



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
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Willie Rickett Esq
Private Secretary
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Dear Willie

Mr. Patten *Mr. Ingham*
Prime Minister

Mr. Fowler proposes to announce that 31 March 1982
he is ending the payment of Child
Benefit to school leavers who get a job
or join a YOP scheme. He is aiming to
answer the attached PQ next ~~Monday~~ Tuesday
5 April, after 3.30 pm.

W.M.
31/3

CHILD BENEFIT FOR SCHOOL LEAVERS

The Prime Minister will wish to know that my Secretary of State is about to announce a change in the rules which apply to the payment of child benefit. At present, child benefit continues in payment until the end of the school holiday after a young person leaves school even if that young person starts work immediately or starts a Youth Opportunities Programme course. This is administratively convenient for the Department but clearly it is difficult to justify in the knowledge that the young person concerned may be receiving pay from a full-time job or receiving a Youth Opportunities Programme allowance of £25 a week.

The possibility of saving between £8 and £10 million a year by bringing this payment of child benefit to an end, only when a young person has left school and started full-time work or started a YOP course, was identified when we were carrying out our review of public expenditure towards the end of last year and the proposed change was reflected in the figures in the public expenditure White Paper: although the savings were not mentioned specifically.

In order to take full advantage of the potential savings they should start to accrue from 31 May this year and we shall have to introduce regulations, subject to negative procedures, which will apply to the first of this summer's school leavers. My Secretary of State proposes to announce the change in policy by means of an inspired PQ in the next few days, and I attach a copy of the draft Question and Answer.

As soon as the regulations have been made we shall write to the mothers of the prospective school leavers, individually, and advise them of the change in the law: in fact, we have already prepared a suitable notice.

I am copying this letter to Terry Matthews in the Chief Secretary's Private Office.

yours ever.

Brendan

BRENDAN O'GORMAN
Private Secretary

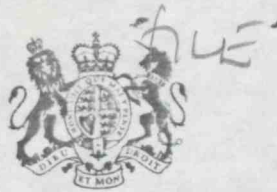
SUGGESTED PQ

To ask the Secretary of State for Social Services in what circumstances child benefit is payable to the mothers of young people who have left school.

SUGGESTED REPLY

Child benefit can at present be paid in respect of a young person who has left school up to the end of the school holiday which follows the term in which education ceased. The formal dates are the first Monday in January, the Monday following Easter Monday, or the first Monday in September, as appropriate.

This is the situation even for those young people who have in fact started full-time work during the relevant holiday period and on the general principles of the child benefit scheme it is difficult to justify the continued payment of child benefit in these circumstances. I therefore propose shortly to make regulations which will terminate entitlement to child benefit in respect of young people who start full-time work or start a Youth Opportunities Programme course from the date when they do so. These provisions will be effective from 31 May this year and will apply, therefore, to young people who leave school this summer.



10 DOWNING STREET

From the Private Secretary

5 April 1982

CHILD BENEFIT FOR SCHOOL LEAVERS

Thank you for your letter of 31 March, in which you set out your Secretary of State's proposals for announcing a change in the rules applied to the payment of child benefit. The Prime Minister is content with your Secretary of State's proposals. I understand that you are planning to answer the inspired PQ attached to your letter tomorrow afternoon, after Prime Minister's Questions.

I am sending a copy of this letter to Terry Mathews (Chief Secretary's Office, HM Treasury).

W. F. S. RICKETT

Brendan O'Gorman, Esq.,
Department of Health and Social Security.

LM



Cc JV
AW

Treasury Chambers, Parliament Street, SW1P 3AG

Willie Rickett Esq
Private Secretary
10 Downing Street
London SW1

Wm
8/4

7 April 1982

Dear Willie,

CHILD BENEFIT FOR SCHOOL LEAVERS

I have seen Brendan O'Gorman's letter of 31 March with the proposed announcement about withdrawing entitlement to child benefit for those school leavers who start work immediately or a YOP course.

As Brendan says this was a saving identified during the 1981 PES discussions. The Chief Secretary is therefore content that the announcement should be made and with the form of the answer to the draft question.

I am sending a copy of this letter to Brendan O'Gorman.

Yours sincerely
Terry Mathews

T F MATHEWS
Private Secretary

8 APR 1964



COMMUNICATIONS