

PREM 19/2316

Confidential Filing

Special Employment Measures.
Employment & Training Bill.
Youth Services Review.
Industrial Training.

MANPOWER

Part 1: January 1980

Part 16: May 1987

| Referred to | Date | Referred to | Date | Referred to | Date | Referred to | Date |
|--------------------|------|-------------|------|-------------|------|-------------|------|
| 5.5.87 | | | | | | | |
| 11.5.87 | | | | | | | |
| 26.6.87 | | | | | | | |
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PREM 19/23/6

ART 16 ends:-

PVSS/DES TO SS/EMP 28.V.V7

PART 17 begins:-

DRW TO PM 1.9.V7

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CCBS
nbpm

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

FROM THE PARLIAMENTARY UNDER-SECRETARY OF STATE

Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NF

28 August 1987

Dear Norman

INCOME SUPPORT FOR 16-18 YEAR OLDS

at top
Thank you for sending Kenneth Baker a copy of your letter of 17 August to John Moore which described the position reached on the proposals for withdrawal of benefit from 16 and 17 year olds following comments from colleagues. I am replying in Kenneth's absence.

We are grateful for your reassurance on page 3 of your letter that the paper by officials was not intended to under-value the option of staying on in full-time education, but only to present YTS as preferable to social security benefit for those who have chosen to leave education. We shall need to take care over this point when we come to present the policy publicly.

In the third paragraph on page 3 of your letter you say that there will be no transitional provisions - meaning, I understand, that eligibility for income support will cease on Day One for young people currently receiving it. You go on to say that young people who have left school before the new arrangements come into force and who are already receiving income support will be eligible to receive a waiting allowance. I understand that this will apply for the first year of the new arrangements only and that the waiting allowance will be paid only to early leavers from YTS or jobs thereafter. This seems to us to make good sense.

We support what you say, also on page 3 of your letter, about the treatment of young people living away from home "without good reason". We need to be sure that genuine seekers after jobs or YTS places will not be discouraged, or we shall be justly criticised.

I would emphasise again the point Kenneth made in his letter of 24 July about the importance of presenting an effective

Continued....

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and well considered line of defence on the withdrawal of part-time study for 16 and 17 year olds under the "21 hour rule". I understand that our officials are in touch. John Moore referred in his letter of 30 July to the need to "consider separately whether the rule as it applies to those aged 18 and over will need any adjustment". We should like our officials to be involved in this consideration too.

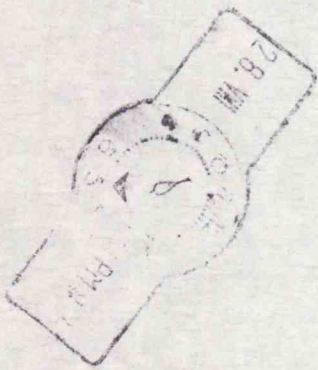
Finally, we would join Peter Walker - his letter of 29 July - in welcoming the way the new arrangements for extending payment of Child Benefit will remove the temptation for some children to leave school at Easter before taking their examinations during the summer term.

I am sending copies of this letter to the Prime Minister, Douglas Hurd, Peter Walker, Malcolm Rifkind, John Moore and John Major.

*Very truly
yours
Robert Jackson*

ROBERT JACKSON

MANPOWER SEMS PTL6





10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

21 August 1987

Dear Ralph

When we met on 23 July to discuss your ideas for a Workfare Programme I said I would ask Norman Fowler if there was a possibility of his running a pilot scheme to test the availability for work of all benefit claimants in a specific area.

As you know, we see great difficulty in launching a new programme which would, in effect, guarantee a publicly funded job to all the unemployed. However, Norman Fowler is considering how Restart and Availability testing can be co-ordinated in the context of the Manifesto Guarantees for the long term unemployed so as to provide a more effective means of detecting benefit claimants who are not genuinely unemployed. The proposals for this are still being developed but I have asked Norman to contact you as soon as he is in a position to make an announcement. The new programme will need to be piloted and, if you thought it useful, it might be possible for one of the pilots to be run in your constituency. I know Norman will keep this in mind.

Thank you again for taking the trouble to explain your ideas to me. I can certainly assure you that there is no difference of objective between us.

I am sending a copy of this letter to Norman Fowler.

Yours ever

Theresa

Ralph Howell, Esq., M.P.

~~CONFIDENTIAL~~
CONFIDENTIAL

CCBG



MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6621 (Direct Dialling)
01-218 9000 (Switchboard)

Minister of State
for Defence Procurement

D/MIN(DP)/DGT/8/6

nbpm

21 August 1987

Dear John

Thank you for sending me a copy of your letter of 5th August to Douglas Hurd suggesting the removal of restrictions on the employment of young persons. I have no objection in principle to this proposal, or to the more limited alternative of removing the discrimination between young men and young women, and I am content that the European Commission should be informed of our intentions.

I am copying this letter to the Prime Minister, members of the Cabinet and Sir Robert Armstrong.

Yours,
David.

Lord Trefgarne

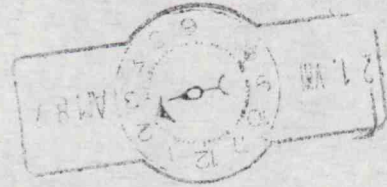
John Cope Esq., MP

~~CONFIDENTIAL~~
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MANPOWER

SKM'S

PT 16





Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460.....

Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON SW1

19th August 1987

See type
Dear David,

WORKFARE

attached
You wrote to me on 23 July, following the Prime Minister's meeting that day with Ralph Howell. You indicated that the Prime Minister had agreed to consult my Secretary of State, without commitment, about the possibility of piloting a Workfare scheme which would test availability for work.

My Secretary of State is, in fact, considering the possibility of piloting a new combined Restart/Availability regime for every benefit claimant at 6 monthly intervals. Under this arrangement, those invited to Restart interviews would have to fill in a questionnaire testing availability for work similar to that filled in by new claimants. This would fulfill the Manifesto commitment to provide a Restart interview for every unemployed person every 6 months. But it would also mean that for the first time the availability of all existing benefit claimants (as opposed to those who are making a new claim) could be tested rigorously and regularly for as long as they remain on the unemployment count. This, as we understand it, is the basic purpose of Mr Howell's proposal and he might therefore welcome the possibility of the new regime being piloted in his constituency (along with pilots in other regions).

The merging on 26 October of the organisation of the Jobcentres and Benefit Service should make it possible to launch this new, enhanced Restart programme in the first half of next year without requiring any additional resources. However, my Secretary of State will not be in a position to announce these pilots publicly until after the merger. If the Prime Minister wishes to write to Mr Howell before then, the

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letter might be in general terms, promising a more specific
letter from the Secretary of State later in the year. I
... attach a draft on these lines.

Yours sincerely

Peter Biddulph

for

JOHN TURNER
Principal Private Secretary

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DRAFT LETTER FROM THE PRIME MINISTER TO RALPH HOWELL, MP

When we met on 23 July to discuss your ideas for a Workfare Programme I ^{said I would} ~~agreed~~ to ask Norman Fowler if there was a possibility of his running a pilot scheme to test the availability for work of all benefit claimants in a specific area.

As you know, we see great difficulty in launching a new programme which would, in effect, guarantee a publicly funded job to all the unemployed. However, Norman Fowler is considering how Restart and Availability testing can be co-ordinated in the context of the Manifesto Guarantees for the long term unemployed so as to provide a more effective means of detecting benefit claimants who are not genuinely unemployed. The proposals for this are still being developed but I have asked Norman Fowler to contact you as soon as he is in a position to make an announcement. The new programme will need to be piloted and, if you thought it useful, it might be possible for one of the pilots to be run in your constituency. I have ^{known} ~~asked~~ Norman ^{will} ~~Fowler~~ to keep this in mind.

certainly Thank you again for taking the trouble to explain your ideas to me. I can assure you that there is no difference of objective between us.

I am sending a copy of this letter to Norman Fowler.

Col ANO



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213...6460.....

Switchboard 01-213 3000 GTN Code 213

Facsimile 01-213 5465 Telex 915564

The Rt Hon John Moore MP
 Secretary of State for Social Services
 Department of Health and Social Security
 Alexander Fleming House
 Elephant and Castle
 LONDON
 SE1

17 August 1987

Dear Secretary of States

INCOME SUPPORT FOR 16-18 YEAR OLDS

attached

Thank you for your letter of 30 July which records the very satisfactory progress on most of the outstanding points.

Officials have been taking forward consideration of many of the issues. I think it would be useful if I set out the position we have now reached in the light of your letter, the points raised in correspondence by colleagues and the latest discussions between officials.

I welcome confirmation that the child benefit option for young people who have just left full-time education is the most cost-effective and can be operated economically by your Department (the costings agreed by officials show that the proposed child benefit system for school leavers will cost only £9m, £11m and £11m in the three PES years as compared with £12m, £15m and £14m for a system of waiting allowances).

I welcome too your acceptance of £15 as the weekly waiting allowance for early leavers from YTS or jobs.

I am of course entirely happy with your holding the line on family credit.

I accept, for the reasons you give, that it is unlikely to be worthwhile to seek to withhold child benefit - or income support - on grounds of refusal to take up YTS offers during the initial period after a young person has left school: the basic and effective control will be the limited period for payment. This of course makes it all the more important to

CBX
 PMS p.x
 Prime Minister
 To note the current state of play.
 DTSS are looking at the question
 of making parents
 financially responsible for
 children up to 18
 separately.

MBA 15/8

RESTRICTED



hold the line on the strict time limit and not to make the sort of concession suggested by Malcolm Rifkind: any such concession would indeed be the thin end of the wedge. On the other hand, I can assure him that (while the point had not been mentioned in order to simplify presentation) our thinking and calculations have always allowed for Christmas and Easter leavers to receive child benefit immediately after the end of term (although in these cases we will not need as long as four months to be able to guarantee the offer of a YTS place and will thus be extending child benefit for three months only).

Although I agree that the initial period after leaving school should be regarded as a period of grace, I have concluded that, as the note by officials suggested, the waiting allowance should be subject to controls no weaker than those currently applied to supplementary benefit and that therefore the waiting allowance should be withdrawn where young people refuse suitable YTS or job offers.

You, John Major and Douglas Hurd referred to the question of those described in the note by officials as having "lesser disabilities". I should say straightaway that I see no difficulty in relation to the socially disadvantaged and that the strict time limits for child benefit and waiting allowances should apply to them: we certainly intend to find YTS places within the time limits for such young people, and each year thousands are indeed placed on YTS under the normal terms of the Christmas guarantee.

I do however see difficulties in applying the time limits to young people who are registered as disabled under the Disabled Persons (Employment) Acts (these are in fact the young people registered with the MSC's Disablement Resettlement Officers referred to by Malcolm Rifkind). Although the YTS guarantee applies to such disabled young people, I think they will be seen by the public as in fact having limited opportunities for both training and employment, and I do not think we want to be seen to be cutting off such young people with disabilities from the limited financial support we will be providing under the new regime. I therefore propose that child benefit and waiting allowances should not be subject to time limits in relation to registered disabled young people but should continue to be paid until they actually take up a YTS place or job. We shall of course keep such cases under continuous review and do all we can to get the young people to take up offers. The numbers who might refuse to do so are likely to be very small - only hundreds each year, if that.



I entirely agree with you that financial responsibility for the continued child benefit payments and any associated topping-up should remain with your Department. Officials have however discussed accountability, and I understand that the proposal is that there should be a review each year, for the first couple of years of the new policy, to check how the latest estimates of the costs of child benefit and top ups compare with the PES transfers agreed at the outset, so that consideration can be given to whether any significant differences should be reflected in adjustments to the Main Estimates of your Department and mine. I would be content with this.

I can reassure Kenneth Baker that there is no question of undervaluing the option of staying on in full-time education. The reference he found worrying was intended to indicate that YTS rather than some kind of social security benefit is the appropriate offering for young people who have chosen to leave education and are looking for work or training.

