

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(A)(83)2

23 June 1983

COPY NO **73**

CABINET

MINISTERIAL STEERING COMMITTEE ON ECONOMIC STRATEGY
SUB COMMITTEE ON ECONOMIC AFFAIRS

ANNUAL REVIEW OF SPECIAL EMPLOYMENT MEASURES FOR 1984-85

Memorandum by the Secretary of State for Employment

I set out below my proposals for these measures in 1984-85.

PRESENT POSITION

2 We are currently committed to expenditure of nearly £2.2 billion in that year, of which half is to be spent on the Youth Training Scheme; nearly £600 million on the Community Programme (which employs long term unemployed people on largely part time temporary work of community benefit); and nearly £350 million on early retirement schemes to release jobs to the unemployed. The net cost to the Exchequer is substantially less when account is taken of savings in benefit and tax and NI flowbacks.

3 At present the measures are estimated to be keeping 350,000 off the unemployed count. This should rise to around 600,000 by next spring and, after a dip in 1984, remain only a little below

CONFIDENTIAL

CONFIDENTIAL

600,000 in the spring of 1985. After the impact peaks next spring it is possible that we might still see unemployment slowly rising at about 5-10,000 a month.

PROPOSALS FOR CHANGE

4 Pages 28-29 of the attached report by officials list their recommendations, subject to availability of resources. I endorse their recommendations (a)-(c) that the Young Workers Scheme and Community Industry should continue unchanged and that we should maintain our decision to close the Temporary Short Time Working Compensation Scheme next March as already announced. None of these recommendations has any additional expenditure requirement.

5 I also propose to accept their recommendations on

- labour mobility schemes (recommendation (d)): A cost-effective means of increasing labour market flexibility, it is desirable to provide an extra £1 million for an expected increase in their use as activity recovers;
- the Job Splitting Scheme (recommendation (f)): Although the start has been disappointing since introduction last January we must persevere with the Scheme as an encouragement towards greater flexibility in working practices. I am assessing reactions so far to see whether more flexibility in the rules is required. Extending the Scheme to end March 1985 requires a total provision of £8 million in 1984-85 (£4m more than would have been required but £6m less than the present PES provision) and £3 million in 1985-86;
- the Voluntary Projects Programme (recommendation (i)): People on this Programme remain on benefit and so generally remain in the unemployment count, but the provision of voluntary work or service for the unemployed is valuable to them and I support continuation in 1984-85 of this year's £8 million level of provision.

6 However, the most important recommendations are those on the Youth Training Scheme, Community Programme and the Enterprise Allowance Scheme.

Youth Training Scheme (YTS) (recommendation (e))

7 It looks as though we can maintain the existing coverage of YTS in 1984-85 without an additional expenditure requirement. Indeed, I hope that our recent success in getting at least 75% of the European Social Fund reserved for schemes for young people will enable us to increase the £113 million that we obtained from

CONFIDENTIAL

the Fund last year towards the cost of YOP. There are, however, bound to be uncertainties about the numbers who will remain at school or find jobs and I do not favour at this time extending a guarantee to 17 year old school leavers. We can only run YTS as a cash limited scheme if the provision for 17 year olds can be diverted as necessary to meet the demand from the guaranteed 16 year olds.

8 There is, indeed, a very strong case for a year of consolidation. We need in any event to sort out how we want to see the Scheme developed in future years and I am, as the report recommends, putting in hand a review of longer term development, including what if anything should be done for those who complete YTS and remain unemployed, particularly if they are still under 18.

9 YTS allowance. It is relevant to the level of allowance that we are in 1984 to review the decision not to withdraw SB entitlement for minimum age school leavers. I therefore propose, subject to considering the imminent MSC advice, to maintain the allowance at £25 for the present. I am sure, however, that we need meanwhile to continue the arrangement for paying travel expenses in excess of £4 a week. This is particularly important for young people in both rural and metropolitan areas and can be continued within the existing PES provision.

Enterprise Allowance (EAS) (recommendation (g))

10 This will move from the pilot to the national scale from 1 August. Our Manifesto mentioned that then, for the first time, the scheme would offer many thousands of unemployed people the support they need while they start their own businesses. I would like to move to an unlimited national scheme from next April, but in view of the cost think it better to proceed on a cash limited basis broadly proportionate to this year. This requires an extra £46 million in 1984-85 (though the net additional expenditure would be £31 million after taking account of benefit savings).

Community Programme (CP) (recommendation (h))

11 I propose, as officials recommend, to raise the average wage limit from £60 to £62 from next October in line with the 3½% inflation factor. I do not like the link between remuneration on CP and outside wage rates, but so long as this is the only basis on which we can manage to run the Programme, not to make the increase will simply reduce the scheme's attractiveness to sponsors. I also propose to remove immediately the maximum wage limit which is a pointless bureaucratic restriction on sponsors in a scheme governed by an average wage limit.

CONFIDENTIAL

12 I recognise that there is a strong case for expanding CP in the light of the rising number of long term unemployed, for whom our Manifesto said that we would maintain special help through this Programme. The report shows that it is in fact feasible to double CP to 260,000 places by March 1985 and the graph at the back of the report illustrates how this could help give an opportunity to change a flat level of unemployment - or even a slightly rising one - in 1984 into a downturn. But it is costly - a gross £50 million for every 10,000 places - and I am unable to find the funds from within my existing PES provision for any expansion at this time.

13 Sponsors will need assurance this Autumn of continuity longer than the 6 months beyond October 1984 proposed in the report. But first I propose to review the features of the scheme in the light of experience and our original intentions - and of consideration of the case for supplying unemployed ex YTS trainees under 18 with opportunities for community work (paragraph 8).

Expenditure and staff requirements

14 The total extra gross cost of these recommendations in 1984-85 is £54 million. Estimating changes in the special measures show a reduced requirement of £33 million which reduces the extra cost of my proposals to £21 million. (The net impact on public expenditure of these bids is about one third lower than this figure when account is taken of benefit savings). There will be a gross additional staff requirement of around 300, but this will be largely offset by a lower requirement in the benefit service, leaving a net requirement of the order of 100.

TECHNICAL AND VOCATIONAL EDUCATION INITIATIVE (TVEI)

15 The attached report does not cover this subject, but the development of this Initiative by the MSC alongside the YTS is important to our training and vocational education strategy. I therefore recently proposed to the Chief Secretary, with the support of the Secretaries of State for Education and for Scotland and Wales, that we should extend the scope of this Initiative beyond the 14 pilot projects in order to exploit the exceptional opportunity given to us by the favourable response to the Initiative so far. This would have been on the basis that the MSC undertook to cover the costs from within their existing expenditure programme.

16 The Chairman has now identified savings of £14m in 1984-85 and £20m a year thereafter from changes in the Employment Service and adult training which he believes his Commission would be ready to apply to an extension of TVEI. This would either finance another 40 projects on the proposed basis, to operate

CONFIDENTIAL

from September 1985; or, enable us to offer to finance at a lower level any suitable project from a local education authority within the cash limited sum of £20 million in a full year. I favour the second approach, but the choice between them would be a matter for consultations with the MSC and the local authority associations. On this occasion the extension would apply also to Scotland on the appropriate basis.

