



Caxton House Tothill Street London SW1H 9NF

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

Switchboard 01-213 3000

Andrew Turnbull Esq  
 Private Secretary  
 10 Downing Street  
 LONDON SW1

9. April 1984

Dear Andrew,

#### EMPLOYMENT

*See Pt 1*  
 I am writing to take up two points recorded in the final paragraph of your 27 March letter on the Prime Minister's discussion with my Secretary of State earlier that day.

The first point concerns Special Employment Measures. We have started our regular annual review of these, in which the Treasury and other Departments are involved and Mr King will be aiming to report his conclusions to the Prime Minister's 25 May meeting.

... The second point concerns the spread of YTS occupancy around the regions. We have already sent you - but I attach a further copy now for convenience - a summary of the position as at 29 February. The total occupancy then was some 259,000. I should explain that this is the figure of those actually in the Scheme at that time and is different from the total figure of entrants to the Scheme since it started last year. The entrants figure, which is the one we tend to use publicly, now stands at 342,000. It is not right to conclude - as did the Guardian report of 4 April - that all 83,000 young people (ie the difference between the two figures) have become unemployed; some will have gone into jobs, others will have gone into further education and yet others will have moved from one YTS scheme to another. The most recent survey - of a 10% sample of those leaving schemes up to the middle of November 1983 - indicates that 3 months later nearly 40% of these early leavers were in jobs, nearly 30% were in other YTS schemes and less than 25% were at that point unemployed. I have attached a detailed note dealing with the Guardian article.

CONFIDENTIAL



As you can see from the table, while the proportion of unfilled places is highest in the southern areas there are also plenty in the north of England, Scotland and Wales - in fact more in absolute numbers. The problem is therefore less one of maldistribution than of general over-provision. This is being rectified for 1984/85 as we get a better idea of the numbers coming forward than was possible in the first year of the Scheme.

Arrangements do exist for youngsters to live away from home where no suitable training place is available within daily travel distance. Help is also available for those willing to take jobs in other areas which cannot be filled locally. But MSC do not offer any special inducements to young people to leave home for training places elsewhere simply in hopes of better job opportunities. Given the shortage of jobs for young people almost everywhere, this would entail difficult judgements and explanations (including the aspect of removing unemployed 16 year olds from parental supervision), and might be thought to imply some guarantee of a job in the new location - which MSC would be in no position to give.

As to the role of the churches in the Scheme, 11 clergymen are members of MSC Area Manpower Boards - two of them as Chairmen. Churches are quite often involved as direct sponsors of schemes, or as members of local groups and associations running schemes. They also provide project-based work for other organisations. Examples of church-run schemes include the Worcester Community Action Programme, which is an Anglican programme which will provide 115 training places in 1984/85; the Methodist Youth Skills Training Agency in Smethwick, with 100 places; and the Roman Catholic Hexagon project in Liverpool with 120 places. But we are, of course, always on the look-out for new ways in which they can be asked to help.

*Yours sincerely*

*David Normington*

D J NORMINGTON  
Principal Private Secretary

THE YOUTH TRAINING SCHEME - OCCUPANCY RATES BY SCHEME TYPE - 29 FEBRUARY 1984

REGION	MODE A			MODE B			MODE B2			TOTAL		
	APP-ROVED PLACES	IN TRAINING	OCCUPANCY RATE	APP-ROVED PLACES	IN TRAINING	OCCUPANCY RATE	APP-ROVED PLACES	IN TRAINING	OCCUPANCY RATE	APP-ROVED PLACES	IN TRAINING	OCCUPANCY RATE
Scotland	33,534	20,910	62%	10,122	7,092	70%	2,264	1,435	63%	45,920	29,435	64%
Northern	16,768	10,514	63%	8,056	5,523	69%	3,931	2,726	69%	28,755	18,763	65%
N. West	44,405	25,570	58%	16,492	10,223	62%	4,322	2,344	54%	65,219	38,137	58%
Yorks & Humbs	29,300	18,057	62%	8,823	5,025	57%	5,842	3,539	61%	43,965	26,621	61%
Midlands	65,889	37,827	57%	19,620	11,009	56%	4,425	2,533	57%	89,934	51,369	57%
Wales	15,663	10,140	65%	6,055	4,377	72%	2,619	1,813	69%	24,337	16,330	67%
S. West	27,484	16,420	60%	5,277	3,379	64%	860	439	51%	33,621	20,238	60%
S. East	59,065	33,314	56%	10,413	6,111	59%	4,949	2,626	53%	74,427	42,051	56%
London	28,152	12,713	45%	5,565	2,582	46%	2,461	1,043	42%	36,178	16,338	45%
Great Britain Total	320,260	185,465	58%	90,423	55,319	61%	31,673	18,498	58%	442,356	259,282	59%

(Copy attached at flag A)

1. 83,000 trainees leave Scheme - and is a major contributor of youth unemployment.

1.1. Background: 83,000 is the difference between the total number of entrants to YTS at the end of February (342,317) and the number in training at the same date (259,282).

1.2. Points to make:

- It is not true to say all 83,000 have become unemployed; some will have gone into jobs; others will have gone into further education and some will have moved from one YTS scheme to another.
- The most recent survey, a 10% sample of those leaving schemes <sup>of November</sup> up to the middle/last year, indicates that 3 months later nearly 40% of these early leavers were in jobs, nearly 30% in other YTS schemes and less than a quarter were at that point unemployed.
- It may be that some eligible youngsters have been put off by a negative attitude such as that contained in this article. But over a quarter of a million youngsters currently in training see the benefit of taking part in a quality training scheme.