There are two other points which have emerged in discussions between officials. First, discussions so far have proceeded on the assumption that there will be no transitional provisions. I think it is worth making this explicit so that we are all clear about what this means ie young people under 18 who have left full-time education prior to the summer of 1988 and who are receiving income support, subject to being available for work, will have that income support stopped when the new regime commences on 1 September 1988. Instead, they will be eligible to start receiving a waiting allowance of £15, subject to the normal limitation of two months in any 12. All such young people will of course be given advance warning of the change.

And second, it has emerged that there is one group of school leavers which your Department does not envisage receiving any financial support in the initial period immediately after leaving school ie single young people living away from home "without good reason". I quite understand how it has been concluded that this group should not receive either child benefit or income support but it needs to be remembered that the general aim is that all young people should receive something in the initial period after leaving school while they are being found YTS places or jobs and that many young people in the group concerned will be genuinely looking for YTS places or jobs eg young people living in areas of high employment who leave home to seek jobs in other parts of the country. Having said that, I do appreciate your difficulties

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and I am content to leave it to you to decide how your Department treats these young people in the initial period. I should say that I am sure it would be wrong to bring forward the £15 waiting allowance payments in these cases.

Finally, our officials have now agreed the estimates of the costs of the various elements of the new policies, and these are summarised in the annex.

I see no advantage in an early announcement, particularly since some of the details need to be settled. My legislation is being prepared on a basis which will permit the payment of a waiting allowance and I accordingly envisage making my announcement in the autumn.

I am copying this letter to the Prime Minister, Douglas Hurd, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Major.

Severey Evans

For **NORMAN FOWLER**

[Approved by the Secretary of State
and signed in his absence.]

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INCOME SUPPORT FOR 16-18 YEAR OLDS: ESTIMATED COSTS

| <u>£m</u> | <u>1988/89</u> | <u>1989/90</u> | <u>1990/91</u> |
|--|----------------|----------------|----------------|
| Additional YTS costs | 54 | 140 | 144 |
| Waiting allowance costs | 5 | 5 | 5 |
| Careers Service strengthening | 2 | 2 | 2 |
| Total additional costs | 61 | 147 | 151 |
| Income support savings | 60 | 99 | 94 |
| Less child benefit and related income support costs for school leavers | 9 | 11 | 11 |
| Net DHSS savings | 51 | 88 | 83 |
| Net DE costs | 10 | 59 | 68 |

Note

This is a summary of the costs and savings of the proposed new regime of withdrawal of income support, and payments of child benefit for school leavers and waiting allowance for early leavers from September 1988.



CCB6
Abpm

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

CONFIDENTIAL

John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

17 August 1987

HOURS OF WORK AND EMPLOYMENT CONDITIONS OF YOUNG PEOPLE AND CHILDREN

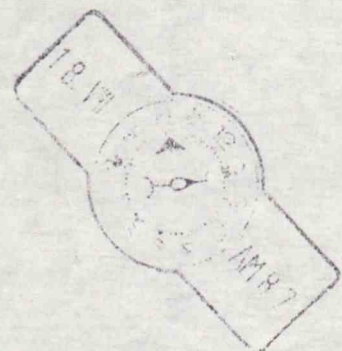
Thank you for copying to me your letter of 5 August, addressed to Douglas Hurd, about the review of the legislation governing Employment of Young Persons. I am grateful for sight of the report.

The section of main interest to me is Section 7, which covers the part-time employment of children below compulsory school leaving age. As the report points out, primary responsibility in this field lies with the Department of Health and Social Security. I would, however, endorse the views expressed in paragraph 7.16 that Education Welfare Officers (EWOs) are unlikely to be able to devote more time to monitoring and enforcing the relevant local bye-laws. Indeed, to do so would cut across my present policy of encouraging EWOs to devote a greater proportion of their time to school attendance.

Any attempts to rationalise or repeal the law as it affects school children would generate considerable public concern. The imposition of stricter controls, on the otherhand, would require more rigorous enforcement which has considerable resource implications for Local Education Authorities, who employ the EWOs. I am not aware of any difficulties created by the present requirements and unless John Moore has any strong views, I would be content to leave matters as they are.

I am copying this letter to the Prime Minister, members of the Cabinet, and to Sir Robert Armstrong.

MANPOWER — SEMS - PL 16



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CCBC

FROM THE MINISTER OF STATE SCOTTISH OFFICE

NEW ST. ANDREWS HOUSE

ST. JAMES CENTRE

EDINBURGH EH1 3SX



John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

nbpm

14 August 1987

Dear Minister of State

You sent Malcolm Rifkind a copy of your letter of 5 August to Douglas Hurd about what action we should take to comply with EC pressure to remove those provisions which discriminate between young men and young women. I am responding during Malcolm's absence on holiday.

at 11aq

The existing legislation has not to my knowledge raised any particular difficulty in Scotland, but I find the case made out in the report for removing all restrictions on the employment of young people quite persuasive. I am therefore content with what you propose. A Government proposal to repeal this body of legislation is however bound to be controversial out of all proportion to the present-day merits of that legislation, and we shall have to think very carefully about the presentational aspects.

Copies to the Prime Minister, members of the Cabinet and to Sir Robert Armstrong.

Yours sincerely
Wardle
(Private Secretary)

IAN LANG

*Approved by the Minister
and signed on his behalf*

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B04226A2

MANPOWER : SEMS PT16.





Foreign and Commonwealth Office

London SW1A 2AH

From The Minister of State

13 August 1987

John Cope Esq MP
Minister of State
Department of Employment
Caxton House
Tothill Street
LONDON SW1H 9NF

Dear John

EQUAL TREATMENT OF YOUNG PERSONS

I am replying in Geoffrey Howe's absence to your letter of 5 August to Douglas Hurd about your proposals to consider the removal of restrictions on the employment of young people.

I agree with your suggested approach that we should agree to consider removing all such restrictions and issue a consultative document as soon as possible. As you indicate, it will be important to make clear to the Commission our intention to take early action to avoid any risk of further infringement proceedings against us.

I also see no objection in principle to denouncing Article 7(8) of the European Social Charter prohibiting night work by persons under 18, although this will clearly require consultation with the CBI and the TUC.

I am copying this letter to the Prime Minister, members of the Cabinet and to Sir Robert Armstrong.

Yours ever

Lynda

Mrs Lynda Chalker

Manpower

SKM'S

ATTN



Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

CLBG

nbpm

CONFIDENTIAL

10 August 1987

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NF

Norman,

YTS IN THE PUBLIC SERVICE

file with MEA

I read with interest your recent letter to the Prime Minister about the YTS Scheme covering clerical occupations which is now operating within your Department.

In 1983 this Department in conjunction with the MPO developed a pilot scheme for 10 places covering clerical and office skills but was unable to proceed because of trade union opposition at National level. In view of this, YTS activity here has been in the past restricted to schemes in the more technical areas and specifically in the Research Establishments and notably in the Radiocommunications Division where a successful scheme is run as a component part of a larger training scheme. This is producing a useful supply of trainee radio technicians who we hope will progress in due time to appointment as Assistant Telecommunication Technical Officers.

As you know, I have always been a most firm advocate of the principles of YTS. The prospect of the removal of the Supplementary Benefit for the under 18s and the need to demonstrate a commitment to the YTS within the non-industrial Civil Service gives an important impetus to schemes of the kind which you have introduced. I very much support your determination to proceed irrespective of the attitudes of some Civil Service trade unions.

JG3BHD



I am anxious that the DTI should make further progress in this area and, subject to Richard Luce's forthcoming letter and supporting briefing from the MPO, I would wish as a start to re-examine our earlier proposals for a YTS scheme covering clerical and office procedures.

I am copying this letter to the Prime Minister, Cabinet colleagues, Richard Luce and Sir Robert Armstrong.

Y. L.
Young

LORD YOUNG OF GRAFFHAM

MANPOWER

SKEN'S

0716



cc BG



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
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TELEPHONE DIRECT LINE 01-215 5422
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Secretary of State for Trade and Industry

10 August 1987

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

Norman

EMPLOYMENT AND TRAINING ACT

Thank you for your letter of 28 July seeking my agreement to a small change in your powers to disclose statistical information.

I welcome your assurance that the amendment will not result in any additional burden on employers and am content for you to proceed as you suggest subject to certain points of detail.

Whilst I would not regard the proposed amendment as a breach of the confidentiality of Government statistics I think that we should be aware that - despite your consultations with the CBI - it might appear as such to some firms. It is important therefore that the drafting and presentation of the amendment should make clear that disclosure will only be permitted to certain organisations for a limited purpose and that there will be no question of the information being passed on to third parties.

As you will know it is possible for information collected by the Department of Trade and Industry under the Statistics of Trade Act to be passed on to your Department. This could then, theoretically, be transferred onwards to research organisations if your proposed amendment becomes law. Because of the assurances given to respondents to DTI inquiries, e.g within the published DTI Code of Practice, we would not wish data collected here to be

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passed on in this way. Rather than suggest that the amendment be restricted to Census of Employment data - which could cause problems in the event of changes in data collection arrangements - I propose to re-examine the existing Ministerial direction for transfer of data to the Department of Employment to see whether a change of wording would be appropriate.

I am copying this to the Prime Minister, the Lord President and the Chief Secretary.

Young
Paul

LORD YOUNG OF GRAFFHAM

JF4BAT



nbpm LCBG

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

9 August 1987

Dear Norman

file with USA

EMPLOYMENT AND TRAINING ACT

Thank you for sending me a copy of your letter of 28 July to David Young in which you propose that your Trade Union and Employment Bill should be used as a vehicle for amending the Employment and Training Act 1973 to allow the disclosure to non-civil service organisations for research and survey purposes of information collected under the Statistics of Trade Act 1947. I understand that the amendment would extend the scope of the Bill, probably making it impossible to rule out on grounds of scope amendments to the 1947 Act or to some further provisions of the Employment and Training Act 1973. However, I gather that those provisions are not controversial; and there are far more obvious targets for opponents seeking to delay progress to concentrate their fire. Accordingly, I do not think the small extension of the Bill which you propose would make its management any more difficult and, for my part therefore, I would be content for you to proceed as you propose.

I am sending a copy of this letter to the Prime Minister, the Secretary of State for Trade and Industry and the Chief Secretary.

John
Willis

The Rt Hon Norman Fowler MP



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
 Alexander Fleming House, Elephant & Castle, London SE1 6BY
 Telephone 01-407 5522

From the Minister of State for Social Security and the Disabled

The Rt Hon Peter Walker MBE MP
 Secretary of State for Wales
 Welsh Office
 Gwydyr House
 Whitehall
 LONDON
 SW1A 2ER

Wbpm

7 AUG 1987

Dear Peter,

INCOME SUPPORT FOR 16-18 YEAR OLDS

Thank you for copying to John Moore your letter of 29 July to Norman Fowler. You will have seen John's letter of 30 July in which he referred to Kenneth Baker's acceptance of the changed position of 16-18 year olds studying part time. We agree with Kenneth that presentation will be extremely important.

Our opponents will no doubt seek to misrepresent the fact that these youngsters will no longer be able to draw benefit as a withdrawal of student support, but we ourselves must be vigilant not to appear to endorse this.

We should instead emphasise that what we are doing is positive, both in its intention and in its effect. From now on, no young school leaver need face unemployment. Those who are not starting work or continuing their education will have a guaranteed place on the YTS. No need, then, to provide concessions designed to soften the impact of unemployment - the problem itself will have been removed.

The so-called "21 hour rule" is meant as an aid to work-seekers, not students. No-one has a right to benefit under this rule unless they are willing to drop study at a moment's notice to take up employment. Supervised study cannot exceed 21 hours in a week. And unemployment must have been established first, with a complete break

E.R.

with previous studies. We can and should vigorously rebut any suggestion that YTS is inferior to no doubt useful but nevertheless ultimately only time-filling part-time courses to which the student, by definition, cannot be committed.

Full-time education (or a serious commitment to part-time study) is of course an entirely different question. Neither of these should be affected by our proposals. To the extent that the present rules may have permitted manipulation, as in the past with "Easter leavers", the changes we are making will help prevent abuse, improve incentives and offer all our young people a better start in life.

I am copying this to the Prime Minister, Kenneth Baker, Malcolm Rifkind, Norman Fowler and John Major.

Yours truly,

Nick.