17 If colleagues agree, I propose to write immediately to the MSC Chairman to indicate that we would be happy to see an extension launched on the understanding that the MSC is able to find the resources.

CONCLUSIONS

18 We are still engaged on a very large expansion of these special measures, the heightened impact of which will continue through 1984-85. We have surely been right to develop these programmes away from stop-gap measures and towards measures which are likely to promote the better operation of the labour market, and I believe that the time has now come to give priority to policies which create genuine jobs rather than to expand further these special measures. I therefore invite my colleagues to agree to the proposals in this paper (paragraphs 4-14 above) which effectively represent continuation of the existing programmes. (This is subject to my receiving in July the formal views of the MSC on the measures).

19 I also invite my colleagues to agree to the proposed extension of the TVEI (paragraph 16), on the understanding that the cost will be met from within the MSC's existing expenditure programme.

20 I shall consult colleagues in the Autumn on the outcome of the reviews of YTS and CP development (paragraphs 8 and 13).

Department of Employment
23 June 1983

N T

CONFIDENTIAL

**REVIEW OF SPECIAL
EMPLOYMENT MEASURES
1984-85**

Report by Officials

Department of Employment
June 1983

CONFIDENTIAL

REVIEW OF SPECIAL EMPLOYMENT MEASURES FOR 1984-85

Report by Officials

1.1 This report is the outcome of the annual review of the Special Employment Measures run by the Department of Employment and the Manpower Services Commission. The annual review examines the options for these measures in the following financial year in time for Ministerial decisions to be taken into account in the Public Expenditure Survey. Section 4 of this report gives our conclusions on the options for 1984-85.

1.2 Types of measure There are four categories of measure currently in operation:

- (a) Programmes for young people - Youth Training Scheme, Community Industry and Young Workers Scheme.
- (b) Programmes providing jobs in the labour market - Enterprise Allowance Scheme, Temporary Short Time Working Compensation Scheme and Job Splitting Scheme.
- (c) Programmes providing jobs outside the labour market - Community Programme and Voluntary Projects Programme.
- (d) Programmes providing for early retirement - Job Release Scheme and Part-time Job Release Scheme.

1.3 Since the 1982 review there have been some substantial changes in the range and size of these programmes:

- (a) The Youth Training Scheme was formally introduced from 1 April this year.

CONFIDENTIAL

- (b) A new Job-splitting Scheme was introduced from January this year, open for applications until the end of March 1984.
- (c) The Temporary Short Time Working Compensation Scheme is to close in March 1984.
- (d) The pilot Enterprise Allowance Scheme is to be extended nationally from 1 August 1983 and to be open to applications (subject to an overall cash limit) until the end of March 1984.
- (e) The Community Programme replaced the Community Enterprise Programme in October 1982. A commitment has been made to run the scheme for at least 2 years - ie until October 1984, but resources have been earmarked in PES for continuation beyond that date.
- (f) The Job Release Scheme is to be extended from 1 October 1983 until the end of March 1985 and expanded to cover cases of partial retirement from age 62 for men, 60 for disabled men and 59 for women, though the age of eligibility for men under the main scheme will revert to 64 from 1 April 1984.

Costs and Employment Impact

1.4 The decisions so far taken commit the Government to total expenditure on the programmes of about £1.8 billion in 1983/84. Table 1 at the end of the report sets out for each measure the agreed provision for 1983/84, and 1982 PES provision for 1984/85 and 1985/86, together with the estimated effects on the unemployed count at the end of each financial year. Assuming that existing PES cover is used, the programmes are expected to keep the unemployment count down by over 600,000 in the first quarter of 1984 compared with 350,000 in March 1983, though the impact will be somewhat lower in the first quarter of 1985.

1.5 The 1983 Budget announced two other related measures in the DHSS field which enhance this effect on the unemployment count. The scheme to allow the

CONFIDENTIAL

long term unemployed aged over 60 to draw the higher rate of supplementary benefit (SB) and withdraw from the labour force was extended to all SB recipients over 60 without having to wait for 12 months. And automatic National Insurance credits were given to those over that age without their having to claim benefit. These two measures are together estimated to remove some 140,000 from the unemployment count by July 1983.

The changing approach to these measures

1.6 The major short-term purpose of the special employment measures is to provide a constructive alternative to unemployment and in this way to reduce the numbers on the unemployment count. However, they also have wider economic effects. With the possible exception of the Job-splitting Scheme they all have some net cost to the PSBR, but compared with an equivalent amount of general reflation (for instance, a tax cut), they are all more effective in reducing unemployment. All the measures also have a beneficial or neutral effect on output, unit labour costs and inflation compared with an equivalent measure of general reflation (unless one takes the view that any reduction in unemployment increases pressure on wages).

1.7 The range of measures and their emphasis have changed over the years, and in some cases the immediate lowering of unemployment is no longer the main or sole objective. Increasing emphasis has been placed on developing measures which are not simply directed at the reduction of unemployment but also work with the grain of the Government's economic policies, in particular in promoting the more effective functioning of the labour market in the longer term. This shift in emphasis is shown for instance in the cases of

- the Youth Training Scheme, which provides a response to high levels of youth unemployment in a way designed to establish the basis of a better trained workforce for British industry;
- the Young Workers Scheme, which encourages payment of a more realistic level of wages of young people as a means of improving the employment prospects of young people generally;

CONFIDENTIAL

- the Enterprise Allowance Scheme, which is designed to help the unemployed to set up in business on their own account and thereby contribute to the Government's wider objectives of encouraging small businesses and new enterprises.

In the case of schemes providing work outside the normal labour market, emphasis is placed on the value of work to the community and that it should not interfere with the operation of the labour and other markets.

1.8 These wider factors have to be borne in mind in evaluating developments of existing measures and proposals for new ones.

Layout of the report

1.9 This report has three further sections:

Section 2 sets out the unemployment prospects over the period to the end of 1984/5 and suggests that the underlying rise in unemployment will slow down.

Section 3 examines the options for changes to existing measures, including those where decisions have to be taken on continuance beyond the end of 1983/84. The decisions announced in the Budget on the early retirement programme last until the end of 1984/85, so we have not considered that programme further in this report. And we have no candidates for new schemes to add to the many developments introduced in the last year;

Section 4 sets out the questions for Ministerial decision.

CONFIDENTIAL

SECTION 2: UNEMPLOYMENT PROSPECTS OVER THE NEXT TWO YEARS

2.1 Output is expected to grow by 2%-3% pa over the next three financial years (ie from 1983/84 to 1985/86). With productivity growth returning to lower levels than recently experienced, some small gains in employment can be expected over this period (averaging perhaps 50-100,000 a year). However, since the labour force is also expected to grow over this period (by around 100-200,000 a year), the underlying level of UK unemployment will continue to rise, but more slowly.

