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The Rt Hon Leon Brittan QC MP  
Chief Secretary  
Treasury  
Great George Street  
LONDON  
SW1

*ML*

*Maryonnes*

②

Prime Minister

*cc JV*

*Net cost of the*

*Part-time Job Release*

*for 62-65 year olds*

*now agreed at*

*£-2m in 1983-84,*

*7 March 1983*

*£4m in 1984-5 and*

*£12m in 1985-6.*

*MLS 7/3*

*D Leon.*

#### JOB RELEASE AND ENTERPRISE ALLOWANCE SCHEMES

I undertook at our meeting with the Prime Minister on Wednesday to work out the costs of the modifications to the Job Release Scheme that she suggested; and also to see what contribution I might be able to make towards those costs.

I set out on the attached sheet the additional costs of the JRS Scheme over and above the existing PES provision. The figures of net additional expenditure represent the gross cost less the savings in social security benefits which flow from the reduction in the unemployment count as an effect of the operation of the Scheme. These figures relate to the proposal that a part time JRS Scheme should be introduced from 1 October this year with an eligibility age of 62 for men (59 for women and 60 for the disabled) and would accompany the present full-time JRS Scheme with its main eligibility age of 62 until 31 March 1984. From 1 April 1984 until 31 March 1985 the full-time Job Release Scheme would have its main eligibility age cut back to 64 (the ages for women and the disabled remaining unchanged) and the part-time scheme would continue from age 62.

The attached sheet also contains the estimates prepared interdepartmentally for the cost of running a cash limited national Enterprise Allowance Scheme from 1 August this year (1 July is operationally impossible) until 31 March 1984 on the basis agreed at the Prime Minister's meeting.

In both cases the figures both of gross and net additional expenditure have now been agreed by our officials.

I am happy to say that I have been able to identify some contributions that I can make towards offsetting the additional costs of these schemes. In the case of the Enterprise Allowance there is an additional cost for extending the present five pilot schemes from

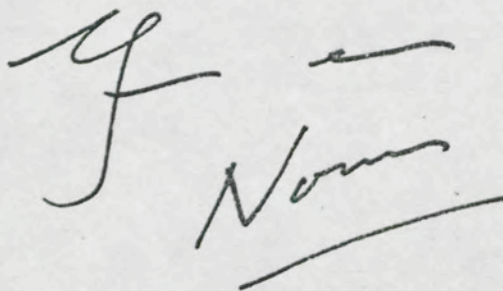




1 March until the national scheme starts on 1 August this year; and I propose that that cost should be met from within the figures that we are setting for the national scheme as shown on the attached sheet. Secondly, I am prepared to undertake that the additional £4m gross expenditure in 1983-84 required for introduction this year of the part-time JRS Scheme will be contained with the existing estimate - though the vote is not cash limited and the final outturn must depend on the size of the case load. Finally, I am prepared to make a policy change on the timing of our commitment to increase the maternity pay allowance to take account of the removal of the earnings related supplement. £4½m is at present included in PES for the cost of the movement towards this in 1984-85. I am prepared to cut out the movement towards restoring the full value of the allowance in that year and to move in one step to the full restoration in 1985-86.

I hope that you will on this basis be able to accept the JRS proposal as it emerged from the Prime Minister's meeting.

I am sending copies of this letter to the Prime Minister and to Norman Fowler.


  
 Norman Fowler

nil net  
 or a minus figure!  
 M/S





## EXPENDITURE ESTIMATES FOR JRS AND ENTERPRISE ALLOWANCE SCHEMES

## A. PART-TIME JOB RELEASE SCHEME

The following estimates provide for

(a) introduction of part-time JRS for men aged 62 (as well as women aged 59 and disabled men aged 60) from 1 October 1983 to 31 March 1984 and from 1 April 1984 to 31 March 1985; and

(b) reversion to full-time JRS for men aged 64 (as well as women aged 59 and disabled men aged 60) from 1 April 1984 to 31 March 1985.

	1983/84	1984/85	£ Million 1985/86
Additional gross expenditure	4	39	58
Net Additional expenditure	-2	4	12
Additional unemployment effect (end-year)	14,000	40,000	25,000

## B. ENTERPRISE ALLOWANCE SCHEME

The Following estimates provide for cash limited national scheme open for applications from 1 August 1983 to 31 March 1984

	1983/84	£ million 1984/85
Gross expenditure	25	29
Net additional expenditure	17	20
Unemployment effect (end year)	8,500	-



Manned: Special Exp. Means

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7 MAR 1985





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cc JV

Prime Minister (2)

Good.

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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP  
Secretary of State  
Department of Employment  
Caxton House  
Tothill Street  
London SW1H 9NA

9 March 1983

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Dear Secretary of State

PM's Box

Thank you for your letter of 7 March about the proposed modifications to the Job Release Scheme, and the extension of the Enterprise Allowance on the basis agreed at the Prime Minister's meeting last Wednesday.

I am grateful for your offer to make offsetting savings of £4 million in 1983-84 and £4.5 million in 1984-85. And I welcome your assurance that the eligibility age for full-time job release will revert to 64 in March 1984, as planned, and remain at that age thereafter.

As you know, I think it is important that only the net public expenditure cost of the measures should be scored in the Budget arithmetic. This means, in effect, that Norman Fowler's programme will have to be adjusted in line with the savings on benefit payment implicit in your estimates of net cost. I understand that these estimates have been fully discussed with Norman's officials. On this basis, I propose to incorporate the reductions in unemployment associated with the new schemes in the revised economic assumptions which we have to provide for the Government Actuary. These assumptions will be adopted for the adjustment of programme expenditure early this summer.

I should be grateful if Norman - to whom a copy of this letter goes - could confirm that he is content with these arrangements. Assuming that he is, I can agree to the part-time job release scheme as proposed.

I am also copying this letter to the Prime Minister.

Yours sincerely

J. Gier

Jr. LEON BRITTAN

[Approved by the Chief Secretary]

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Manpower,  
Employment  
measures, Pt 9.

19 MAR 1983