NICHOLAS SCOTT

MANAGEMENT IN CONFIDENCE



Cabinet Office

MANAGEMENT AND PERSONNEL OFFICE

From the Minister of State
Privy Council Office
The Rt. Hon. Richard Luce MP

Great George Street
London SW1P 3AL
Telephone 01-233 8610

C87/3379

The Rt Hon John Moore MP
Secretary of State for Social Services
Alexander Fleming House
Elephant & Castle
London
SE1 6BY

6 August 1987

Dear John,

YTS IN THE CIVIL SERVICE

I am writing to seek your co-operation and that of other Ministers in the wider introduction of YTS in the non-industrial Civil Service.

We have been anxious to run schemes in the Civil Service since YTS began in 1983 and, as you may recall, in November of that year we concluded the national Framework Agreement on the introduction of the scheme in the non-industrial Civil Service with the trade union side. However, largely as a result of trade union opposition at departmental and local levels, it did not prove possible at that time to negotiate the introduction of more than a handful of schemes.

Since 1983, YTS has developed substantially. It now offers a 2 year training programme for 16 year old school leavers, and a one year programme for 17 year olds. The quality of the training has been improved and is secured through the establishment of clear training criteria and an effective approval mechanism, together with regular monitoring of schemes.

Against this background, the continued absence of YTS in the Civil Service - other than a few schemes, most of which are on the industrial side - is an embarrassment. A substantial opportunity is being missed to demonstrate the Government's commitment to the effective training of young people through YTS. Direct involvement by departments would set the seal on the Government's commitment.

One of our major difficulties up to now has stemmed from the need to seek the support and involvement of recognised and appropriate trade unions before YTS schemes are considered by the MSC's local

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE

advisory network of Area Manpower Boards. That original requirement (which was agreed by the Manpower Services Commission in the early days of YTS in 1983) still stands, but the detailed workings and procedures of Area Manpower Boards in this aspect of their work were reviewed earlier this year. A re-statement of procedures has now been published which should, amongst its various effects, promote a closer scrutiny of union objections. Under the updated guidance, the basis on which the Chairman of the MSC can overrule invalid objections has been clarified.

Norman Fowler and I now believe that the time is right for a new initiative aimed at introducing YTS more widely in government departments. The Department of Employment (DE) Group started its own clerical YTS scheme in May, and an outline of their scheme is attached. You will see from this that agreement with the Treasury has been reached on how YTS trainees should be handled in relation to the manpower count and running cost controls, and this agreement applies to schemes run by other departments. The Treasury should, of course, be kept informed of any new schemes; and if any scheme were to be significantly larger than the DE scheme, then the Treasury should be consulted in advance of setting it up.

I should add, in the context of the DE Group YTS scheme, a note on trade union attitudes. The CSU has been very supportive of the Scheme whilst the SPCS attitude has been rather more ambivalent. They have not opposed the Scheme but have wanted assurances on such issues as supervisory cover and off-the-job training. The CPSA remains bound by a Conference Resolution to 'continue to resist the introduction of such schemes'. However, CPSA members have not taken any action to block YTS in three of the four DE locations, and in those locations the Scheme is working well. DE has experienced some very localised industrial action in one office, involving a minority of the staff, but even here, the training programme is well underway.

At a meeting of Principal Establishment Officers earlier this year, it was agreed that those departments who had drawn up plans for one year YTS - which includes DHSS - would look at them afresh, with a view to restructuring them for the two-year scheme and progressing them quickly once the outcome of the DE'S application was known.

Now that the DE scheme has started and is proving popular, I hope that you and other colleagues will be able to push ahead with the introduction of YTS programmes more widely in the Civil Service

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE

from next Easter. Your support, and that of Ministerial colleagues, will obviously be critical. I note that the Department of Employment and the MSC will be happy to share their initial experience and development work with colleagues in other departments. A letter is being sent simultaneously at official level to Principal Establishment Officers, drawing on the Department of Employment's recent experience and giving up-to-date briefing.

I hope therefore that you will be able to make early progress. I am copying this letter to the Prime Minister, Norman Fowler, other Ministerial Heads of Department; and to Sir Robert Armstrong.

h —
Richard

RICHARD LUCE

MANAGEMENT IN CONFIDENCE

THE DE/MSC YTS SCHEME

1. The DE/MSC YTS scheme started in May 1987 in four main locations - DE HO at Caxton House, MSC HO at Moorfoot, Sheffield, and two MSC regions (North West and West Midlands). It is a scheme of clerical training. Non-employed trainees coming on to the scheme do not have to meet the normal entry standards for Civil Service clerical recruits.
2. The scheme will have a total initial entry in 1987 of 120 (which will build up to about 200 places in the four locations by the following year when there will be another intake of about 120). The initial entry is being staged but evenly divided between the four locations, with each location having 30 places.
3. Currently the scheme consists entirely of non-employed trainees, who are paid the standard YTS allowances (currently £28.50 per week for first year trainees and £35 per week for second year trainees), but it is planned to introduce ordinary employees, who will be paid at the normal AA and AO rates. The bulk of the trainees at each of the four locations will however consist of non-employed trainees: of the 30 youngsters on the scheme at each location, no more than five will be employees. The five employees at each location could be existing 16/17 year olds employed at the location concerned or new recruits.
4. Any of the non-employed trainees who subsequently acquires the necessary qualifications for entry as a permanent AA or AO and who is successful in gaining such a post will be able to remain on the YTS scheme as an employee (although this will have to be done within the limit of the employees at the location concerned). Non-employed trainees will not have a guarantee of employment in the Civil Service at the end of their training. However, one of the aims of the training will be to equip the trainees so that they will be able to compete for permanent Civil Service jobs along with other candidates.

5. All trainees will study for appropriate qualifications as an integral part of their course. Trainees may take either the RSA certificate or BTEC First certificate in the first year and in the second year either the RSA Diploma or modules leading to credits towards the BTEC National. The Civil Service Commission recognises BTEC qualifications for entry to appropriate civil service grades and has now agreed that both the RSA certificate and Diploma are suitable qualifications for AA posts. The Commission has also agreed to consider the position of the RSA qualifications in relation to AO posts by November 1987.

6. It has been agreed with the Treasury that non-employed YTS trainees will be outside the manpower count (see footnote) but that any employed trainees will be within the count.

7. As to expenditure, it has also been agreed with the Treasury that the costs of allowances paid to trainees and the fees for their off-the-job training will be classified outside running costs (see footnote). However, all the costs of employees on YTS and all the other costs to the DE/MSD of running the scheme (eg salaries of DE/MSD staff organising the scheme) will be contained within gross running cost totals.

DEPARTMENT OF EMPLOYMENT

July 1987

Footnote

In order to be outside the manpower count and gross running costs, YTS trainees must not be employees; they must not be displacing employees; and they must be on a specially structured work experience programme.



Minister of State

Department of Employment

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....5949.....

Switchboard 01-213 3000

cc BF
 Await colleagues
 views. Bf 12/8. // BF

MG

The Rt Hon Douglas Hurd CBE MP
 Secretary of State for the Home Department
 Home Office
 50 Queen Anne's Gate
 LONDON SW1H 9AT

5 August 1987

Dear Douglas

As you know, the UK is currently under pressure from the European Commission to remove legislation which it regards as discriminatory and in contravention of the Equal Treatment Directive.

In Norman Fowler's absence I am writing to say that in that context, we have been considering a desk review of the legislation governing the 'Employment of Young Persons', some of which discriminates between males and females. This review was originally carried out by our Department in response to decisions to remove restrictions on adults hours of work under ... the Shops Bill and the Sex Discrimination Bill. I enclose for your information a copy of that review.

To conform to the EC Directive it would be enough to remove the discriminatory provisions alone. However, discrimination would also cease if we were to remove all the provisions relating to the employment of young people and we have therefore been considering that option.

Young people are defined as those under 18 but above school leaving age. As school leaving age has been progressively raised since this legislation was originally introduced, we are now concerned not with 13 year olds up, but generally only 16 and 17 year olds. In general there seems to be no reason on health and safety grounds to retain these provisions, and we are therefore inclined to consider their wholesale repeal. I recognise that if this course were to be followed we would need to denounce Article 7(8) of the European Social Charter which prohibits night work by persons under 18, unless national legislation specifically allows it in certain occupations. The next opportunity to do this will arise in February 1990 and notice would have to be given by August 1989.

If colleagues agree in principle that we should consider removing these restrictions on the employment of young persons, we would propose to issue a consultative document at the earliest opportunity. In the meantime to satisfy the European Commission, and to hold off further infringement

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proceedings against us, we should inform them that it is our intention to remove the discrimination between young men and young women either by applying the same restrictions to young women as current apply to young men, or depending on the results of consultation, by the removal of the restrictions, thereby treating them in the same manner as adults.

We would welcome colleagues' views on this matter and I am therefore copying this letter to the Prime Minister, members of the Cabinet, and to Sir Robert Armstrong.

Yours ever
A handwritten signature in dark ink, appearing to read "John Cope", is written in a cursive style. The signature is positioned below the words "Yours ever".

JOHN COPE

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2

NB Review papers to consider change of legislation
regulating hours of work of 16 and 17 yr. olds in GB
in attached folder.

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ce BG

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

wbpm

3 August 1987

Dear Secretary of State,

YTS IN THE PUBLIC SERVICE

Thank you for sending me a copy of your minute to the Prime Minister about this. I am content with what you propose on the basis agreed between officials, and in particular on the understanding that any costs to MSC would be contained within the YTS budget without additional resources being made available.

I am sending copies of this letter to the Prime Minister, other Cabinet colleagues, Richard Luce and Sir Robert Armstrong.

Yours sincerely,

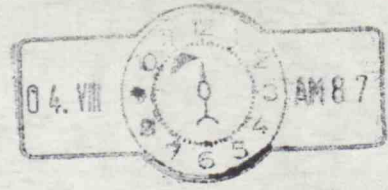
JOHN MAJOR

(Approved by the Chief Secretary
and signed in his absence).

MANPOWER

SKIN'S

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CCBG

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Oddi wrth Ysgrifennydd Gwladol Cymru

The Rt Hon Peter Walker MBE MP

From The Secretary of State for Wales

CONFIDENTIAL

31 July 1987

[Handwritten signature]

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES AND ORGANISATIONS

You copied to me your letter of ~~16~~ ^{at 7.10} July to Malcolm Rifkind; I have also seen the letter of 21 July from the Prime Minister's Private Secretary.

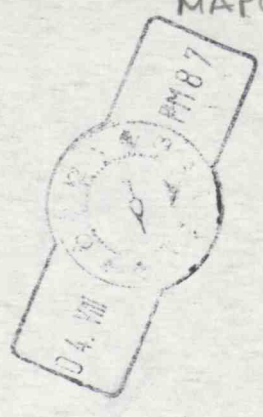
It is certainly right that there should be clear Ministerial responsibility and accountability for Jobcentre functions and I agree that this should rest with you. I am also content with your suggestion that our officials should work our future arrangements in relation to employment measures, and employment policy more generally, in Wales and they should put proposals to us before Parliament reassembles in the Autumn.

/ I am copying this to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, the Secretary of State for Education and Science, the Secretary of State for Health and Social Services, the Secretary of State for Scotland and to Sir Robert Armstrong.