2.2 However, the published figures for UK adult unemployment (claimant-based) will be held down during 1983/84 by the growing impact of special employment measures (see paragraphs 1.4 and 1.5). Taking this into account, the seasonally adjusted UK adult unemployment figure is likely to remain around 3 million and may even be a little lower in the first quarter of 1984 than in the first quarter of 1983. Thereafter, in the absence of any further expansion of special employment measures, the seasonally adjusted adult unemployment figures might be expected to start to increase slightly again - perhaps by 5-10,000 a month.

2.3 Long-Term Unemployment. Of the January 1983 total of 1.1 million who have been unemployed for more than 12 months, roughly 24% are aged 55 and over, 15% are aged 45-54, while 25% are aged 18-24 (about the same proportion as January last year). Over $\frac{1}{2}$ million people had been unemployed for more than two years. Without the Community Programme, the number of long term unemployed would be expected to reach around 1 $\frac{1}{4}$ million in early 1984 and continue to drift upwards very slowly thereafter. Preliminary estimates of the impact of the Programme suggest that this figure could be reduced by over 150,000 to about 1.1 million by 1985.*

*The estimated reduction in long term unemployment is greater than the target number of places (130,000) because some participants will stay on the Programme for less than 12 months, so the total throughput is greater. Those leaving the scheme who do not get jobs will then count as short term unemployed.

CONFIDENTIAL

2.4 Unemployed claimant school-leavers (UK) seem likely to total around 250,000 in September 1983. (In July and August when school leavers are not entitled to supplementary benefit, the total could be around 325,000). As the Youth Training Scheme builds up to its peak effect in early 1984 UK school-leaver unemployment may be reduced to as low as 30,000.

2.5 Regional unemployment. Excluding school leavers and seasonally adjusted, regional unemployment rates at present range round a UK average of 12.7% (April) from 9.3% in the South East to 16.6% in the North and 20% in Northern Ireland. They are unlikely to change very much over the period. Slight improvements in the relative positions of the West and East Midlands are expected and a relative deterioration in the North West and Wales (which is likely to become the region with the highest unemployment rate apart from Northern Ireland). There will continue to be much higher levels of unemployment in individual localities.

2.6 Disadvantaged Groups. The disabled and ethnic minorities will continue to have disproportionately high rates of unemployment. In the case of ethnic minorities, it will be concentrated geographically and be particularly marked among the young.

IMPLICATIONS FOR SPECIAL EMPLOYMENT MEASURES

2.7 The likely incidence of unemployment in 1984-85 is unchanged from recent experience and the programme of special employment measures, as so far developed, takes account of this.

2.8 Their impact is already most heavily concentrated on the youth labour market and this will increase in the period under review. In March 1983 there were about 800,000 young people under 18 in the labour market, of whom about 350,000 were supported by the measures (mainly YOP and YWS) while another 200,000 of them were registered unemployed. By March 1984 the numbers of young people under 18 in the labour market will be about the same, but the number supported by the measures will rise to about 550,000 (a number of whom would have been employed in any case) and the number registered as unemployed

CONFIDENTIAL

will fall to some 80,000. This will primarily result from introduction of the Youth Training Scheme. From April 1984, but particularly from the autumn, it seems likely that a prominent feature of the youth unemployment scene will be the presence back in the market of substantial numbers (possibly 50%) of those emerging from 12 months YTS who still cannot find employment. Because 16 year old school leavers who have had a year on the scheme are likely to be more attractive to employers, more 17 year old leavers are likely to be unable to find jobs in 1984/85.

2.9 The second largest of the employment measures - the Community Programme - is directed towards the other big problem of the long term unemployed. Paragraph 2.3 shows the rising effect of the programme over the period, but its opportunities will still be available to little more than a tenth of the numbers involved.

2.10 None of the existing measures is regionalised in its application, but in practice take-up is heaviest where unemployment is greatest. YTS aims to cover all unemployed 16 year olds, and so fully covers groups such as the ethnic minorities and the disabled, wherever they are concentrated. Places on CP and the Enterprise Allowance Scheme are allocated to regions broadly in proportion to the distribution of the unemployed who are eligible for those schemes. TSTWCS naturally has concentrated on the regions where short time working has been heaviest. The other major schemes - JRS and YWS - are available nationally according to need, but are deliberately not related to categories of the unemployed or to rates of unemployment.

2.11 A new feature of the current programme is the extent of support for part time jobs - especially under the Community Programme but also under the Job Splitting Scheme and, from October, the new part time Job Release Scheme. This development is intended to spread the effect of the measures among as many of the unemployed as possible and, when fully operational, these schemes are likely to be supporting over 100,000 previously unemployed people in part time work.

CONFIDENTIAL

2.12 From the above assessment of the prospects three points emerge for consideration in deciding on special employment measures in 1984-85:

- (a) any proposals to develop YTS in the period need to bear in mind that in 1984 many will be emerging from the Scheme still unable to find employment. This may lead to pressure to ensure that no young person under 18 need be unemployed but should be able to continue in education, find a job or be given training followed, if necessary by community work;
- (b) with long term unemployment still rising there may be some public expectation of increase in the Community Programme. In the context of the Government's original benefit - plus proposals, the Chancellor said in the 1982 Budget statement that the Government would be ready to back this kind of development on an even larger scale if the demand was there;
- (c) the existing measures reach their peak impact on unemployment around March 1984. If the underlying trend in unemployment is still upwards at that time, as expected, the unemployment count will begin to rise again more sharply. However, it looks as though the trend rise will be so much smaller that, if it were practical to expand the measures significantly, it would be open to the Government to pull unemployment down at that time if it wished to commit greater resources in this way.

2.13 In Section 3 which follows we identify the decisions that have to be taken on the measures for 1984-85 and the possibilities for their development in the light of the foregoing considerations.

CONFIDENTIAL

SECTION 3: THE MAIN OPTIONS FOR CHANGE IN 1984/85

3.1 This section looks at the main options under three headings -

- A: schemes relating to young people;
- B: schemes which relate to the creation or maintenance of jobs in the labour market; and
- C: schemes which provide community work outside the labour market.

As stated in paragraph 1.9, Ministers have already recently taken decisions on early retirement schemes covering 1984-85 and we have no new options to suggest for change. We do, however, also deal in this Section with

- D: the labour mobility schemes run by the MSC. These are not strictly special employment measures, but they do assist unemployed people to take up jobs and have previously been considered in this context.

3.2 Estimated costs, both gross and net, are given in this Section for all the options discussed. Net costs are lower than gross costs because of savings in benefit (which, when deducted, give the net addition to public expenditure) and also flowbacks in tax and National Insurance (which, when also deducted, give the net cost to the Exchequer). All the main options are listed in Table 2 at the end of the report, together with the figures of gross cost, net additional expenditure, net cost to the Exchequer and the estimated impact on the unemployment count.

