tebbit MP
Department of Employment
CAXTON HOUSE
S W 1

Dear Secretary of State
Job Splitting Scheme

I should like to make two points about the proposals in your letter of 8 September for implementing this scheme.

My main point concerns the minimum number of hours a job must have to qualify for the scheme. As you will know, our unemployment report proposes that the minimum should be set at 15 hours so that, if employers so choose and existing job-holders agree, one at least of the pair of part-time jobs may be free from obligations under employment protection legislation, including redundancy payment.

I recognise that this would increase the TUC's opposition to the scheme and that the CBI may be prepared to adopt a 16 hour minimum which would keep all jobs within the framework of protective legislation. It is, however, my belief that unions and institutionalised management should not be allowed to dictate the terms on which employment is provided throughout the economy. As the enclosure to your letter says, in areas where union opposition is not a factor, a 15 hour minimum should encourage a larger take-up because freedom from employment protection obligations would reduce employers' reluctance to take on a new, untried, employee. The 15 hour figure would be a minimum, not a maximum, so that employers and unions in organised areas would be free to agree bilaterally that jobs of at least 16 hours should be provided in their firms.


I fully accept that the line which I am putting forward would create controversy and that it would be far from easy to win the propaganda battle with the TUC and other sources of 'progressive' opinion.

CONFIDENTIAL

If you feel you are bound to lose that battle on this occasion then it might indeed be better not to try. But you are presumably going to have to fight this battle anyway in continuing to resist the European Communities' proposed directives to give protection to part-time and casual workers - measures which I understand have recently received approval from a Select Committee of the House of Lords.

My second point is more straightforward. It is simply to draw your attention to possible variations of the job splitting scheme. These are to provide a two-tier level of subsidy, with a higher subsidy for the long term unemployed; and to allow a wider range of job splitting arrangements (e.g. two jobs split into three, etc.) to qualify for the scheme. I do not press these for the purposes of the scheme's initial introduction (though if you were to decide to go for 15 hours instead of 16, there might be some tactical advantage in introducing some new features to the scheme as a diversionary tactic). But I hope you can agree to review these possibilities when there has been some experience of the scheme in its original form.

I am sending copies of this letter to the other members of E Committee, and to Sir Robert Armstrong.

Yours sincerely


John Sparrow

(Approved by Mr Sparrow
but signed in his absence)

24 SEP 1982



Manpower

Employment Measure

PI-8

LIBRARY

MR. SCHOLAR

The Job Splitting Scheme

We have had a look at the details of the job splitting scheme proposed in the letter of 8 September from Mr. Tebbit to the Chancellor, and we have no major points to make on them.



J. M. M. VEREKER

13 September, 1982



Caxton House Tothill Street London SW1H 9NA F

Telephone Direct Line 01-213..... 6400

Switchboard 01-213 3000

Sc JV
Prime Minister

To note.

Mus 9/9

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Great George Street
LONDON
SW1

8 September 1982

D Geoffrey

JOB SPLITTING SCHEME

Although the main lines of the new Scheme were agreed by E Committee on 20 July, there are a few outstanding points on which decisions are needed. These are set out in detail in Annex 1 but my proposals are briefly as follows:

- (i) the level of subsidy to employers will be £750:
- (ii) this money will be paid in 4 instalments over a period of 12 months;
- (iii) the Scheme will apply to the public sector; I should, however, like your views on the financial arrangements for the Civil Service. I think it desirable to encourage job-splitting in the Civil Service, but there will normally be some cost involved and it may be necessary to make some provision for Departments which incur costs which they cannot meet out of existing allocations;
- (iv) the part-time jobs created under the Scheme should have a minimum of 16 hours a week.
- (v) young people under 18 should be included in the scheme, but duplication with other schemes avoided.

I am obliged under the Employment Subsidies Act to consult the CBI and TUC and I should like to write to them by 15 September. I should therefore be grateful to receive any comments you may have before then. If I do not hear from other recipients



of this letter before that date I shall assume that they are content.

I also have to secure a Resolution of the House of Commons and the agreement of the European Commission.

I am copying this letter to members of E Committee, Sir Robert Armstrong and John Sparrow.