[Large handwritten signature]

Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

MAPOWER : SGMS PT16





C/36

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

RESTRICTED

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London SW1H 9NF

INCOME SUPPORT FOR 16-18 YEAR OLDS

1. We can now carry forward the proposals in our exchange of letters of 15 and 17 July in the light of subsequent comments from colleagues and the further work by officials on the administrative arrangements and the costings.
2. Our officials have devised a procedure for extending child benefit (and associated dependency additions) which takes account of John Major's concerns voiced in his letter of 24 July. It will eliminate the deadweight costs by tying entitlement to those young people who have formally made themselves available at a careers office for employment or a YTS place, and the procedure puts the onus on the claimant to notify DHSS of the young person's availability and to claim the extension; if a claim is not made then benefit will stop at the dates when it now ceases to be payable. The £15.5m cost of this option confirms that the extension of child benefit remains the more cost-effective solution when compared with my officials' costing of £22m for the waiting allowance option. It will, of course, be made quite clear that after the end of the extension period no further payments will be made to anyone outside the groups who are at present not required to be available for work, on the guarantee that the careers service will by then have made an offer of a reasonable YTS course.
3. The note attached to your letter of 15 July envisaged that 16-17 year olds awaiting YTS places would be treated as dependents for family credit, along with all the other benefits. Title to family credit ends with the school-leaving date and I understand that the proposal (at a cost of some £5m) to extend title to the present date at which child benefit runs out was considered and rejected last year on grounds of cost. The further extension of child benefit would suggest a review of this decision, and I accept that this is the logical approach, not least in order to avoid worsening work incentives for the parents of young people who are themselves in or considering low paid work. But in view of the total £7m cost (£2m extra for the proposed extension) I would be willing to avoid treating such young people as dependents for family credit purposes, on the argument that awards, once made, run unchanged for 6 months.

4. I am not at all happy with John Major's suggestion that DE should take over financial responsibility for continued CB and associated topping-up payments; as my Department is otherwise responsible for the level of and conditions of payment of both IS and CB, it would be a source of great confusion and difficulty to give these functions to your Department in relation to 16 and 17 year olds. I understand John Major's concern with accountability for this particular policy, but our officials are discussing with him whether some alternative way should be found of meeting the point.
5. As you know, it is my view that the four month period from September to December (or the corresponding period following Christmas and Easter for children who leave school then) should be regarded as a period of grace during which there should be no withdrawal or reduction of benefit. This period allows the careers service to make, perhaps, several offers, and for a young person and his parents to consider which of the courses is most appropriate for the young person's future development. It will be very difficult for adjudication officers to judge whether a refusal of a course is so unreasonable as to justify withdrawal or reduction of benefit, and that decision would be open to challenge through the existing social security appeals procedure. There is also the difficulty of principle in stopping child benefit payments to the mother because of the refusal of a place by a young person. I understand John Major's concern about people of dubious motivation attracting title to child benefit. But now that we have found a way of making the continuation of child benefit beyond September dependent on availability for work I think this provides a practical alternative means of control.
6. John Major could not accept the proposal that the waiting allowance should, in all cases, be topped up to the IS rate. We think there will be criticism in expecting people who have been in jobs or on a YTS course to manage on less than the IS rate but since the allowance is payable for two months we could, except for couples with children, reasonably hope to justify this approach. I consider it is out of the question to pay couples with children less than that which they would receive under IS; the numbers in this group are very small and the costs of topping-up with income support will be minimal.
7. I support John Major's view on the treatment of the lesser handicapped (including the registered disabled) and the socially inadequate that the need for sensitive treatment of these groups should not mean a loophole in the benefit provisions. I am sure that the way to handle them, and the ex-offenders raised by Douglas Hurd, is not by special benefit provisions but by sensitive application of the YTS scheme.
8. Finally, I am glad to have Kenneth Baker's acceptance of the consequence of removal of benefit from 16 and 17 year olds that they will no longer be able to study as unemployed under the 21-hour rule. They will be able to study during the extension period, and indeed, if they continue full-time education after that their parents will be able to claim child benefit and if appropriate income support dependency additions in the normal way. 18 year olds will still be able to study under the 21-hour rule (though we will need to consider separately whether the rule as it applies to those aged 18 and over will need any adjustment).
9. I am copying this letter to the Prime Minister, Douglas Hurd, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Major.

JOHN MOORE

CCBG



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From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

29 July 1987

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NSM.

INCOME SUPPORT FOR 16-18 YEAR OLDS

Thank you for sending me a copy of your letter of 15 July to John Moore.

I am pleased to note that your proposal to continue payment of child benefit between a youngster's leaving school and the following Christmas will remove one area of criticism within the present arrangements. This is the tendency for some children, however misguided, to leave school at Easter and abandon the examinations they were to have taken during the summer term, solely to claim supplementary benefit some four months earlier than they otherwise could.

But I am sure that those who have criticised this aspect (and whose energies would have been better directed to explaining to the young people concerned where their long-term interests lay) will, as the officials' paper points out in paragraph 7, now make much of the loss of the chance to study part-time and draw benefit. The 21 hour rule is a less than perfect arrangement; it is clumsy and complicated, like most adaptations of any system to serve a purpose for which it was not designed. But I question how strong will be a defence based on the inappropriateness of benefit to student support. People will doubtless make comparisons with the wider review of student support, where the presumption must be that any withdrawal of benefit will be accompanied by increases in more suitable forms of assistance. That will not happen here, because what we are proposing is not, essentially, a change in the mechanism of financial support for students; but its effect is a reduction in the educational options. Those for whom the 21-hour rule made further study a possibility, and for some of whom that study will have been the best option, will have to choose between YTS and a full-time course if they can find one. I suggest that it is on this aspect, if we are not to devise alternative support arrangements, that we need to prepare a defence.

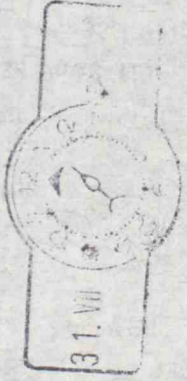
I am copying this to the Prime Minister, Kenneth Baker, Malcolm Rifkind, John Moore and John Major.

The Rt Hon Norman Fowler MP
Secretary of State for Employment

MAN POWER

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10 DOWNING STREET
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From the Private Secretary

29 July 1987

Dear John,

YTS IN THE PUBLIC SERVICE

The Prime Minister was grateful for your Secretary of State's minute (undated) about YTS in the public service.

DA/

The Prime Minister is glad that YTS is now to be introduced more widely in the non-industrial Civil Service. But she is concerned at the very high proportion of trainees (26% of the total) who are working in local authorities. She would be glad to know whether your Secretary of State shares this concern.

I am copying this letter to the Private Secretaries to members of the Cabinet, Michael Stark (Mr. Luce's Office) and Trevor Woolley (Cabinet Office).

Yours,
David.

(D.R. NOROGROVE)

John Turner, Esq.,
Department of Employment.

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PRIME MINISTERYTS IN THE PUBLIC SERVICE

Too many (80,000)
 going to land outside

g/Ba
 CC J. COKE
 Prime Minister 2
 We shall investigate
 again the question of a
 YTS person for No 10.
 (Nigel tells me that
 the need for positive vetting
 could be a difficulty.)

You will be aware that the 120 place YTS scheme in my Department is now up and running, and that it is the first in the administrative Civil Service covering clerical occupations.

DRW
 24/7.

Richard Luce will be writing to colleagues in the next few days inviting them to introduce YTS more widely in the non-industrial Civil Service. We both believe that the time is now right for a new initiative aimed at introducing YTS more widely in Government Departments.

The absence of YTS schemes in the non-industrial Civil Service has been a source of embarrassment particularly when the Government has been urging employers to participate in YTS. The successful introduction of my Department's scheme indicates that although official trade union opposition may occur in pockets, it should no longer stand in the way of new schemes.

The removal of Supplementary Benefit for the under 18's will put increased pressure on us to meet our guarantee of providing all young people with a YTS place. Central Government has an important part to play in ensuring that the



Manifesto commitment is met in all parts of the country. New YTS schemes in the Civil Service and other public bodies can only be good both for the reputation of the Government and for young people themselves. They will raise the quality of training provided under YTS and in some parts of the country will provide the badly needed employer-led places, instead of the more expensive and less desirable premium-financed schemes.

In the Annex to this letter I have set out the number and proportion of YTS trainees in each of the main sectors and in some public sector organisations. You will see that central Government currently provides only 1% of training places with a further 1% coming from the Health Service and other public sector bodies. This is clearly inadequate and I would hope that the contribution made by the non-local authority public sector could be significantly improved.

I am copying this letter to Cabinet colleagues, Richard Luce and Sir Robert Armstrong.

NF

YTS TRAINEES BY SECTOR

The following table shows how many trainees are placed in schemes with different types of managing agent. It understates the participation of employers in YTS, since they are extensively involved in providing work experience for trainees in other managing agents' schemes.

| <u>Private sector</u> | <u>Number in training (31.5.87)</u> | |
|-------------------------------|-------------------------------------|-------------------|
| Employer-led | 57,000 | (19%) |
| Chambers of Commerce | 10,000 | (3%) |
| Group Training Associations | 40,000 | (13%) |
| Other private sector | 56,000 | (18%) |
| ITBs | <u>24,000</u> | <u>(8%)</u> |
| 187,000 | | (61%) |
| <u>Public sector</u> | | |
| Local authorities (incl. LEA) | 80,000 | (26%) |
| Central Government | 2,000 | (1%) |
| Other (incl. NHS) | 4,000 | (1%) |
| <u>86,000</u> | | <u>(28%)</u> |
| <u>Voluntary sector</u> | | |
| ITeCs | 26,000 | (9 %) |
| | 8,000 | (2 %) |
| <u>Total</u> | <u>307,000</u> | <u>(100%)</u> |

YTS trainees in other public sector organisations' schemes

The latest figures available are:

| | <u>*Number of places</u> | <u>% of workforce</u> |
|----------------------------|--------------------------|-----------------------|
| Electrical Supply Industry | 1,300 | 1 |
| British Coal | 90 | 0.05 |
| British Steel Corporation | 700 | 1.3 |
| UK Atomic Energy Authority | 120 | 0.9 |
| Post Office | 3800 | 2 |
| British Airways | 200 | 0.5 |
| NHS | 700 | 0.07 |

(*includes some unfilled places)

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The Rt Hon Lord Young of Graffham
 Secretary of State for Trade and
 Industry
 Department of Trade and Industry
 1 Victoria Street
 LONDON
 SW1H 0ET

N.B.M.

27 July 1987

EMPLOYMENT AND TRAINING ACT

As you know, I have secured a place in the legislative programme for a Trade Union and Employment Bill which I aim to have ready for Introduction when the House resumes in October. Part 1 of the Bill covers the Trade Union reforms set out in the recent Green Paper; Part 2 will amend the Employment and Training Act 1973 to change the composition of the Manpower Services Commission.

I am writing to seek your agreement to an additional small change to the 1973 Act. This is a technical amendment extending my powers to disclose information. As it stands the Employment and Training Act allows me (or the MSC) to disclose information collected under the Statistics of Trade Act 1947 to local education or planning authorities. This information includes the names, addresses, and nature of activities of establishments. The proposed amendment would enable me to disclose this information to non-civil service organisations specifically and solely for survey and research purposes on behalf of the Department. The clause should not be contentious, and I am advised that it should be straightforward to draft.

This amendment is necessary because the Census of Employment data concerned is the only large scale register of establishments from which statistically reliable samples can be drawn. Such samples are necessary for some important research and survey activities, including evaluation of employment and training programmes.

Though the information concerned is generally in the public domain, for example in telephone or business directories, the 1947 Act prevents its disclosure to non civil servants without

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the written permission of the establishments concerned. Experience shows that there is a high level of non-response which makes it impossible to obtain a large representative sample.

I have also considered whether the amendment might result in additional burdens on employers, and I am satisfied that it will not. All surveys carried out under the new procedure will be voluntary, with employers being given ample opportunity to opt out, and I do not in any case expect much increase in the number of surveys. The CBI has been consulted and has expressed no objection.

I hope that colleagues will approve this proposed amendment of the Employment and Training Act.

I am copying this letter to the Prime Minister, the Lord President and the Chief Secretary.

Yours
NORMAN FOWLER

RESTRICTED

CCBG



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

27 July 1987

NSM
Dear Norman,

INCOME SUPPORT FOR 16-18 YEAR OLDS *at top*

Thank you for sending me a copy of your further letter of 15 July to John Moore and the enclosed paper by officials.