CONFIDENTIAL

A. YOUNG PEOPLE

3.3 Three schemes cater for the young - the Youth Training Scheme, the Young Workers Scheme and the much smaller, but separate, Community Industry.

The Youth Training Scheme (YTS)

3.4 This is the biggest and most important of the SEMs. Current provision in 1983/84 allows the Scheme to guarantee the offer of a place by Christmas to unemployed 16 year old school leavers, to cover about half the 16 year olds in employment and provide places for most if not all unemployed 17 year old leavers, but with no guarantee. Present indications are that the target of providing places for some 460,000 entrants (including 60,000 17 year olds) in the first year of the Scheme will be met.

3.5 There seem to be 2 main options:-

- (a) Maintain the same coverage of client groups, both employed and unemployed, on the same criteria, as in 1983/84. There may be rather more places required than was assumed in PES 1982 if the same coverage is to be maintained ie a guaranteed place for all unemployed 16 year old leavers, places for about half of all employed 16 year olds and most if not all unemployed 17 year old leavers. At the outside the Scheme might need to cover about 490,000 young people in 1984/85 compared with an estimated 460,000 in 1983/84. However the MSC believe that, principally by re-organising the balance of provision within the Scheme and some savings in unit costs, they should be able to cope with these additional numbers within the existing PES provision. To go further and provide a guarantee to 17 year old leavers would not in principle involve additional cost if there were no undertaking as to the date by which the offer would be made. However, it would mean turning the Scheme from a cash-limited to a demand-led programme.

CONFIDENTIAL

- (b) Extend the existing coverage of the Scheme to bring in 17 year old groups not presently covered. There are 2 main groups:-

- (i) Those who left school at 16, had a job outside the scheme for more than 9 months but are now unemployed. (Those who have been employed for less than 9 months are already eligible). Probably not more than 15,000 are involved. (Additional cost £15m in 1984/85.)
- (ii) Those who leave school at 17 and get a job straightaway (if they are unemployed for 6 weeks or more they are eligible). To include these employed 17 year olds by the application of a modified additionality rule (with no guarantee of a place, the numbers being dependent on take up by employers) would put 17 year old leavers on the same basis as 16 year olds. It would lessen the present attraction to young people of leaving school at 16 and to employers of restricting their intakes to 16 year olds or 17 year olds who have been unemployed for 6 weeks. Since it would encourage employers to provide more Mode A places the extra places required could be provided relatively cheaply - at a cost of £10m in 1984/85. It would be difficult to justify this option without including (i) above at a total additional cost of £25m.

3.6 Unemployed ex-YTS trainees. Before extending the YTS to new groups, however, Ministers may wish to consider the position of those who will be completing their YTS year in 1984/85, mostly in the autumn of 1984. Many, perhaps 200,000, will still be without a job. To extend their training for up to a further year could cost over £200 million in 1984/85 alone (more in subsequent years) and might be an irrelevance in many cases. Those of this group who have reached their eighteenth birthday will stand a chance of a place under the Community Programme after 6 months unemployment (or immediately if their time on YTS is counted as unemployment for this purpose). To use CP to provide comprehensive coverage for the whole group (by lowering the qualifying age to include all ex YTS trainees and giving them some

CONFIDENTIAL

priority for places) would, however, be even more costly than extended training. This is because of the requirement to pay normal rates of wages (even if age-related and part-time).

3.7 The only cheaper option would seem to be to organise those under 18 into a separate programme of community work paid not at normal rates but at the YTS allowance or a little more - say £30 per week. To provide all unemployed ex YTS trainees with a full year's community work under such a scheme, if practicable, might cost £100-£150m gross in 1984/85 and £200-£250m gross in a full year. But these costings are very approximate and would be considerably less if Ministers decided that they wished to provide this opportunity only until the young people covered reached the age of 18 (requiring an average of perhaps 6 months provision). The practicability of launching such a scheme against inevitable union opposition would also need further examination, and to do so on any scale would have implications for the Community Programme as both programmes to a considerable extent draw on the same sponsors. If Ministers wish to consider making some provision for this group, officials will need to study the possibilities further.

3.8 Future development of YTS: Such a study would need to be set in the context of a wider review of the future development of the YTS itself in accord with the objectives expressed in the 1981 White Paper on Training. How far should YTS seek to provide comprehensive coverage of 16 and 17 year olds, whether employed or not (implying courses of up to two years if necessary) and how should its development relate to the Community Programme and the Young Workers Scheme? We recommend that officials should be asked to consider and make proposals for the development of the YTS beyond 1984-85, taking account of the problem of unemployed ex-YTS trainees (paragraph 3.6). If Ministers wish to consider acting on the latter problem in 1984-85, this part of the review will need to be completed before PES provision in 1984-85 is finally decided.

CONFIDENTIAL

3.9 YTS allowance: There is also the question of the level of the allowance and the related matter of the entitlement of young people to supplementary benefit. Ministers will shortly receive advice from the MSC as to whether the present £25 a week allowance under YTS should be increased this year. There is no PES provision for such an increase and this has been taken into account in costing the options in paragraph 3.5 above. (It would, however, be possible to continue within the existing provision the arrangements for paying excess travel expenses if that is recommended by the MSC).

3.10 Whether the allowance should be increased in 1984 depends on the decision then reached on the SB entitlement of school leavers. Ministers decided that for the initial year of the Scheme there should be no withdrawal of SB entitlement for minimum age school leavers. This decision is, however, due to be reviewed after the first year's operation of the Scheme. Ministers may feel, subject to the advice shortly to be received from the MSC, that it is preferable to maintain the allowance at £25 (with excess travel provision) until the question of SB entitlement has been reviewed.

Conclusions

3.11 The preferable courses seem to be:

- (a) to maintain the existing coverage of the Scheme (ie option (a) in paragraph 3.5 above), with or without an undated guarantee to unemployed 17 year olds;
- (b) to commission a review by officials of the longer term development of the scheme including what, if anything, should be done in 1984-85 for those completing courses and remaining unemployed (paragraphs 3.7 to 3.8);
- (c) subject to the advice shortly to be received from the MSC, to maintain the allowance this year at £25 (with excess travel provision) and hold it there until the review of SB entitlement for minimum age school leavers is completed in 1984 (paragraphs 3.9 and 3.10).

CONFIDENTIAL

Young Workers Scheme

3.12 There is no termination date for this Scheme, but it is subject to annual review. £75m is provided in the 1983/84 estimates (an expected average coverage of 100,000 young people) and £80m in PES for 1984/85. Since the average coverage is expected to fall to 80,000 young people next year, the 1984-85 requirements will fall to £61 million. Ministers have decided that the YWS should be available both for those young people aged 16 who do not enter the YTS and also for those who have completed YTS, but the precise impact of YTS on the coverage of YWS is particularly uncertain. Ministers have also agreed to increase the earnings limits to £42 and £47 with effect from 1 August 1983.

