

Your ref:

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Date:

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Manpower  
Services Commission

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**Chairman: David Young**

*Dear Professor Walters,*

Please find attached the background information you requested on young people in the labour market. I hope these paragraphs are useful but if there is anything else you would like to know, please come back to me.

Also enclosed for your information is a copy of a letter from Geoffrey Holland, Director of the MSC, responding to The Guardian article on 4th April on the Youth Training Scheme.

I am copying this correspondence to Andrew Turnbull and Michael Quinlan.

*Yours sincerely*

A handwritten signature in cursive script, appearing to read 'Ian Chapman'.

Ian Chapman  
Private Secretary



## EMPLOYMENT TRENDS FOR YOUNG PEOPLE

DES have issued estimates of the status of young people in January 1983 and January 1984. These data, in table 1, are agreed by MSC and DE.

The positive point, which is not immediately obvious from the table, is that jobs for 16 year olds, inside and outside YTS, have increased by about 50,000 over the corresponding level a year earlier. This improvement in employment opportunities has occurred almost entirely because of 16 year olds brought within the scope of YTS. Employment of 16 year olds outside YTS appears hardly to have changed and employment of 17 year olds to have increased only slightly.

Unemployment among 16 year olds is slightly down, as it is also for school leavers, over last year. The positive point here is that the MSC met the school leaver undertaking with only about 5,000 unemployed 16 year old school leavers waiting to be offered a place in January. A rough breakdown of the total January 16 year old unemployed of 110,000 is given below:

Guarantee group still to be offered a place	5,000 (4,000 rounded to nearest 5,000)
Guarantee group waiting to start YTS	10,000
Ex-employees back in unemployment	45,000
Others - including YTS leavers who have returned to unemployment; those offered a place but who have declined and some post-Christmas school leavers over minimum age	50,000
<u>All 16 year old claimant unemployed (Jan '84)</u>	<u>110,000</u>

(The large numbers in the last two groups illustrate the considerable movement of young people between employment, unemployment and YTS and why so many were found to be unemployed in January.)

There is no evidence that youth employment is rising more strongly or youth unemployment falling more rapidly in

..../Cont.

labour force  
up 30,000  
but unemployed  
down 20,000  
= 50,000 extra  
jobs or places

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the South East, though given the recovery in the labour market it may yet happen.

On relative pay, the evidence in table 2 is of widening differentials between the earnings of adults and those of young people. Right across the board - for both sexes and for all single years of age - young people's earnings in 1983 were a smaller proportion of the equivalent adult earnings than in any of the preceding five years. This new trend, which appears to have begun four or five years ago, is a reversal of the progressively narrowing differentials between youth and adult earnings seen over the previous 25 years or so.

The reasons for this new trend are not clear yet but it undoubtedly has something to do with the sharp rise in unemployment over this period which has affected young people in particular. What impact the Government's special employment and training measures have had - some of much more recent origin - is not known but the Young Workers Scheme, into which 1983 entrants were higher than expected, must have had some effect.



TABLE 1

EDUCATIONAL/LABOUR FORCE STATUS OF YOUNG PEOPLE JANUARY 1983 AND JANUARY 1984 :  
GREAT BRITAIN

Thousands

	Age 16 (1)		Age 17 (1)	
	13 JANUARY 1983	12 JANUARY 1984	13 JANUARY 1983	12 JANUARY 1984
		(Provisional)		(Provisional)
Population	910	900	930	910
Full-time education	440	400	290	280
- schools	290	280	180	170
- Further Education (2)	150	120	110	110
Labour Force	470	500	640	630
- YTS/YOP	170	220	70	50 (3)
- Claimant Unemployed	130	110	160	160
- Residual (4)	170	170	410	420

- NOTES (1) Age as of 31 August of the preceding year *ie these are cohort figures not figures of under 17's, under 18's on a particular day.*
- (2) Excluding YTS/YOP
- (3) 35,000 on YTS and 15,000 on YOP
- (4) Largely those in employment outside of YTS, but also including some who were unemployed and not claiming benefit or who were economically inactive (estimated at 25,000 16 year olds and 40,000 17 year olds).



TABLE 2

Average gross weekly earnings\* of full-time male employees under 21  
a percentage of the corresponding figure for males aged 21 and over :  
at April each year

AGE AT JAN 1	16	17	18	19	20
1978	34.9	43.0	53.9	61.2	68.9
1979	34.6	42.9	53.6	61.2	68.0
1980	34.2	41.7	53.4	60.3	68.4
1981	34.4	41.2	50.5	59.3	65.3
1982	33.7	40.5	49.9	56.8	65.6
1983	32.0	38.7	49.3	56.3	63.2

Average gross weekly earnings\* of full-time female employees under 21  
as a percentage of the corresponding figure for females aged 18 and  
over : at April each year

AGE AT JAN 1	16	17	18	19	20
1978	51.8	59.0	70.2	76.2	82.6
1979	54.2	60.0	71.3	77.1	83.0
1980	60.3	59.6	69.5	76.1	82.4
1981	50.7	57.4	68.7	74.3	79.0
1982	48.2	56.5	66.9	73.3	78.6
1983	47.0	52.9	64.3	72.2	77.4

\*Excluding those whose pay was affected by absence

Source : New Earnings Survey



4th March, 1984

The Editor,  
The Guardian,  
119 Farringdon Road,  
London, E.C.1.

Sir,

Your front page article on 4 April on the Youth Training Scheme was both inaccurate and misleading.

It is true that a number of young people have left individual training programmes covered by the Scheme. They have done so for a number of reasons. Some changed their programmes within the Scheme. Up to a third of young people who have left programmes early come within this category. Many others we know have left for jobs outside the Scheme. These two groups between them account for most of the young people who are known to have left individual training programmes by the end of February.

Next, it was never expected that 480,000 young people would join the Scheme - the figure has no factual basis. YTS has not failed to attract large numbers of young people who qualify for it. Some 350,000 young people have joined the Scheme by now. The total numbers of unemployed young people outside the Scheme which you quoted included many who are ineligible to join and others who have joined since the unemployment count was taken and, of course, many who are between jobs. Finally, money to be spent on trainees is going up by £100 from September - not down by that amount.

Yours sincerely,

(Geoffrey Holland)