

P.01176

PRIME MINISTER

YTS and Unemployed 17-year-olds in 1984/85  
(E(A)(83)20)

## BACKGROUND

When the Sub-Committee discussed the annual review of selective employment measures for 1984/85 on 29 June, the Secretary of State for Employment was invited in due course to bring forward proposals on the future development of the YTS (E(A)(83)1st Meeting, Conclusion 2 i). E(A)(83)20 fulfils that remit. It also considers a separate, but related, question of a guarantee against unemployment for those aged under 18; and the possibility of action short of a guarantee by changing the age criteria for eligibility for the Young Workers' Scheme (YWS) to the advantage of unemployed 17-year-olds, including in particular unemployed ex-YTS trainees. The proposals in E(A)(83)20 need to be seen in the context of the Secretary of State for Employment's proposals for long-term training policy in E(A)(83)20, on which a separate brief has been submitted.

2. The main features of the YTS, YWS and the Community Programme (CP) are set out in the annex to these linked briefs.

## MAIN ISSUES

3. The main issues appear to be:
- i. Are the Secretary of State for Employment's proposals for the YTS in 1984/85 acceptable?
  - ii. Should the Government provide a guarantee against unemployment below the age of 18?



  
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- iii. If no guarantee is to be provided, should any action be taken short of a guarantee?

Proposals for YTS for 1984-85

4. The main proposal the Secretary of State expects the MSC to put forward (E(A)(83)20 paragraph 5) is that the scheme should be extended to 17 year old employees on the same basis as it applies at present to 16 year old employees (ie, that employers should take on unemployed trainees as well). Such a change would be consistent with the Secretary of State's proposals in E(A)(83)19 for the extension of the YTS more widely to young employees. If the Sub-Committee have agreed those longer term proposals they will presumably wish to do no more than note that the Secretary of State will have further discussions with the Chief Secretary in the light of any proposal received from the MSC along with a firm estimate of costs.


A guarantee against unemployment below the age of 18

5. The Secretary of State for Employment's discussion of this proposition at paragraphs 8 to 11 of E(A)(83)20 is independent of his proposals for the YTS next year. Because the Government has already given an undertaking that a suitable place on YTS will be found for all unemployed 16 year old school leavers by Christmas 1983, such a guarantee would affect only 17 year olds. It is estimated (E(A)(83)20 paragraph 7) that there will be 100,000 unemployed 17 year olds in 1984-85, with an average of 4 months to go to age 18. 80,000 would be ex-YTS trainees, while the remaining 20,000 would not have been through YTS.

6. The Secretary of State sees objections to a guarantee on grounds both of principle and of practice. The arguments of principle are set out in paragraph 11 of E(A)(83)20. They are:

- i. the need to accord priority to the training objective;





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- ii. the undesirability of further concentrating the available resources on the under 18s at the expense of the older unemployed.

7. There is another point that the Sub-Committee will wish to consider. The Government gave such a guarantee in respect of 16 year olds. In consequence it found itself obliged greatly to expand the Youth Opportunities Programme. That in turn paved the way for the YTS, which the Secretary of State is now proposing should be converted into a universal foundation training scheme financed by the Exchequer. A similar process would follow a guarantee for 17 year olds, even though the Secretary of State recognises that the case for universal State-financed training of this age group is much weaker.


8. Some members of the Sub-Committee may, however, wish to explore further the idea of a guarantee considering the support for it from the Government's supporters and the possibility that it might allow the entitlement of 17 year olds to Supplementary Benefit in their own right to be reconsidered, as was the entitlement of 16 year olds following the introduction of the YTS. If so, the Sub-Committee will need to explore the practical implications set out in paragraphs 9 and 10 of E(A)(83)20. It will be necessary also for the Sub-Committee to satisfy themselves that any decision to offer a guarantee, and the means chosen to do so, would be reconcilable publicly with decisions they may have taken on the longer term purposes of YTS and the proposed content of a White Paper.

#### Action short of a guarantee

9. The Secretary of State for Employment therefore proposes an alternative approach for improving employment opportunities for 17 year olds, by action related to the Young Workers' Scheme. He suggests that the Government should accept the proposal which he expects the MSC to make that the YWS should be available only to 17 year olds, and not, as at present, to 16 year olds as well. He sees two advantages in this change:

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- i. it would lead to more 16 year olds receiving training through the YTS who otherwise might be in YWS places, perhaps with no training element (E(A)(83)20 paragraph 13); and
- ii. it would concentrate the YWS on 17 year olds, and in particular on unemployed ex-YTS trainees, thus improving the employment opportunities of 17 year olds without a comprehensive guarantee against unemployment for the under 18s.


The Secretary of State estimates that the practical effect would be to provide approximately 10,000 more YWS jobs for unemployed 17 year olds than would otherwise be available. He also estimates (in paragraph 15) that the drop in the number of 17 year olds and increase in the number of 16 year olds in the YTS would increase its net size by some 25,000. Though he notes that the margin for error in the costings is large, he puts the net cost in a full year as not less than £10 million nor more than £30 million, which he accepts would have to be contained within the MSC's approved expenditure provision.

10. Some members of the Group may wish to probe further certain aspects of the proposed change for 17 year olds. Is there a danger that the YTS could be presented as training 16 year olds to be low paid 17 year olds? If so, would it be helpful to impose an effective training condition on the YWS, so that low pay would be justified, in part, by the receipt of training? Or would this additional obligation go against the basic aim of the YWS to encourage employment at realistic wages, and so put downward pressure on wages more widely?

HANDLING

11. You will wish to invite the Secretary of State for Employment to introduce his paper. The Secretaries of State for Education, Scotland and Wales may have comments to make from their Departments' standpoint. If the Sub-Committee generally wishes to pursue the possibility of a guarantee against unemployment for the under 18s, the Secretary of



  
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State for Social Services may have comments to make about the possible implications for SB entitlements. The Chancellor of the Exchequer and Chief Secretary will have points to make particularly on the effects and costs either of a full guarantee for the under 18s or of the modifications to the YWS proposed by the Secretary of State for Employment as an alternative.

#### CONCLUSIONS

12. You will wish to reach conclusions on the following:

- i. whether (subject to the content of the MSC's eventual proposals and further consultation with the Chief Secretary) YTS should be consolidated in 1984, with only minor variations, and with an extension to employed 17 year olds;
- ii. whether the Government should refrain from giving a guarantee against unemployment for all under 18s;
- iii. whether, as an alternative, the Government should seek to improve employment opportunities for 17 year olds by confining the Young Workers' Scheme to them, with an earnings limit of £50 and a subsidy of £15.

*PLG*

P L GREGSON

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