3.13 There are two options:

- (a) to close the Scheme for applications at 31 March 1984. YWS has a relatively high cost person off the register and it is not yet possible to assess its effect in reversing the tendency for high youth wages to reduce youth employment opportunities.
- (b) to continue the Scheme for a further year until more evidence is available on which it can be evaluated. It was recognised from the beginning that it would take time for any general effect in youth wages to manifest itself and the desirability of using YWS to help youngsters emerging from YTS to get jobs also argues in favour of continuation.

We recommend option (b).

CONFIDENTIAL

Community Industry (CI)

3.14 This scheme provides temporary employment for 7,000 of the most disadvantaged and "difficult" young people. With the introduction of YTS CI has shifted to concentrate on a slightly older age group. Financial provision has been made for the continuation of the scheme at its present level in 1984/85, but CI themselves believe a further 1,000 places in 1984/85 would be justified. This would cost a further £3.2m gross. If it were decided to extend the coverage of YTS in 1984-85, this expansion of CI would be justified: if YTS is not extended, CI could continue with its same coverage.

CONFIDENTIAL

B. CREATION AND MAINTENANCE OF JOBS

3.15 There are three schemes which are designed to help workers keep or gain a job in the labour market - the Temporary Short-Time Working Compensation Scheme, the Job Splitting Scheme and the Enterprise Allowance Scheme.

The Temporary Short Time Working Compensation Scheme (TSTWCS)

3.16 Ministers have announced that this scheme will close for applications at the end of March 1984, but that they would consider further representations. The CBI have made a strong plea for permanent retention of the scheme on the basis of allowing a further period of support for a job, though at a lower level of compensation, after a 3 year interval. If the scheme was continued in 1984-85 on these lines, the additional cost in 1984-85 is estimated at £139m gross (£7m net), with an additional unemployment effect of 33,000 and a net cost per person taken out of the unemployment count of about £200. The CBI proposals depend on giving a second tranche of support to jobs which have been supported once already and Ministers have previously wished to avoid giving repeated support under this scheme to jobs whose long-term viability may be in doubt. We recommend therefore that Ministers maintain their decision to close the scheme to applications after 31 March 1984.

The Job Splitting Scheme (JSS)

3.17 This scheme encourages employers to split existing individual jobs into two part-time ones. It has no net cost and is potentially the cheapest of the special measures. It was introduced at the beginning of the year on an experimental basis until the end of March 1984. So far take up has been very disappointing, even allowing for the normal slow start experienced by most new special measures. By the middle of May only 250 applications had been approved.

CONFIDENTIAL

3.18 We will be evaluating information from firms and the impact of advertising in order to assess the reasons. Possible explanations are that, in an attempt to avoid any net additional expenditure, the scheme has been made insufficiently attractive to employers; that some features, notably the 15 hour cut-off, have led to a hostile attitude on the part of the unions which may well have affected the response; or that the market for part-time jobs and the acceptability of changes in working patterns of this kind are more limited than previously thought.

3.19 It is too early to reach a conclusion. At this stage it seems best to continue the scheme for a further year with some early changes in the rules designed to increase flexibility and encourage greater take-up, which might in any case grow as the scheme becomes better known and understood. Changes in hand in the superannuation regulations of local authorities should assist, as local government is regarded as an important prospective market for the scheme. Some rule changes that seem sensible are:-

- (a) allowing applications to be accepted within 3 months of the conditions of the scheme being satisfied, rather than one month at present;
- (b) allowing YOP/YTS trainees to move directly into a split job in a different establishment without meeting the benefit requirement;
- (c) relaxing the overlap rule to enable two part-timers to work or train alongside each other for a limited period.

The Department of Employment will, in the light of their evaluation, consider whether these or other changes could usefully be made to increase take up in the current financial year (within the approved expenditure limits) and will make recommendations to the Secretary of State.

3.20 It is in any case clear that the present estimates of expenditure on this scheme are too large. Estimates for a new scheme are bound to remain highly uncertain, but an extension of the scheme until the end of March 1985

CONFIDENTIAL

CONFIDENTIAL

with the changes proposed above could be accommodated well within the existing allocation of £14m for 1984/85, with perhaps an additional £3m required in 1985/86. (This assumes a take-up of 10,000 in the year to March 1985 with an effect on the unemployment count by that date of only a little less).

3.21 We therefore recommend that the scheme should be continued throughout 1984/85 with the proposed changes to the rules. Only about £4m of the original PES provision of £14m in 1984/85 for running the scheme through 1983/84 will be needed but a further £4m will be required in that year for the proposed extension into 1984/85 together with extra PES provision of £3m in 1985/86.

The Enterprise Allowance Scheme (EAS)

3.22 This scheme has been operating on an experimental basis in 5 pilot areas since early 1982. The scheme is intended to help unemployed people to set up in business who might otherwise have been deterred from doing so by loss of benefit. Successful applicants are paid £40 a week for a year.

3.23 Ministers have only just taken the decision (announced in the Budget) to extend the scheme nationwide for a limited period from 1 August this year until the end of March 1984. Only an interim evaluation of the scheme in the 5 pilot areas has been possible so far and, on the basis of this, the scheme appears relatively expensive in terms of first year costs per person off the register (at least as compared with most other special measures). On the other hand, it has potentially significant beneficial effects on employment in the longer term and provides an important addition to the range of Government measures to encourage small business and new enterprise. While fuller information about the effects of the scheme (particularly the survival rate of new firms after the allowance has been withdrawn) will not be available until the autumn we consider that there is a good case for extension of the scheme into 1984/85.

CONFIDENTIAL

3.24 There are two main options for extension:

- (a) The most attractive, if the resources could be found, would be the introduction of an unrestricted scheme on a national basis for 1984/85. This would cost an estimated additional £90m gross (£37m net) in 1984/5 and £71m in 1985/6 on the basis of an estimated take-up of 70,000.
- (b) a further cash limited extension would cost less compared to a full national scheme and the commitment would not be open ended. It would also allow further time to look closely at the results of the pilots before commitment to an unrestricted scheme. On the other hand, if results from the pilot evaluation already are considered sufficiently satisfactory, there would seem to be little point (other than limits on the resources available) in delaying a full national scheme which would be demand-led like the main body of special measures. Whatever system is used to limit the number of grants could be expected to lead to complaints of unfairness. The scale of this option is arbitrary, but a one year limited extension which, like the 1983/84 8 month scheme, met about half the estimated demand would provide for 35,000 grants and would cost a gross £46m (£19m net) in 1984/85 and £35m in 1985/86.

3.25 It would be possible to cut the cost of either option by adopting more restrictive rules which could cut take-up. However, the approaches of limiting by sector or industry or by geographical areas have been considered and rejected by Ministers.

3.26 We recommend that the scheme should be extended in 1984/85, at least on the cash limited basis set out as option (b) in paragraph 3.24.