2. With 204,300 unemployed 16 and 17 year olds it is unlikely many YTS leavers will have found jobs.

2.1. Background: The figures quoted for unemployed 16 and 17 year olds in January (204,300) are for the United Kingdom as a whole (GB figure 198,200). Comparative figure for January 1983 for GB was 221,700. YTS figures are GB (Northern Ireland has a separate scheme).

2.2. Points to make:

- Any snapshot figure of the unemployed includes many in the

process of moving between jobs, or between YTS schemes, and from YTS to jobs.

- The figure will include Christmas school leavers in Scotland who had only recently joined the register.
- Others may have registered for benefit late.
- Many of the 17 year olds will not be eligible to join or re-enter the Scheme.

3. Exodus is taking place in spite of the penalty imposed by DHSS on supplementary benefit.

3.1. Background: Young people who unreasonably refuse the offer of a suitable training place, or who leave the Scheme without good cause, may have their benefit reduced for a period of up to 6 weeks. The position is exactly the same if they refuse or leave a job. The figure quoted of 4,826 is the correct figure for the UK as a whole and covers the four month period December 1983 to March 1984 (copy of DHSS PQ attached at flag B).

3.2. Points to make:

- YTS is of course a voluntary scheme; like taking or leaving a job is voluntary.
- Youngsters who unreasonably refuse or leave YTS are treated in exactly the same way as their peers who unreasonably refuse or leave a job.
- Young people when they leave school and enter the adult world begin to have the same rights and freedoms as adults; they also begin to have the same responsibilities and have to live with the results of their own actions.

4. The £25 a week allowance - a deterrent to potential trainees.

4.1. Background: The £25 per week allowance has been paid since the

start of the Scheme in April 1983 and was previously paid under YOP since January 1982. It was announced on 9 March 1984 that the "block grant" to Managing Agents - which covers the cost of the allowance, plus a contribution to the cost of training and administration - will be increased by 5% (from £1950 to £2050) from 1 September 1984. The Commission will make recommendations to Ministers in the summer as to how the increase should be apportioned between the allowance and other costs. [There is absolutely no presumption by Ministers that the allowance will necessarily be increased.]

4.2. Points to make:

- The level of allowance recognises the status of young people on the Scheme as trainees rather than full time productive workers.
- It also reflects the benefit of the training they are receiving.
- The Government announced that from 27 February 1984 the threshold above which young people on the Scheme could be reimbursed travelling expenses will be reduced from £4 to £3 per week.
- Any increase in the allowance would mean less money available for training.

5. Budget for YTS will increase next year to £875 million yet this represents a cut of £100 spent per trainee.

5.1. Background: We do not recognise the £774.3m figure quoted. The original budget for YTS/YOP in 1983/84 was £900m including administration. This provided for 460,000 entrants to YTS (ie £1960 a head). The corresponding figure for 1984/85 is £873m, which provides for 420,000 entrants (ie £2080 a head). In fact, it is not strictly correct to divide the overall budget provision by the number of potential entrants to derive a unit cost. However, if this is done, an increase of some £120 is indicated.

5.2. The Minister of State announced on 9 March 1984 an increase of 5% in the block grant to managing agents. This will mean an additional £100 per trainee with effect from 1 September 1984.

5.3. Points to make:

- A reduction in the amount spent per trainee as suggested is quite untrue.
- Indeed the Government have announced that the block grant to managing agents will be increased from 1 September by 5%. This means an additional £100 spent per trainee.

## 83,000 trainees quit scheme early

By David Hearst

A total of 83,000 teenagers—one in four of those who joined the Youth Training Scheme—have dropped out within the first six months of it starting.

Mr Gordon Brown the Labour MP for Dunfermline East will press Mr Tom King, the Employment Secretary to launch an inquiry into why the 83,000 left the year long scheme early and what has happened to them since. Last January's figure for the number of 16 and 17-year-olds registered unemployed, 204,300, was one of the highest in recent years and Mr Brown said: "My suspicion is that the exodus from YTS is a major contributor to youth unemployment."

When the scheme was launched last September the Manpower Services Commission, which runs it, said it aimed to train 480,000 school leavers. In fact, only 342,317 had registered last year and of these 257,282 were left by the end of February.

The Department of Employment was unable to say yesterday how many of the 83,000 had got jobs, gone into further education or switched from one part of the scheme to another. A spokeswoman said a breakdown of the figures would be published next month. But Mr Brown said that with 61,433 16-year-olds and 142,860 17-year-olds registered as unemployed in January, it was unlikely many of the YTS leavers had found jobs.

The exodus is taking place in spite of the heavy penalty imposed by the Department of Health and Social Security on trainees who leave of their own accord. In reply to a parliamentary question from Mr Brown, Dr Rhodes Boyson, Minister of Health, disclosed that 4,828 youths had their supplementary benefit cut by 40 per cent from £18 to £9.90 a week as a result of leaving the scheme early since December.

Mr Brown said: "If this is the number the DHSS have managed to pick up, how many more trainees are now straight back onto the dole queue?" Mr Brown said his major concern was to find out whether the £25 a week allowance was a deterrent to potential trainees.

The MSC has to decide in May what the allowance will be next year.

It hopes to expand the numbers of trainees to 400,000 next year, including trainees on the young workers scheme. But the budget for the scheme will go up from £774.3 million to £875 million, which would represent a cut of £100 in the money spent on each trainee.



Unemployment  
Summary file

(4)



10 DOWNING STREET

Prime Minister

This letter responds to your suggestion that Co Churches might help by bringing YTS trainees to be Soute by providing accommodation. It points out that there is still surplus capacity in the North. See Table at X

AT

9/4