J. -
Now

JOB SPLITTING SCHEMELevel of Subsidy

When the Scheme was discussed by E Committee on 20 July, it was noted that the subsidy would need to be set between £500 and £1,000 with the precise level depending on further information about employers' costs and reactions. The further information which has now been received indicates that the costs which employers will incur through splitting a job vary considerably, in particular according to the length of training which is required, but that in a majority of cases the figure of £750 might both cover the costs and offer a small incentive. A subsidy at this level would still be substantially below benefit savings, and public expenditure will therefore be lower as a result of this scheme. The scheme will result in national insurance and tax losses which will probably at least offset the savings on public expenditure; however, the estimates are all subject to a large element of uncertainty and, even if there is a marginal net increase in the PSBR, the scheme remains far and away the most cost effective of all special employment measures.

It is therefore proposed that the level of subsidy should be £750.

Number of Instalments

It was previously proposed that the subsidy should be paid in 3 instalments over a period of 12 months. It is now considered that there is a reasonable chance of securing financial support from the European Social Fund for this Scheme. It is difficult to be precise about the amount which might be received but a figure of up to £2m is thought to be possible. However, the Social Fund normally requires that job creation schemes should pay 3 instalments over a period of 6 months. The cost of paying an additional instalment would be much lower than the financial support which we might receive. It therefore seems right to increase the number of instalments to 4 to strengthen the case for obtaining ESF money.

Application to Public Sector

Since the benefit savings outweigh the proposed subsidy, there seems to be no reason
/to exclude any part of the public sector from contributing towards its objectives.
In the Civil Service, there is no need to pay the incentive element but it is necessary to consider whether provision should be made to cover the costs actually incurred. There may in any case be only a limited take up in the Civil Service because of the difficulty in reconciling the principle of fair and open competition with the restriction of the Scheme to those unemployed and drawing benefit; there may, however, be some scope for using the Scheme particularly in the industrial Civil Service.

Minimum Number of Hours

At the time when Ministers considered the Scheme, consideration was also being given to the possibility of a part-time Job Release Scheme with a minimum of 15 hours (ie half the minimum for full-time JRS) and this lower limit was also proposed for the Job Splitting Scheme. Now that the part-time JRS has been rejected, the minimum for the Job Splitting Scheme must be selected on its own merits. It is not desirable, however, to have a very low threshold as benefit savings would then be at risk.

One possibility is to adopt for the Job Splitting Scheme a lower limit of 16 hours which is also the minimum which secures workers rights under the Employment Protection legislation, including redundancy payments. The TUC are already critics of the Job Splitting Scheme; they are likely to intensify their opposition if it was thought that the Government was encouraging employers to move employees into jobs to which the Employment Protection legislation does not apply, and there must be a risk that take-up would then be affected. CBI officials also favour 16 hours.

On the other hand a minimum of 15 hours as previously proposed might encourage a

larger take-up by employers, especially in unorganised areas of the economy, because the obligations arising from employing the part-time workers would be significantly reduced.

A minimum of 16 hours is proposed, which should assist the scheme to start in a less controversial atmosphere.

Treatment of Young People Under 18

The following arguments support their exclusion:

(i) Encouraging young people under 18 to take part-time jobs might be a source of criticism, and there is a risk of confusion if the number of schemes to help young people is increased.

(ii) Since young people under 18 on average draw less benefit and pay less National Insurance than older people, their exclusion will have a beneficial effect on the finances of the Scheme and reinforce the saving to the PSBR.

The following arguments support their inclusion:

(i) Some employers have already shown interest in job-splitting among this age group (eg the GEC experiment in Coventry) and, while nothing firm has been said, some expectation has been created that this kind of scheme would benefit.

(ii) Their exclusion removes the possibility that young people leaving YOP and unable to find a full-time job could be found a part-time job under this Scheme (unless they had already reached

their 18th birthday).

It is proposed that under-18s should initially be included but that this decision should be reviewed when some experience has been gained of the Scheme's operation. They would not be eligible for other assistance at the same time, eg Young Workers Scheme, Youth Opportunities Programme or, in the future, the Youth Training Scheme.

Manpower : Special Emp Measures
Pt 8.



29 SEP 1988