CONFIDENTIAL

C. COMMUNITY WORK PROGRAMMES

3.27 There are two schemes - the Community Programme and the Voluntary Projects Programme - which are designed to provide temporary work for unemployed people in service to the community outside the regular labour market.

The Community Programme (CP)

3.28 This Programme is second only in size to the YTS and focusses on the other major problem of the long term unemployed by the provision of temporary work. The Government are committed to running it until at least October 1984, but three important questions arise for consideration this year on the future of the scheme:

- (a) The average wage: should the £60 average wage which was set a year ago be increased and, if so, by how much and when?
- (b) The number of places: should additional resources be made available if the supply and demand for more than the 130,000 filled places already authorised is forthcoming?
- (c) The life of the Programme: what guarantee of continuity beyond October 1984 should be given to sponsors?

(a) The average wage

3.29 Wage costs under CP are controlled by the rule that MSC reimburse sponsors at the rate of £60 per worker per week; most sponsors will therefore have a mix of part-time and full-time jobs on their projects. However, it

CONFIDENTIAL

a condition of the operation of CP (as it was agreed with the MSC last year) that the wages paid have to reflect the rate for the job in the trades in question. Probably the majority of jobs in CP have wages aligned to those paid to local authority workers, not least because at least half of the take-up is provided by local authorities; the other major relationship is with the wages of the building trades.

3.30 Existing cash limits for CP provide for an increase of $3\frac{1}{2}\%$ in the average wage in 1983-84, in line with the Treasury's current inflation factor (which will now be reached earlier at some point this Autumn - see paragraph 3.33) and on the basis of the original entry profile of 130,000 places by March 1984 (which will now be reached earlier at some point this Autumn - see paragraph 3.33). The scheme will not become less attractive in comparison with unemployment benefits, which are also expected to go up by $3\frac{1}{2}\%$ this year. However, it now seems certain that the wages of local authority non-manual workers and the building trades will rise by some 5% this summer. If this happens, unless the Programme is cut back below the approved 130,000 places, there will be a choice between either increasing the average wage by the same percentage as the related wage rises and consequently raising the cash limit or leaving sponsors to reduce the number of hours worked, thus increasing the amount of part-time work and reducing the scheme's attractiveness. Bearing in mind that Ministers do not favour the wage link and that the Chancellor's proposal in the 1982 Budget was for a benefit-plus scheme, we consider, on balance, that the increase in the average wage should be kept to $3\frac{1}{2}\%$.

3.31 The operative dates for pay increases are 27 June for the building trades, 1 July for local authority non-manuals and 4 November for local authority manual workers. There is therefore no perfect date for increasing the average wage. We recommend that the increase of about $3\frac{1}{2}\%$ (rounded down to £62) should take effect on the anniversary date of CP ie 1 October.

3.32 Removal of the maximum wage: Unit costs under the previous Community Enterprise Programme were controlled by means of a maximum wage. Although the CP controls unit costs by means of the £60 average wage, the maximum wage has not been abolished (the figure is currently £92.50). It seems unnecessary to

CONFIDENTIAL

retain this additional check. If a sponsor wished to employ somebody with a rate for the job above the present maximum, he would have to compensate for this by increasing the amount of part-time work elsewhere in the project in order to stay within the average wage. In view of this constraint, it is expected that, as at present, virtually all posts in CP will be paid wages within the present maximum and we recommend that the limit on the maximum wage paid under CP should be removed.

(b) Number of places

3.33 The original expectation was that the target for 1983-84 of 130,000 filled places would be met in March 1984. Ministers accepted, however, that the MSC should maintain pressure to achieve the target more quickly but without risking unauthorised spending or commitments. The indications are that the target will now be met at some point this autumn. It is possible that this may require some adjustment of the Programme's cash limit for 1983-84 and arrangements are in hand to monitor expenditure and to make a separate submission to Ministers if a firm need is established. There is also the possibility of increasing the target in 1983-84, but this depends on Ministers' decision on the future of the Programme in 1984-85.

3.34 For 1984-85, there are three main options:

- (a) to maintain the Programme at its present planned level of 130,000 filled places. It can be argued to be premature to expand before experience is gained of the operation of the Programme, of the quality of projects and of the effect on the employability of long-term unemployed people. However, there is some public expectation that more resources will be provided if the planned level is reached quickly because of the Chancellor's words in the 1982 budget statement; in the context of the Government's original benefit-plus proposal, he then said that the Government would be ready to back this kind of development on an even larger scale if the demand was there;

CONFIDENTIAL

- (b) in view of the high level of long-term unemployment, to go for the largest possible expansion. MSC officials believe that the Programme could, in terms both of what is feasible for sponsors to provide and of the scope for recruitment from among the long-term unemployed, be doubled to 260,000 places by March 1985 if they were authorised to go beyond 130,000 places this year. This would involve additional gross costs of an estimated £110m in 1983-84, £470m in 1984-85 and £655m in 1985-86 (the net costs are about one third of the gross costs eg a net cost of £154m in 1984-85);
- (c) to go for an expansion less than the maximum feasible. For example, a small expansion to 150,000 places would cost an additional £98m gross (£32m net) in a full year (and each additional 10,000 places would cost £50m gross or £16m net in a full year). If this expansion were authorised to be attained by March 1984 it would cost an extra £28m gross in the current financial year. An expansion of this order would help to stabilise the programme after its rapid growth, would correct imbalances in geographical spread and would provide more scope for involving the private sector.

3.35 If Ministers want to continue the Programme beyond October 1984 and resources allow, we consider that option (c) would be worthwhile. A decision on whether to implement the expansion in 1983-84 could await the submission on feasibility referred to in paragraph 3.33.

(c) Life of the Programme

3.36 When the Programme was introduced in October 1982, Ministers undertook to run it for at least 2 years in its present form and there is as yet no formal authorisation to run the scheme beyond October 1984 (though provisional cover exists in PES for its continuation).

CONFIDENTIAL

3.37 Sponsors are anxious to know for their own purposes of commitment whether CP will be extended beyond Autumn 1984 and pressure will grow this autumn as projects come up for what will be their final renewal if the Programme is not to be extended. The Manifesto states that special help for the long-term unemployed through the Community Programme will be maintained, but if Ministers wish to review important features of the Programme, it would be preferable to limit at this time commitment to its extension in its present form to the end of the 1984/85 financial year.

The Voluntary Projects Programme (VPP)

3.38 This Programme provides opportunities of voluntary work or service for unemployed people and its direct effect on the unemployment count is negligible since they remain on benefit while on the Programme. £8m has been allocated in 1983/84, and although VPP has made a fairly slow start the output has been reasonably encouraging and the Programme has been very well received by the voluntary sector. To date projects which will provide up to 28,000 opportunities have been approved.