I am content with your proposals subject to the amendment proposed by John Moore that child benefit should be paid without penalty for refusing an offer for the specified period after leaving school and subject to assurances on 3 points:

- a. Linking the period of extension of child benefit to the end of the calendar year will not make sense in Scotland, where the pattern of school leaving is different from England and Wales. Around 20% leave school at Christmas each year in Scotland. For the sake of equity it will be necessary for the period of extension to be related to the date of leaving school, whenever in the year this might be. This would imply recasting the Christmas guarantee as a guarantee of a suitable YTS place within X months of leaving school.
- b. I remain unhappy about the lack of flexibility in your proposals for those genuinely seeking a YTS place, but to whom a suitable offer is not made by Christmas. However the recasting of the Christmas guarantee as suggested above would meet my concern, provided that if exceptionally no offer of a suitable place had been made, child benefit would continue until such an offer is made. As you say, it will then be up to MSC to fulfil the guarantee, but we must recognise that such cases do arise.
- c. Finally, as regards your proposals for provision for those with lesser disabilities, there is no register of disabled people in Scotland. Providing that the reference to "registered disabled" relates to those registered with MSC Disablement Resettlement Officers, however, I am content.

RESTRICTED

I note your proposals on the introduction of "Benefit Plus".

Copies to the Prime Minister, John Moore, Kenneth Baker, Peter Walker and John Major.

Yours ever,
Malcolm

MALCOLM RIFKIND

MANPOWER : SEMS PT16

BG



ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1H 9NF

NBA

24 July 1987

INCOME SUPPORT FOR 16-18 YEAR OLDS

WILL REQUEST IF REQUIRED.

Thank you for sending me a copy of your letter of 15 July to John Moore and the paper by your officials about the withdrawal of benefit from 16-18 year olds.

I am prepared to go along with your proposals as long as the options open to those at the end of compulsory education are presented in a balanced way. With some dismay I read in the paper from your officials that YTS is regarded as the appropriate offer for this age group. Clearly this is not so. We must give young people, faced with various pathways towards working life, unbiased counselling and guidance. Then, having made their choices, we must give them equal opportunities either to take further training or to continue with full-time education.

I hope that this will result in more young people staying on in full-time education. There is little financial incentive for them to do so, and the attraction of the YTS allowance could well work against this. Nevertheless, this should not distract us from displaying the benefits of further education.

At a more detailed level, I see nothing in your proposals to prevent a school-leaver undertaking further study during the period of extended child benefit payments. Whilst this period is primarily to allow young people to find employment or a YTS placement, I would not wish to preclude the possibility of their returning to full-time education. This possibility should be made clear so that those who decided initially to leave school are not discouraged from reconsidering the advantages of further education.

I accept that as a consequence of removing benefit, 16 and 17 year olds will no longer be able to study under the "21

Continued.....

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hour rule". The ability to study during the extension of child benefit payments will give some relief. But we can anticipate opposition and I think our officials, together with those in DHSS, should prepare a well considered and consistent reply. I should also stress that, in accepting this aspect of your proposals, I do so on the clear understanding that there will be no change in the arrangements for those aged 18 and over who wish to study under the "21 hour rule".

I am copying this letter to the Prime Minister, Peter Walker, Malcolm Rifkind, John Moore and John Major.

Theresa
Smith

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ACBG

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

24th July 1987*Dear Norman,**NSM***INCOME SUPPORT FOR 16 - 18 YEAR OLDS**

Thank you for sending me a copy of your letter of 15 July and the enclosed paper. I have also now seen John Moore's reply of 17 July and the Prime Minister's Private Secretary's letter of 20 July. I have a number of comments on the proposals.

I am broadly content that allowances paid to school leavers before they are placed in the YTS or a job should take the form of an extension to Child Benefit, subject to further work by officials demonstrating that this is the most cost-effective solution.

In particular, the administrative arrangements for this option have yet to be settled. Simply rolling forward CB payments for a further 4 months carries the risk of very high deadweight costs. It is essential that there should be a clear break in the system at the point when CB now ceases to be payable, with the parents of those seeking jobs or YTS places having to reapply for CB payments after they have registered their interest in a job or the YTS with your Department. Similarly there must be effective arrangements for cancelling CB payments immediately a young person has been placed. Until these arrangements are clarified it will not be possible to confirm whether or not continued CB is the best approach. I hope therefore that officials can make rapid progress on this aspect.

CONFIDENTIAL

My conditional support for the CB option also rests on two other key points. First, it must be quite clear that after the end of December (or the appropriate period for Christmas/Easter leavers) no further payments will be made; it is at this point that state support for those refusing to join the YTS ends.

Second, we need to ensure that your Department takes over financial responsibility for the continued CB payments and any associated topping-up, in order to satisfy your undertaking to carry the (necessarily uncertain) net costs of the policy change within existing resources (as supplemented by the agreed figure of DHSS savings). Officials will need to discuss the best mechanics, but one possibility would be for DHSS to act as your department's agent for this service.

I am content with your proposals for topping up continued CB payments in respect of families receiving income support and young people living away from home. But in relation to the latter category it will be important to take a rigorous approach to establish the "deserving" cases who, once so judged, will presumably be eligible for board and lodging payments up to April 1989 (and housing benefit thereafter). The general thrust of our policy would be undermined if moving away from home was seen to be a significant loophole; although, equally, we must not discourage the genuine job-seekers.

John Moore has suggested that no attempt be made to withdraw the CB payments during the September-December period on the grounds of refusal to accept a suitable YTS offer. I have great difficulty with this. It could imply paying benefit (possibly topped up to income support levels) for a full 4 month period even when a youngster has made clear from the word go that he or she is not going to co-operate. That hardly looks like a tightening-up of policy and would weaken the overall thrust of our new approach. Against that, I recognise there could be administrative difficulties. Perhaps officials need to look further at how best to design a penalty provision as part of their general consideration of the administrative arrangements.

For early leavers I agree that a waiting allowance system without detailed adjudication, but backed up by a rigorous limit of 2 months maximum in any 12, is the best way forward. As you know, when we were considering earlier the possibility of a waiting allowance system for school leavers, I saw attraction in fixing the allowance at £10. In the case of the present early leavers proposal, I would not press that figure, and would accept £15.

But I do not accept John Moore's proposal that in all cases this has to be topped up to the IS rate. There are bound to be attempts to compare the £15 allowance with those paid to other categories, but the YTS early leavers are a distinct group and it is perfectly reasonable to pay a lower rate for this type of short-term special case. If it is acceptable to pay an allowance at CB rate for up to four months in respect of a 16 year old school leaver living at home before he or she

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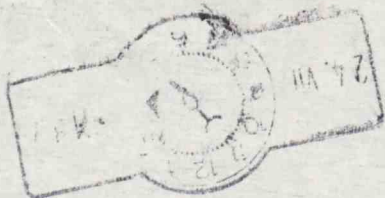
comes on to the YTS, I cannot see why an allowance roughly double that level is not acceptable if he or she is still living at home and has a break of no more than two months between YTS schemes when they are 17.

One final point on SB. You stress that those who are at present not required to be available for work will continue to receive IS. I accept that. I take it you still envisage that those with lesser handicaps, though still registered disabled, would be subject to a 3 month review period if they have not been placed in YTS or Community Industry at the end of the initial transitional period or a 2 month break between schemes. I would not object to that, but take it your clear objective will be to ensure that all the lesser handicapped are placed during this period and that this is not seen as a potential loophole in the benefit restrictions. I am unclear how you and John Moore plan to handle any socially inadequate youngsters who it is proving difficult to place in an initial or replacement scheme; do you envisage treating them on a similar basis to the registered disabled?

I am content with your legislative proposals for handling "benefit plus" and I note that you will be making proposals later for the level of the premium.

I am copying this letter to the Prime Minister, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Moore.

Yours Ever,
John
JOHN MAJOR



MANPOWER

SKM'S

PT 76



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 July 1987

Dear John

WORKFARE

The Prime Minister met Ralph Howell today at his request.

Mr. Howell said he remained firmly of the view that a workfare scheme offered a way of tackling the problems raised by the large number of people living on benefit, at great and increasing expense to the taxpayer. In the long term, he envisaged that a full blown workfare scheme would involve the abolition of unemployment benefit. It would also do away with the community programme. Job centres would become work centres, where the unemployed would be offered community or environmental work paying in most cases, say, £2 an hour. There was plenty of work to be done cleaning up the inner cities. And a compulsory set aside scheme would release pockets of agricultural land in all parts of the country calling for tree planting.

Mr. Howell accepted that it would not be possible to reach this point quickly but, building on the Government's decision to withdraw benefit from 16 and 17 year olds, a start should now be made, perhaps by tackling particular age groups. One option which he strongly commended to the Prime Minister was the setting up of a pilot scheme, and he offered his own constituency for the purpose. He did not believe there would be any serious difficulties from the trade unions. Mr. Howell accepted that supervision on such a scheme might not be easy; but there was already a good range of skills among the unemployed, and there was no reason why supervisors should not be paid rather more than the rest. He did not believe a workfare scheme needed to be too much orientated towards training - important as that was. A lot of people were untrainable, and in any case many of the jobs that most needed doing called for unskilled labour. His proposals really represented no more than a return to Beveridge principles - providing fallback work for those unemployed more than a short while.

The Prime Minister said she had some sympathy with Mr. Howell's concerns. But the steps the Government had already undertaken were significant ones. Restart was already helping to distinguish between those who were really looking for work and those who were not. The community programme

dg

offered temporary employment, often in the environmental/ community area, for many thousands of people who would otherwise be unemployed. The guarantee of a place on the YTS to 16 and 17 year olds, and the removal of their eligibility for benefit if they chose to remain unemployed, was a step in the direction of Mr. Howell's proposal. Furthermore, the Government's plans to offer a guarantee on the job training scheme, the enterprise allowance scheme or in a job club would help ensure that work or training was available to those who were seeking it. The first priority should be to secure the delivery of those guarantees.

The Prime Minister noted Mr. Howell's proposal that some kind of work for benefit scheme might be operated on a pilot basis, with a particular focus on environmental work. She agreed, without commitment, to consult your Secretary of State to see whether it might be possible to set up something of this kind. One possibility might be to include as an element in the test of availability for work a requirement that the claimant be willing to take up a place on a pilot scheme of this kind.

I should be grateful if you would arrange for your Secretary of State to assess the feasibility of introducing a pilot scheme along the lines proposed by Mr. Howell. A brief note - two sides - will do, I am sure.

I am copying this letter to Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Geoffrey Podger (Department of Health and Social Security) for information.

Z v
Mark Addison

MARK ADDISON

John Turner, Esq.,
Department of Employment.

DS

File



bc: BG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

21 July 1987

Dear John,

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES AND ORGANISATIONS

The Prime Minister has seen the letters of 2 July from the Secretary of State for Wales and of 9 July from the Secretary of State for Scotland, and your Secretary of State's reply of 13 July.

It will be important that there should be clear Ministerial responsibility and accountability for the Jobcentre functions proposed for transfer from the Manpower Services Commission to your Department. The Prime Minister has asked that the working out of arrangements proposed by your Secretary of State be carried forward so that clear proposals for Ministerial responsibility and accountability to Parliament can be submitted for her consideration in good time before October, when your Secretary of State proposes that the transfer from the Manpower Services Commission should take place.

BF

I am copying this letter to John Shortridge (Welsh Office), Robert Gordon (Scottish Office), Tim Walker (Department of Trade and Industry), Rob Smith (Department of Education and Science), Geoffrey Podger (Department of Health and Social Security), Alex Allan (H.M. Treasury) and Trevor Woolley (Cabinet Office).

Yours,
David

David Norgrove

John Turner, Esq.,
Department of Employment.

DS

Ref. A087/2148

PRIME MINISTER

*Prime Minister!**Content to write as proposed?*Development of Employment and Training
Programmes and Organisations*DCS
20/7.**ATTACHED*

My minute of 31 October 1986 to Mr Norgrove noted (paragraph 14) that there would be a territorial aspect to any transfer of Jobcentres from the Manpower Services Commission to the Department of Employment. Now that such a transfer is envisaged, the letters of 2 and 9 July from the Secretaries of State for Wales and Scotland respectively ask that, following the proposed transfer, they should continue to deal with Parliamentary business concerned with Jobcentre activities in Scotland and Wales. The reply of 13 July from the Secretary of State for Employment notes that following the transfer Jobcentres would come under his direct control and be funded entirely from his Department's Vote, but agrees to try to work out arrangements which recognise the continuing interest of the Secretaries of State for Scotland and Wales.

