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(Home Affairs)
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21 December 1982

Dear Michael

... I attach notes on the Enterprise Allowance on which
Michael Grylls MP is expected to question the Prime Minister
this afternoon. (You asked Jonathan Spencer for this in
the context of the Economist Intelligence Unit survey of
the unemployed). Our Ministers are First for Questions this
afternoon, and a Question from John Lee MP on the Enterprise
... Allowance will be the first we have to answer. I attach a
copy of our proposed reply, and of the reply that the

Prime Minister gave Mr Grylls on Monday.

Yours ever

David Shaw

J B SHAW
Principal Private Secretary

DEPARTMENT OF EMPLOYMENT

TUESDAY 21 DECEMBER 1982

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MR JOHN LEE (NELSON AND COLNE): To ask the Secretary of State for Employment, if he is satisfied with the progress of the enterprise allowance scheme in North East Lancashire,

MR PETER MORRISON:

I am quite satisfied with progress so far in implementing the Scheme in all 5 pilot areas, and I look forward to the final evaluation of the results.

EXTENSION OF THE ENTERPRISE ALLOWANCE SCHEME

A decision on whether to extend the scheme will depend largely on our evaluation of the results of the trials we are currently carrying out in 5 pilot areas. These trials are still running.

ENTERPRISE ALLOWANCE A SUCCESS/GOOD SCHEME/TO BE WELCOMED BECAUSE IT ENCOURAGES SMALL FIRMS/NEW ENTERPRISES

As the House knows, we think it is important to encourage the development of new firms and small firms in the economy. We have taken a large number of measures to this end. ^{I understand} the response to the pilot Enterprise Allowance Scheme has been ^{fairly} encouraging, but we do not intend to take decisions until we have properly evaluated it.

WHEN WILL A DECISION BE TAKEN

I am not yet in a position to say.

PRIME MINISTER'S QUESTION

FOR PRIORITY WRITTEN ANSWER ON: MONDAY 20 DECEMBER 1982

QUESTION:

MR MICHAEL GRYLLS (NORTH WEST SURREY): To ask the Prime Minister, what steps Her Majesty's Government takes to ensure that information of the Government's measures to encourage the start-up of new businesses by the unemployed is available at jobcentres.

DRAFT REPLY:

The only measure designed specifically to help unemployed people start up in business is the Enterprise Allowance Scheme, which is currently being tested in 5 pilot areas. In these areas the Scheme is well publicised and full information and advice is available in all relevant jobcentres. In the rest of the country, instructions have been issued to jobcentres to enable staff to answer general enquiries about the Scheme.

Jobcentres also use posters and leaflets to make available information about the various measures run by the Department of Industry and Scottish and Welsh Development Agencies to encourage and assist the start up of new businesses more generally, and the training courses run by the Commission itself to assist would-be small businessmen.

BACKGROUND NOTE

1. Michael Grylls shows a particular interest in Small Firms matters generally and has recently asked questions about the Enterprise Allowance Scheme and about how much Government public purchasing policy helps small businesses.
2. The only measure specifically designed to help unemployed people set up in business is the Enterprise Allowance Scheme under which a £40 pw allowance is paid for the first year to compensate for loss of benefit. The Scheme is being tested in 5 pilot areas - Coventry, Medway, part of NE Lancashire, Deeside in NE Wales and North Ayrshire. At the end of November 1606 were in receipt of the Allowance. The pilot trials will last until March 1983. At present, the Scheme is being evaluated to see whether it can be extended to other parts of the country.
3. General Government measures to encourage the development and growth of self employment and the small firms sector are also available to unemployed people. These include ~~the~~ financial measures such as the Loan Guarantee Scheme, advisory help through the Department of Industry's Small Firms Service and the Manpower Services Commission's Small Business and New Enterprise Programme training courses for those starting up on their own.
4. Jobcentres rely initially on a poster and leaflets system to publicise such measures but referrals to Employment Advisors or specialist services outwith MSC's Employment Service is available for more detailed enquiries.