3.39 There is a good case for the continuation of the scheme into 1984/85 and it is for consideration whether a greater sum than the £8m allocated for this year should be made available. However, perhaps only about £5 million of the present year's allocation will in fact be spent and an allocation of £8m in 1984-85 would therefore represent a reasonable increase in real terms. Also the provision of voluntary work for the unemployed is a field in which a number of other programmes are also operating, notably the DHSS's Opportunities for Volunteering Scheme for which £5m is available in 1983-84 to encourage voluntary work in the fields of health care and personal social services. We therefore recommend that the Programme should be continued in 1984-85 at the same level of expenditure authorised for 1983-84 ie £8 million.

CONFIDENTIAL

D. LABOUR MOBILITY SCHEMES RUN BY THE MSC

3.40 The principal scheme is the Employment Transfer Scheme (ETS), which provides financial assistance to unemployed people moving home to take jobs for which employers cannot find suitable workers living locally. Other schemes help with fares to interviews or expenses incurred in looking for work outside daily travelling distance. The varying schemes are relatively small-scale, costing £5-6m a year at present. They are not strictly special employment measures, but Ministers specifically asked that the effect of increasing from April 1982 the upper earnings limit for ETS to about $1\frac{1}{2}$ times average male earnings should be evaluated after a year's experience.

3.41 Direct information about the effects of the change in the earnings limit is imperfect, in part because it must rest on detailed claims which come in much later than approvals. Further work is to be done, but our preliminary view is that the change has not significantly affected the cost-effectiveness of the scheme. We recommend that the earnings limit should be maintained at its present level in real terms for the time being.

3.42 In addition, we have reviewed the continued appropriateness of the eligibility rules, in particular whether to concentrate the schemes on the long-term unemployed. The schemes have been reshaped in the last 3 to 4 years to increase cost-effectiveness and these compare relatively favourably with SEMs in terms of cost-effectiveness, mainly because assistance is only available where jobs appear unlikely otherwise to be filled. To restrict eligibility further to particular categories of the unemployed, such as the long-term unemployed, could limit the size of the scheme further without improving its cost-effectiveness. If, on the other hand, the scheme was limited to the long-term unemployed but had less restrictive rules as to the jobs which they took, it would be likely to be less cost-effective, possibly a great deal so. A scheme so designed would be less closely related to the immediate labour market needs and more designed to serve social objectives.

CONFIDENTIAL

3.43 We therefore consider that there is no compelling reason for any significant change in the rules even if unemployment generally remains high. As the economy revives, it will be harder to fill jobs with local labour, so more are likely to be eligible for help under present rules. There is provision for a small increase in real terms in the Estimates for 1983/84 (£6m) as compared with the outturn for 1982/83 (£5.36m). For 1984/85 more resources may well be required than the £6m earmarked in last year's PES. As the labour market tightens the scheme is likely to become a more useful tool in increasing the market's flexibility. We therefore recommend an increase of £1m in the provision for 1984/85.

CONFIDENTIAL

SECTION 4: CONCLUSIONS

4.1 The basic shape of the programme of special employment measures for 1984-85 has already been determined in the course of the 1982 Public Expenditure Survey and by decisions taken by Ministers in the context of the 1983 Budget. As a result of these decisions the overall impact on unemployment of special measures will be raised from about 350,000 to over 600,000 by the end of the current financial year. Thereafter, the impact will fall during the summer before rising again to nearly 600,000 in the first quarter of 1985. So after the impact of the measures has peaked in early 1984, the underlying trend of rising unemployment is expected to show through again in a monthly increase of 5-10,000.

4.2 The options for action fall into two groups:

GROUP A consists of those matters on which Ministers need to decide whether current policy on particular measures should continue during 1984-85; and

GROUP B consists of further options whereby a substantially greater impact could be made on unemployment.

4.3 We list our recommendations on the options below. In considering them Ministers will need:

- (a) to take into account the likely level of unemployment in 1984-85 and to decide the impact on the unemployment count that they wish to effect through special employment measures, particularly in the context of the wider goals of the special measures identified in para 1.7 above;
- (b) to weigh the expenditure involved in the light of the scale of and priorities for public expenditure generally (bearing in mind that the net cost of the measures is considerably less than the gross

CONFIDENTIAL

cost and that support for some measures will be available from the European Social Fund).

Group A options

4.4 Subject to the availability of resources our recommendations on the first Group of options are:

- (a) The Young Workers Scheme should continue broadly unchanged in 1984/85. No addition required to PES (paragraph 3.12-3.13).
- (b) Community Industry should continue to be funded at its present level. No addition required to PES (paragraph 3.14).
- (c) TSTWCS should close for new applications on 31 March 1984, as already announced. No addition to PES (paragraph 3.16).
- (d) The MSC labour mobility schemes should continue with no change in the rules or in the earnings limit in real terms, but with slightly greater provision to cope with a tighter labour market. Addition of £1 million to PES in 1984-85 (paragraphs 3.39 to 3.43).
- (e) The existing coverage of the Youth Training Scheme should be maintained. If Ministers wished, an undated guarantee of a place could be extended to unemployed 17 year old leavers at probably no extra cost, but would have the effect of converting YTS to a demand-led programme. This should not require any addition to current PES provision. Officials should put in hand a review of the longer term development of the scheme, including what if anything should be done in 1984/85 for those who complete YTS and remain unemployed (paragraphs 3.4 to 3.11).
- (f) The Job Splitting Scheme should be extended to run until the end of 1984/85 with appropriate changes in the rules to increase take

CONFIDENTIAL

CONFIDENTIAL

up. PES provision in 1984-85 should be set at £8 million (a reduction of £6 million) and provision of £3 million made in 1985-86 (paragraphs 3.17 to 3.21).

- (g) The Enterprise Allowance Scheme should be continued in 1984/85 on a cash limited basis broadly proportionate to the 1983-84 scale of operation. Addition to PES of £46m in 1984-85 (paragraphs 3.22 to 3.26).
- (h) The Community Programme should be expanded to 150,000 places in 1984-85 (with the possibility of starting the expansion earlier to be considered in the light of a separate submission); assurance should be given that the scheme will be continued at least until the end of March 1985 pending Ministerial decision whether to review important features of the scheme; and the average wage limit should be raised from £60 to £62 from 1 October 1983 in line with the approved 3½% inflation factor. Addition to PES of £98 million in 1984-85 (paragraphs 3.28 to 3.37).
- (i) The Voluntary Projects Programme should be extended until the end of March 1985 with the same level of provision as authorised in 1983-84. Addition to PES of £3 million in 1984-85 and £5 million in 1985-86 (paragraphs 3.38 - 3.39).

4.5 The costs (gross and net) and unemployment impact of each of these recommendations are shown in Table 2. Taken together, they require additional PES provision in 1984-85 of £152 million and in 1985-86 of £146 million (though the net additional expenditure is just under £100 million in 1984/85 and the net Exchequer costs are significantly less). Against this requirement changes in the estimates of demand for some of the measures have resulted in a net reduced requirement, in comparison with the 1982 PES, of £33 million in 1984-85, £35 million in 1985-86 and of £178 million in 1986-87. Assuming these other changes are offset against the costs of the options the additional PES provision required would be reduced to £119 million in 1984-85 and £111 million in 1985-86.