2. At present the Manpower Services Commission, including its Jobcentre wing, reports to all three Secretaries of State and receives grant-in-aid from their three Departments. Mr Fowler's intention, reflecting the Conservative Manifesto, is to transfer the Jobcentre activities to his own Department and merge them with the Unemployment Benefit Service (for which the Secretaries of State for Scotland and Wales have no responsibility at present) to create an integrated Employment Service. A straightforward view would be that Mr Fowler should then have sole Ministerial responsibility and accountability to Parliament, on a GB basis. But the Secretaries of State for Scotland and Wales see presentational difficulty in that, as it would reduce the subject area on which they presently answer in the House. On the other hand, if a transfer placed Jobcentre activities effectively under the sole control of Mr Fowler, it could be seen as unsatisfactory that the Secretaries of State for Scotland and Wales should continue to answer in Parliament for matters for which they now had no real responsibility or control.



3. Mr Fowler proposes that the transfer of Jobcentre activities to his Department should take place in October, and I imagine there may well be considerable Parliamentary interest, for example, as to the implications of the proposed integration of Jobcentres and the Unemployment Benefit Service for clients and staff, and whether individual Jobcentres and Unemployment Benefit Offices may close. You will wish to have clear arrangements for Ministerial responsibility and accountability established in advance of the transfer taking place. It may well be that the three Secretaries of State can agree acceptable proposals, but you might like Mr Wicks to minute along the lines of the attached draft to ensure that this issue is not lost from sight over the holiday period, only to cause uncertainty and confusion come October.

RA

ROBERT ARMSTRONG

20 July 1987

CONFIDENTIAL

Please type
DLW

~~DRAFT MINUTE FROM N L WICKS TO JOHN TURNER ESQ,
PS/SECRETARY OF STATE FOR EMPLOYMENT~~

Development of Employment and Training Programmes
and Organisations

The Prime Minister has seen the letters of 2 July from the Secretary of State for Wales and of 9 July from the Secretary of State for Scotland, and your Secretary of State's reply of 13 July.

It will be important that there should be clear Ministerial responsibility and accountability for the Jobcentre functions proposed for transfer from the Manpower Services Commission to your Department. The Prime Minister has asked that the working out of arrangements proposed by your Secretary of State be carried forward so that clear proposals for Ministerial responsibility and accountability to Parliament can be submitted for her consideration in good time before October, when your Secretary of State proposes that the transfer from the Manpower Services Commission should take place.

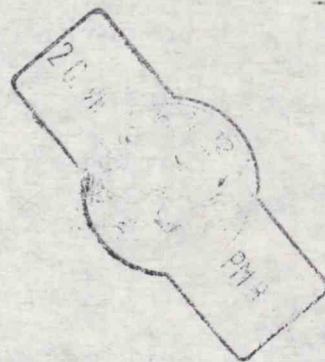
I am copying this letter to [Private Secretaries to the Secretaries of State for Wales, Scotland, Trade and Industry, Education and Science, Social Services and the Chancellor of the Exchequer] and to Trevor Woolley (Cabinet Office).

DLW

MANPOWER

SEMI'S

PT 76



CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 July 1987

The Prime Minister has seen and noted your Secretary of State's minute of 15 July about the seminar he proposes to hold on Wednesday 29 July.

P. A. Bearpark

Miss Caroline Slocock,
Department of Employment.

CONFIDENTIAL



file Xlb
cc Prof Griffiths

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 July 1987

INCOME SUPPORT FOR 16-18 YEAR OLDS

The Prime Minister has seen your Secretary of State's letter of 15 July to the Secretary of State for Social Services with revised proposals for income support for 16-18 year olds. The Prime Minister believes these are an improvement on those originally proposed and is generally content, subject to the views of colleagues.

In the light of this exercise, the Prime Minister believes that it would be worthwhile now for the DHSS to consider whether it would be possible and right to take steps to formalise the responsibility of parents for maintaining any children under 18 who are not able to provide for themselves, including those in education. I should be grateful if Bruce Calderwood could arrange for this.

I am copying this letter to Rob Smith (Department of Education and Science), John Shortridge (Welsh Office), Robert Gordon (Scottish Office) Jill Rutter (Chief Secretary's Office) and to Bruce Calderwood (Department of Health and Social Security).

DAVID NORGROVE

John Turner, Esq.,
Department of Employment.

BF
CHASE
DRESS

Xlb



10 DOWNING STREET

Prince Winter 1

The credit for these
much improved proposals
rests with Norman Blackwell,
Roger Dawe (DEmp) and
Ana Burtell (DHSS). It shows
what can be done.

Agree to write in
general support of the united
proposals, subject to colleagues?

Yes ✓

DNV

17/7

CONFIDENTIAL

Approved

HOME MINISTER

17 July 1987

INCOME SUPPORT FOR 16-18 YEAR OLDS

Norman Fowler's memo and attached report sets out the options and recommendations for providing support to (1) school leavers who are waiting for a place on YTS (ie in the period September - December, by when all are guaranteed a place) and (2) those who leave jobs or YTS schemes before they are 18.

For the first group (school leavers), the Department of Employment has now changed its recommended approach to adopt the suggestion that these children should be kept out of the benefit system, and continue to be supported by their parents for the two or three months until they are placed. In recognition of this dependence, the parents would continue to receive child benefit, topped up by Income Support at the appropriate level for dependents where the parents are entitled to claim this benefit. This simply extends the situation which currently exists up to September, and maintains parity with the position of children who stay at school.

As well as being cheaper than paying children themselves a "Waiting Allowance", this solution has the benefit of keeping schoolchildren out of the "giro-net", and reinforcing the presumption of family responsibilities.

For the second group - those who take a job or YTS place but subsequently lose it through no fault of their own - a return to parental support is less tenable. They may, for example, have entered into commitments on the basis of their wage or YTS allowance. However, since it should be possible to place them on a new YTS course fairly rapidly, they need be without income for only a relatively short time. The proposal to pay such youngsters a Waiting Allowance of £15 a week while the MSC finds a suitable scheme, limited to no more than 2 months in any 12, seems a sensible way of tiding them over. Since it is well below the YTS rate (currently £27.30), there would

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be no financial incentive to "drop out", and limiting it to a maximum period of 2 months avoids the need to engage in difficult judgements about whether the individual had good cause to leave the job/ YTS scheme on which they were previously engaged. The DHSS desire to raise this Allowance to the Income Support level (expected to be £19.45) seems unnecessary, since we are not proposing that the Allowance should be used to support long term subsistence; however the extra cost would not be large.

Support for other groups

Under all these proposals, the sick, handicapped and others not required to be available for work would be treated as a special group, retaining their current entitlement to Supplementary Benefit/Income Support. This is clearly necessary to meet our manifesto commitment to protect people, although it could unfortunately provide another incentive in extreme cases for young girls to seek early pregnancy/ motherhood in order to escape the YTS net (we need to consider separately the whole question of how to tackle the growing welfare dependency of single mothers).

The most sensitive area politically is likely to be the loss of welfare entitlement for 16-18 year olds who have left home. As the paper points out, in the end, those children who have left home and refuse a YTS place could become destitute - and cannot, at that age, be taken into care. However, so long as they have the option of a YTS place guaranteed, we can argue effectively that provision is there if the youngsters are prepared to take it up. There may of course be a few school leavers who are "forced" to leave home at the end of their schooling before the MSC can provide them with a YTS place. DHSS are rightly concerned to have powers to help such cases where necessary, but to avoid thousands of school leavers holidaying at the taxpayer's expense, it must be very clear that such support is only available where there

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are good grounds for having to leave the parental home - and the support must terminate in December if the youngster has not taken up the offer of a YTS place.

To back up this stringency, the MSC may need to run some reserve MSC schemes for "difficult to place" trainees, in order to ensure that its guarantee of a place can always be met.

Parental Responsibility

Officials have pointed out that for children who have no good reason for leaving home, the presumption that parents will continue to maintain them in the period before they gain a YTS place could be legally challenged. Since children gain independence at 16, parents have no formal obligation to them. However, this applies equally well to the much larger group of children who are currently maintained by their parents while they continue in schooling. It therefore seems reasonable to also expect parents to continue to support their children until placed in YTS, but you may wish to ask DHSS to consider separately whether it would be desirable or feasible to take steps to formalise the responsibility of parents for maintaining any children under 18 who are not able to provide for themselves (including those in education).

Agree?
Yes

Conclusion

Mr Fowler's revised proposals now provide a practical and acceptable way to break the dependency culture amongst school leavers and reinforce family responsibilities. We should keep any exceptions to a minimum, particularly in respect of funding school leavers who have left the parental home.

With John Moore's general agreement, it should now be possible to leave it to officials to work out any necessary details.

Norman Blackwell
NORMAN BLACKWELL

CONFIDENTIAL

CONFIDENTIAL



CAB9

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Norman Fowler MP
 Secretary of State for Employment
 Department of Employment
 Caxton House
 Tothill Street
 LONDON SW1H 9NF

July 17 '87.

Dear Norman

will request if required.

INCOME SUPPORT FOR 16-18 YEAR OLDS

Thank you for your letter of 15 July and the enclosed paper prepared by officials.

As you know I had reservations about your earlier proposal to pay a waiting allowance of £15 a week; these reservations centred on the treatment of a number of sensitive groups for whom such an allowance would provide insufficient protection. I am happy to note that your latest proposals go a very long way to meet my concerns.

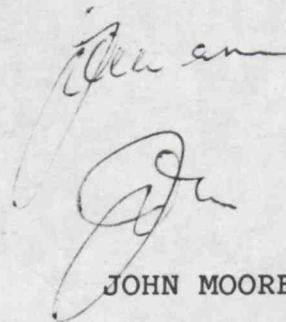
To take first the initial waiting period up to the end of the calendar year. I am impressed with your selective child benefit proposal which avoids the benefit culture problems while protecting the hard cases, and makes a significant saving in your estimates of gross cost. I am therefore happy to agree to it, subject only to the reservation that we should continue payment of the child benefit, if necessary up to the end of the year, without penalty. This is partly because of the problems of defining suitable YTS offers and partly because of the difficulty of justifying cessation of child benefit payments to a mother because of a refusal of a place by a young person. I am content with your proposals for dealing with hard cases. There will be some practical difficulties in distinguishing on the basis of objective criteria between those who should and should not receive income support while living away from home but I am confident that we can produce a workable solution.

E.R.

However, in relation to those who leave jobs or YTS schemes before they are 18, I am unhappy with your proposal to pay a waiting allowance of £15 except to the hard cases. This will be some £4.40 below the IS rate and it will be difficult to justify different treatment from other young people over 18 who have been in jobs or on YTS courses and are treated as being fully independent of their parents. In many cases, there would inevitably be pressures on us to top up a waiting allowance to the IS level, which would mean a good deal of traffic between your offices and mine; this would be administratively costly in relation to the amounts of benefit at stake. Moreover, I do not believe that the payment of an additional £4.40 in these circumstances would undermine our objective of taking 16-18 year olds out of the benefit culture. I therefore propose that early leavers should be paid a waiting allowance at the IS level for up to 2 months. I hope that you will be able to agree to this. On the basis of the figures in Annex B of the note prepared by your officials, the additional cost would be limited to about £1.5m extra per annum.

I am generally content with your proposals for handling "Benefit Plus" and in particular am glad that you are proposing to deal in your Bill with the necessary extension of benefit sanctions.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Major.



JOHN MOORE

CONFIDENTIAL



File PMM

ceBG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 July 1987

Dear Caroline,

OFFICIAL GROUP ON MEASURES TO ALLEVIATE THE EFFECTS OF
MAJOR REDUNDANCIES

The Prime Minister has seen your letter of 14 July about the work of the official group on measures to alleviate the effects of major redundancies, and is content to extend the trial period until the end of this year.

I am copying this letter to Andrew Wallis (Cabinet Office), Norman Blackwell (Policy Unit), John Guinness (Department of Energy), J A Anderson (Ministry of Agriculture Fisheries and Food), J C Stutt (Northern Ireland Office), Tom Burgner (H M Treasury), Newham Beaumont (Ministry of Defence), W W Scott (Scottish Office), Richard Wallace (Welsh Office), Eric Sorenson (Department of the Environment), Ray Mingay (Department of Trade and Industry), J R Coates (Department of Transport).