CONFIDENTIAL

4.6 European Social Fund In 1982 we were allocated £133m from the ESF in respect of the cost of our special measures programme, of which £113 million was for YOP. We could accordingly expect to receive some support from the Fund for an expansion of certain of our programmes, notably YTS, CP and the EAS. Table 2 includes some estimates of possible receipts on the basis of the current Fund rules. These suggest that we might secure as much as another £13m towards the cost of the Group A options from the Fund. In the light of the recent decision that at least 75% of the Fund should go to schemes for young people we might do even better.

4.7 Staffing All the proposed developments will require some increase in staff in DE or MSC to administer them. Allowance has been made for this in the costings in Table 2. These amount to a gross additional staff requirement of around 400. However, as there will be an associated lower requirement in the benefit service there will be a net increase in Civil Service numbers overall of about 100.

Group B options

4.8 Taken together the Group A recommendations would have a further effect on the unemployment count of up to 53,000 at March 1985, bringing the total then to about 640,000-650,000. It would be feasible to make a substantially bigger impact on unemployment through these measures if Ministers wished by means of the two Group B options:

- (j) Extension of the Enterprise Allowance Scheme across the country on an unlimited basis. Addition to PES in 1984-85 of £90 million (paragraph 3.24);
- (k) Extension of the Community Programme up to a total of 260,000 filled places, the maximum thought feasible by the MSC. Addition to PES in 1984-85 of £470m (paragraph 3.34).

CONFIDENTIAL

4.9 The costs (both gross and net) and unemployment impact of each of these options are shown in Table 2. Together they could take about another 100,000 off the unemployment count in addition to the impact of the Group A options.

4.10 There is inevitable uncertainty both in the projected path of unemployment and in the estimates of the impact on unemployment at a future date of the totality of special employment measures. However, the graph at the end of this report illustrates the possibilities. Using the current PES unemployment assumptions it shows unemployment stabilising towards the end of 1984 and, as Section 2 has indicated, it is indeed possible that unemployment may instead be rising by 5-10,000 a month at that time. The graph illustrates that, on the basis of a central estimate of unemployment, the combination of the Group A and B options could give a high possibility of changing a flat level of unemployment - or even a slightly rising one - into a downturn. If Ministers did not wish to pursue the Group B options to their fullest extent, it would be possible to seek to attain this effect by some smaller increase in the Community Programme. It must, however, be emphasised that, as the graph notes, the expansion that could be attained by the Group B options is within the wide range of uncertainty / attaching to the future unemployment level.

Points for decision

4.10 Ministers are invited to reach decisions on the recommendations and options listed in paragraphs 4.4 and 4.7 above.

TABLE 1

CURRENT PLANS FOR SEMs 1983-86

1 366/483 (3)
CONFIDENTIAL

EMPLOYMENT MEASURES ITS	Cash Resources Allocated (£m)				Register Effect (000)			1st year Net cost per person off register
	1983-84 Estimate	1984-85 PESC 82	Possible receipts from ESF 1984-85 (Note D)	1985-86 PESC 82	March 1983 Actual	March 1984 Forecast	March 1985 Forecast	
Creation of temporary employment								
Community Enterprise Programme/ Community Programme	382	582	(40)	613	36	110	110	£1880
Voluntary Projects Programme	8	5	-	-	n.a	n.a	n.a	n.a.
Enterprise Allowance (Note A)	28	29	(5)	-	(0.6)	9	-	£2800
Release of Maintenance of jobs through flexibility in working patterns								
Temporary Short Time Working Compensation Scheme	34	4	-	-	20	9	-	£310
Splitting Scheme	29	14	(3)	1	(0.2)	13	-	£100
Release Scheme	304	303	-	192	65	88	61	£1500
Short Time Job Release Scheme (Note B)	-	39	-	58	-	19	44	£375
ENT AND TRAINING SCHEMES FOR YOUNG								
Opportunities Programme/Youth Training Scheme	925	1098	(150)	1136	211	354	354	£1403
Peers Service Strengthening Scheme	12	12	-	13	n.a.	n.a.	n.a.	n.a.
Community Industry	25	27	(4)	28	8	8	9	£1550
Young Workers Scheme	75	80	-	103	11	17	15	£3000
TOTAL	1822	2193	(202)	2144	352	627	593	
SC Mobility Schemes	6	6	(2)	6				

including additions to be made following budget announcement
 additions to be made following budget announcement. The £4 million cost in 1983/4 to be found within existing Estimate.
 The future cash requirements for the DE's demand-related schemes (JRS, YWS, TSTWCS and JSS) are currently under review, and
 the figures for 1984/5 and beyond are likely to be modified to some extent; the register effects quoted for those years
 already reflect the latest estimates of likely take-up.
 Assumes continuation of present rules and guidelines.

	Additional Gross Cost 1984/5	Net Additional Expenditure 1984/5	Net Exchequer Cost 1984/5	Possible ESF Receipts [Note 1]	Additional Gross Cost 1985/6	Additional Register Effect 31/3/85	Net Cost Per Person off Register
GROUP A: RECOMMENDATIONS							
YWS: Continue unchanged in 1984/5	-	-	-	-	-	-	£3000
CI: Continue at present level	-	-	-	-	-	-	£1550
TSTWCS: To end on 31/3/84	-	-	-	-	-	-	£310
MSC Mobility Schemes: continue unchanged in 1984/5	£1m	£1m	£1m	-	£1m	-	Not appropriate
YTS: Maintenance of existing coverage	-	-	-	-	-	14,000	£1450
JSS: Extension for 1 year with some modification of rules	£4m	-	£1m	(£1m)	£3m	up to 10,000	£100
EAS: One year only scheme of 35,000: allowance of £42 per week	£46m	£31m	£19m	(£5m)	£35m	12,000	£2800
CP: 150,000 filled places throughout 1984/5	£98m	£60m	£32m	(£7m)	£102m (Note 2)	17,000	£1880
VPP: (Extension for 1 year)	£3m	£3m	£3m	-	£5m	-	not appropriate
TOTALS (Additional Provision)	£152m	£95m	£56m	(£13m)	£146m	53,000	-
GROUP B: FURTHER OPTIONS							
EAS One year only scheme of 70,000: allowance of £42 per week (Note 4)	£90m	£60m	£37m	(£10m)	£71m	24,000	£2800
CP Expansion to 260,000 filled places by March 1985 (Note 4)	£470m	£292m	£154m	(£30m)	£655m (Note 2)	110,000	£1880
TOTALS (Additional Provision for Groups A and B)	£568m	£356m	£196m	(£41m)	£735m	158,000	-

- NOTES:
1. Assuming same European Social Fund rules and guidelines as at present.
 2. Assumes continuation through 1985/6.
 3. All expenditure figures rounded to the nearest £m.
 4. These options include the more limited options in Group A for the measures in question.