*Jas.
David*

D. R. Norgrove

Miss Caroline Slocock,
Department of Employment.

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CONFIDENTIAL

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CBL

Caxton House Tothill Street London SW1H 9NF

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Facsimile 01-213 5465 Telex 915564

The Rt Hon Peter Walker MP
Secretary of State for Wales
Gwydyr House
Whitehall
LONDON
SW1A 2ER

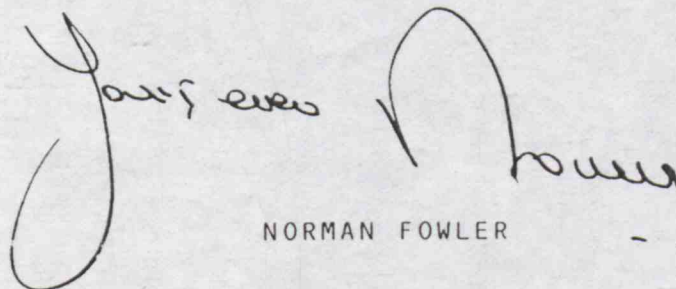
7 July 1987

Dear Peter

Thank you for your letter of 2 July and for your support for the proposals set out in my letter of 25 June.

The proposal on which I am consulting the Manpower Services Commission is, of course, for Jobcentres and the related functions to which you refer in your letter to become Department of Employment functions, operated by officials under my direct control and funded entirely from the DE Vote. These functions would therefore be carried out on the same basis as the Unemployment Benefit Service and other existing DE programmes. Nonetheless, I agree that, if the transfer of functions takes place, we must try to work out arrangements which recognise your continuing interest in employment issues. Existing arrangements in respect of MSC functions (including the Community Programme) will, of course, be unaffected.

I am sending copies of this letter to the recipients of yours.



NORMAN FOWLER

Manpower: S.E.M., PT16.

CCBG

OF



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6460.....

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The Rt Hon Malcolm Rifkind MP
 Secretary of State
 Scottish Office
 Dover House
 London
 SW1

NBF

16 July 1987

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES AND ORGANISATIONS

Thank you for your letter of 9 July. As you will have seen Peter Walker wrote to me on 2 July to register his continuing interest in employment issues in the event of the transfer of Jobcentres and related functions to my Department. As I pointed out in my reply of 11 July, the proposal on which I am now consulting the Manpower Services Commission would mean that these functions would come operationally entirely within my Department and would be outside the joint funding arrangements for the MSC. Nevertheless, I agree that we must try to work out arrangements which recognise your and Peter Walker's concern with Scottish and Welsh employment issues. Existing practice in relation to the monthly statistics and the programmes (including the Community Programme) which the MSC will continue to operate will of course not be affected.

I suggest that officials of our three Departments should discuss the implications of the transfer when the consultations are concluded so that we have an agreed line before Parliament reassembles in the autumn.

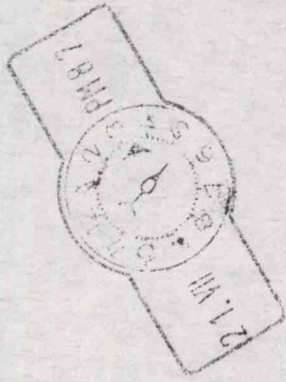
I am sending copies of this letter to the recipients of yours.

NORMAN FOWLER

MANPOWER

SKM'S

0716



*CCBe
glup*



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6460
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The Rt Hon Kenneth Baker MP
Secretary of State for
Education and Science
Elizabeth House
York Road
London
SE1 7PH

*for Morrison's E(EP) meeting
J. Baker*

16 July 1987

Dear Ken,

PLANNING 16 - 19 PROVISION

ATTACHED

Because your paper E(EP)(87)4 was not reached on Wednesday I am writing to you about the major issue I proposed to raise.

We have been in separate correspondence about the relationship of MSC's Work-Related Non Advanced Further Education programme (WRNAFE) to what you propose for FE colleges generally. I have made it clear that I welcome the general thrust of your proposals and in particular the recognition (set out in paragraph 3 of your paper) that the MSC programme is a proper complement to the greater devolution proposed for individual colleges. We are close to reaching agreement on the incremental developments needed in WRNAFE and I shall be writing separately about the details, but I would like to say here that it would be very helpful indeed if you were able to agree that the central reserve element in the programme should be increased to £20 million consisting of £10 million from existing WRNAFE programme resources and a further £10 million from other MSC funds.

My main reason for writing, however, is to say that on reflection I think that the efficiency and relevance of all post-16 provision would be increased if we were to use MSC, with 58 Area Offices based on local authority boundaries and considerable headquarters expertise, and to empower it to monitor the planning process you envisage and to report to both of us if major divergences develop.

The details would be for urgent discussion, but what I have in mind is broadly the following:



- (i) When plans are being drawn up by LEAs, MSC should - as already agreed between us - contribute to the operation through information gained from its WRNAFE programme and the TVEI as well as information on major private sector training. It would be important for the plans to cover school and college provision and to take account of the private sector training. Experience with both TVEI and WRNAFE show that many problems can be resolved amicably on the ground. MSC should, however, be instructed to report to us if either the process or content of planning were seriously unsatisfactory.
- (ii) Once plans are agreed, MSC should be instructed to report on any major variances emerging in their implementation. (Here too we would expect most problems to be resolved locally).
- (iii) If major variances emerged and could not be rectified or justified, then MSC's purchasing through not only WRNAFE and TVEI but also its "traditional" adult programmes should be used as a lever. You may wish to consider taking a power to allow similar adjustment of your own support for offending LEAs.

These proposals would be entirely consistent with giving a wide degree of discretion to those responsible locally, particularly the individual schools and colleges. What they seek to do is to ensure that the local planning process is competent, effective and consistent with national policies. MSC now has much experience of operating programmes on such a model which permits maximum local discretion with effective strategic control. I recognise that MSC are not seen as a neutral agent by the education service, but the generally happy experience of the YTS, TVEI and NAFE have reduced some of the early fears, and formal provision for MSC to report to both of us should further assist in making the arrangements acceptable.

I am sending copies of this letter to the Prime Minister and other members of E(EP) and to Sir Robert Armstrong.

NORMAN FOWLER



PRIME MINISTER

2.

*You will be away that day anyway.**PM 16/7*

Now that I have had a chance to take stock of the Department's policies and programmes, I need to survey the strategic prospects and options for this Parliament. I am therefore holding a seminar with my Ministers and senior officials on Wednesday 29 July.

To maximise the time available, the seminar will be held away from the Department but in London.

I shall be leading the discussion throughout the seminar and would be grateful if I could ask John Cope to deputise for me at any Cabinet Committee meetings that are arranged that day.

I shall in due course report to you on how I see the Department's strategy evolving over the next 4 years.

N F

15 July 1987

cebjg



Caxton House Tothill Street London SW1H 9NF

6460

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The Rt Hon John Moore MP
 Social Services Secretary
 Alexander Fleming House
 Elephant and Castle
 London
 SE1

15 July 1987

Dear John.

INCOME SUPPORT FOR 16 - 18 YEAR OLDS

file with DEN

Following the responses to my letter to you of 30 June, our officials, together with Treasury and the No 10 Policy Unit have been giving further consideration to options for implementing our Manifesto commitment.

... I now attach a paper by officials which sketches the main options and concludes that the most cost-effective approach might be to combine the selective extension of child benefit to the end of the calendar year in which the young person leaves full-time education with a Waiting Allowance of £15 a week paid for no more than two months in any twelve to young people who leave jobs or YTS schemes before they are 18.

I think myself there is much to be said for this approach. We would be seen to fulfil our Manifesto commitment firmly and economically, but with due regard to reasonable treatment of the great bulk of young people who enter education, jobs or the YTS shortly after leaving school and with suitable treatment for various kinds of disadvantaged young people.

In his letter of 10 July, Malcolm Rifkind refers to the problem of any young people who have not had appropriate YTS offers by the end of the year. I have to say that the whole policy depends on MSC fulfilling the guarantee and they are aware of the importance of this. Reasonable flexibility during transitional periods needs to be coupled with firmness over the length of those periods if we are not to create opportunities for evasion. Criticism cannot be avoided, but any backing away from our commitment would lead to more justified criticism.



Any major intervention in the social security system is, of course, complex in detail and officials will need to do further work on implementation and repercussions. I would, however, draw attention to the following important aspects of what is proposed:

- (i) Those groups who at present receive Supplementary Benefit because they are not required to be available for work (the sick, pregnant women, handicapped, single parents and carers) would continue to receive Income Support.
- (ii) During the transitional periods, families receiving benefit would be "topped-up" to reflect the difference between Child Benefit or Waiting Allowance and the Income Support level for the individual concerned.
- (iii) There will inevitably be difficulties in dealing with young people living away from home. These will be heightened by the important consideration lying behind the whole exercise that there is no legal responsibility upon parents to support young people aged over 16. Some young people will be living away from home because of abuse or because they have been in effect thrown out. Others will be living away from home for no good reason. What we propose is that DHSS would try to distinguish between the deserving and undeserving (and their decisions would inevitably be subject to adjudication) but the scale of any abuse would be limited by the fact that it will not be paid beyond December for school leavers or 2 months in any 12 for early leavers.

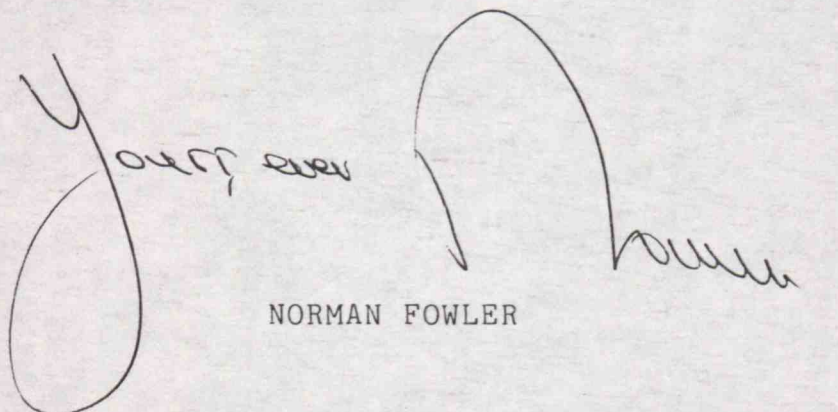
The costings set out in Annex A to the official note can only be rough estimates because the critical unknown is the impact of reduced or no financial support on the numbers joining the YTS and how long they stay on it. Officials are continuing to work on detailed costing and implementation of my preferred option, but I think it essential to consult colleagues at once because of the importance of both of us preparing the necessary legislation. I can, however, confirm that I will carry the net costs after taking account of DHSS savings within existing resources.

I should be grateful if you and other recipients would let me know whether you agree with these proposals. If not we shall need to meet very quickly to discuss them in the light of the legislative time-table.



Finally perhaps I could take this opportunity to record how I propose to implement our Manifesto commitment to convert the Community Programme into a "Benefit Plus" scheme. I shall be seeking the additional powers I need in the Trade Union and Employment Bill which I shall be ready to introduce as soon as Parliament reassembles in the autumn. Specifically, I shall be seeking the power to pay a benefit-related allowance to participants in the Programme (who would no longer be employees), to extend the benefit sanctions which already apply to refusals of jobs in CP to the new Programme and to extend, as appropriate, the provisions of legislation on Health and Safety and Sex and Race Discrimination to the new Programme. I plan to make the change to Benefit Plus as soon as the legislation comes into effect. I will later put proposals for the level of the premium over benefit but this of course does not affect the legislation.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, Peter Walker, Malcolm Rifkind and John Major.



NORMAN FOWLER

INCOME SUPPORT (IS) FOR 16 - 18s: OPTIONS**Note by officials**

This paper considers options for implementing the Government's commitment to "take steps to ensure that those under 18 who deliberately choose to remain unemployed are not eligible for benefit. We will of course continue to protect other young people, such as those who suffer from disabilities." (Manifesto, page 32).

2 For ease of reference, the options are identified throughout by capital letters.

General considerations

3 One constant factor in all options is that those who currently receive Supplementary Benefit (SB) because they are not required to be available for work will continue to do so. This covers those who are **sick or disabled (physically or mentally), women in the last 11 weeks of pregnancy and in the 7 weeks after giving birth, single parents and carers.**

4 There is the less clear-cut question of **those with lesser disabilities** who are available for work and are already dealt with in large numbers by the YTS, but may be seen by the public to have limited opportunities for both training and employment. We consider the only practicable definition of this fringe group is those who are registered disabled. Their precise treatment will depend on the main options chosen. (The socially handicapped may be equally difficult to place, but some YTS schemes run by voluntary organisations have an "open door" policy, and Community Industry is an alternative at lower unit cost than YTS.)

5 If Ministers decide in favour of either giving no financial support or making a payment below the Income Support (IS) there is the question of total support for **families on Income Support and young people not living at home with their parents** because (a) they choose not to do so (b) they do so from necessity (being orphans or at risk of sexual abuse

or violence) or (c) they are married or cohabiting and have a child of their own. This paper assumes that Ministers will wish to top up the IS families (including (c)) which account for some 40% of unemployed young people in the light of the difficulty of defending a decision to cut them back. **Young people away from home** present more difficulties, bearing in mind that they are all legally independent: some live away from home for entirely sound reasons, while for others there is a question whether the policy should be framed to encourage them to live at home with their parents and to provide a penalty for those who do not wish to do so without good reason. The assumption is that for any transition period agreed for the bulk of young people, those with good grounds for living away from the parental home need to be added to the groups continuing to receive IS.

6 It must be stressed that any decision against topping up IS families or paying IS levels to young people who do not live with their parental families would greatly add to the criticism of the proposals and to the number of genuine hard cases.

7 One automatic consequence of removing benefit is that there will no longer be an opportunity for young people to draw benefit while studying part time: the so-called "**21 hour rule**". Early indications are that interested parties such as Youthaid will highlight this issue. We have a strong case in replying that the benefit system was never designed as a means of student support, but there will be renewed and reinforced criticism that young people are "forced" on to less-than-ideal YTS schemes when their best interests would be served by an educational course.

8 **There are difficulties in defining and applying the concept of suitable YTS offers.** The quality of schemes is variable and the availability of places in various employment sectors depends on geography. Criticism will inevitably arise when young people cannot find places in industries or with employers of their choice. The Careers Service give priority to assisting individual young people and are slow to report refusers. In general the best approach is likely to be to provide a reasonable period in which the young person can shop around rather than to make a system of payments depend only on whether

or not young people refuse one or more offers of YTS places. In practice, despite the current availability of Supplementary Benefit, the great majority of young people are placed by the end of the year. It is estimated that there are only some 20,000 - 30,000 confirmed refusers each year from a cohort of some 600,000 who leave school.

9 If the policy is to be publicly acceptable, and the contribution of the YTS to skills training is to be protected and enhanced, it will be important **to ensure that the nature and acceptability of YTS** is not damaged by the need to handle badly-motivated young people and to make provision at short notice for such young people.

10 DE accept they have to carry additional costs not met by agreed DHSS benefit savings. Some options put the YTS budget under severe pressure. Costs are summarised in **Annex A**. It should be emphasised that these are broad estimates which are heavily dependant, in particular, on assumptions about (a) increased numbers and increased duration of stay on YTS following the disappearance of the benefit option and (b) about the treatment of IS families and young people living away from home. In the discussion of options below, full year costs are used for clarity. Legislation will not permit any scheme to start before September 1988 and this will create a one-off additional cost.

11 Primary legislation will be needed under all options (other than continuing the status quo). Both DE and DHSS are promoting Bills early in the new Session.

12 Whichever options are chosen it will be essential that both law and procedures are carefully devised to minimise the risks of **judicial review**, which can be founded, for example, on people having been given reasonable expectations which are not fulfilled as well as on unreasonable exercise of discretion. The CB and IS options discussed below carry a lesser risk than the Waiting Allowance because they are subject to adjudication procedures, but judicial review can and does extend at times to consideration of whether the law itself is reasonable, and this too should be taken into account in framing the policy.

Objective

13 The objective is to make ineligible for benefit those young people who fail to get jobs, decide against full-time education and reject the YTS ("refuseniks"). It is inherent in this policy that YTS is regarded as the appropriate offer for this age group. In the ultimate young people who refuse YTS offers may be destitute.

14 The Manifesto does not commit the Government to remove benefit from young people who do not deliberately choose to remain unemployed. In implementing the policy of removing benefit, consideration needs to be given to whether special provision is needed for:

- I Those who spend a reasonable period of time after leaving school actively seeking jobs or YTS or both.
- II Those who enter jobs or YTS schemes but leave them before they are 18.

I OPTIONS ON LEAVING SCHOOL

15 The arguments in favour of some kind of transitional support are:

- (i) As noted in paragraph 8 above, the great majority of young people take up further education/jobs/YTS soon after leaving school. It is reasonable to provide a transitional regime for the great majority while ensuring that the 20,000 - 30,000 refuseniks are effectively caught.
- (ii) Young people from low income families should not be pressurised into bad choices by financial stringency.
- (iii) Places are guaranteed for school leavers by Christmas and this reflects the problems faced by the Careers Service, MSC and Managing Agents in handling a large flow over a short period.
- (iv) Parents have no legal responsibility to support children after they are 16.

- (v) Those with lesser disabilities and with social disadvantages (para 4 above) would have strong claims and publicity value.

16 The main arguments against transitional assistance would be:

- (i) It would not provide a break with the "benefit culture".
- (ii) It might encourage young people to delay their entry into the labour market or on to YTS schemes.
- (iii) The expense and bureaucratic complexities involved in a transitional regime for such a short period.

MAIN OPTIONS FOR THE PRE-ENTRY PERIOD BETWEEN LEAVING SCHOOL AND ENTERING YTS

17 If it is desired to make any provision at all, this could be either by a payment to the parent of the young person (where a parent exists and is prepared to accept the responsibility of support, bearing in mind that there is no legal obligation to give it) or a payment, whether of a waiting allowance or of IS, which is made direct to the young person, recognising his legal independence. Option A falls into the first group; Options B and C into the second.

A Continued child benefit.

18 Child benefit (currently £7.25 a week) is currently available to the parents of all school leavers until the end of August. It could be made available until the end of the calendar year to the parents of young people waiting to enter employment or YTS. The full IS dependency rate would be paid to parental families on benefit, and IS would be paid to young people living away from home for good reasons. Continuation of CB would automatically lead to the payment of child dependency additions to national insurance benefits (eg widows' pensions) and to the child being included as a dependent in housing benefit and family credit cases. Net cost in a full year would be some £40 million.

19 This approach would have the following advantages:

- (i) Equity compared with young people in full-time education whose mothers already receive CB.
- (ii) Potential for easier administration by extending an existing payment system which is not seen as part of the benefit culture.
- (iii) Sharp financial incentive and parental encouragement to find jobs/YTS places.
- (iv) Exclusion from the unemployment count.
- (v) Probably the cheapest option.

20 The main disadvantages would be:

- (i) Still part of the benefit system
- (ii) Criticism of the very low level of payment which in no way approaches subsistence.
- (iii) Can only operate where parent and young person are both prepared to accept a continuing relationship of dependency.
- (iv) Necessary for adjudication officers to distinguish between young people who should, and should not, be regarded as having good reason for living away from home and therefore having title to IS.
- (v) Administrative difficulties in stopping payment to those taking up jobs or YTS places, leading to a risk of high deadweight.

B Waiting Allowance

21 There could be a Waiting Allowance (perhaps given another name) payable from 1 September to 31 December after leaving school or college to young people who have not found jobs or YTS places and who undertake to accept suitable YTS places..

22 The level of such a Waiting Allowance is for consideration. DE and the Treasury consider it should be substantial but measurably below the current supplementary benefit level of £18.75. DE would favour £15 to provide bare short-term subsistence. This would distance the allowance from the benefit system. DHSS would favour the IS level to avoid many of the difficulties with paragraph 5 groups and with dependency.

23 One sub-option would be to extend the general availability of child benefit by one month to end September. This would carry an additional cost of £5 millions, but would greatly reduce administration because some 100,000 young people each year find jobs or YTS places during the month of September. The net DE cost for 4 months Waiting Allowance would be of the order of £50 million and with the sub-option would be of the order of £55 million.

24 The advantages of a Waiting Allowance approach would be:

- (i) A clear recognition that the bulk of young people try to obtain jobs or training places.
- (ii) Recognition of the young person's legal independence.
- (iii) Young people receiving such allowances would not be counted as unemployed.
- (iv) Could offer a reasonable level of support for those living with their parents, provided IS were paid to the paragraph 5 groups.
- (v) The Unemployment Benefit Offices would be able to police the scheme.

25 The disadvantages of this approach would be:

- (i) Although not part of the social security system the allowance might be regarded as a benefit.
- (ii) If allowance is below IS level
 - (a) effectiveness likely to be restricted by ultimate lack of parental obligation to support young person
 - (b) may provoke criticism from families unwilling, even if unable, to do this.
- (iii) Elaborate administration and quite high cost for a short duration problem.

C Temporary income support under normal rules.

26 It is recognised that Ministers are unlikely to favour this approach unless they find Options A and B more unattractive, but it would be possible to pay normal rates of IS for a strictly limited period. If there were an absolute cut-off at the end of the calendar year, this would catch the hard core of refuseniks without worsening the present arrangements for the great bulk of young people.

27 Administration would be simple and effective (with good policing) as there need be no change to present arrangements, but the net cost would be approximately (£50 million). It would be possible but open to criticism to exclude young people in receipt of such payments from the unemployment count.

II EARLY LEAVERS FROM YTS OR JOBS

28 Problems arise over the treatment of the many young people who leave jobs or YTS schemes before they are 18 and fall into the following main groups:

- (i) **Those who leave jobs without good reason** who would normally be subject to benefit penalty under a well-established adjudication system incorporating a route of appeal to the House of Lords without involving Ministers in individual cases.
- (ii) **Those who leave jobs with good reason** who would at present receive supplementary benefit at full rate.
- (iii) **Those who leave YTS prematurely and choose not to enter another scheme.** There is no good reason for this group to be large. If schemes collapse, MSC make arrangements for trainees to be placed on other schemes and may continue to pay the YTS allowances during any interregnum. If young people are unhappy with their schemes, they can make representation through clear channels. In the case of "emergencies" such as physical bullying or racial or sexual harrassment, young people may walk out but should seek assistance from the Careers Service.

29 The reintroduction of **child benefit** for early leavers seems inappropriate. The following main options accordingly exist.

D No payments.

30 The arguments in favour of making no payments to "early leavers" are:

- (i) There is no good reason for YTS trainees to leave the system and they must look for support within it.
- (ii) The relatively small and even flow of those leaving jobs can be handled reasonably quickly and the relevant offer to them is a YTS place.
- (iii) There is no need to introduce an expensive system inevitably open to some level of abuse to deal with the very small number of hard cases so long as the Careers Service and MSC are on their toes to get such people into YTS schemes.

31 The arguments in favour of some payment are:

- (i) There may be difficulties in finding suitable YTS places quickly and there will be reasons of both equity and presentation to avoid hard cases amongst determined YTS early leavers,
- (ii) For those who have been doing a job for up to 18 months, it may be entirely rational to spend a few weeks looking for a further relevant job outside the YTS system. But modest youth wages will limit savings and impose a strong incentive toward entering YTS.
- (iii) Most people leaving a job do so without fault.
- (iv) A penalty of no payment is harsher than anything applied to an adult.
- (v) The claims of the paragraph 4 groups: those with lesser physical, mental and social disadvantages.

32 The further options accordingly involve strictly time-limited forms of assistance for early leavers.

E Income Support for a limited period.

33 Early leavers from both jobs and YTS might be entitled to Income Support for a limited period, perhaps three months, subject to the well-established adjudication procedures which allow the imposition of penalties for those who leave jobs or YTS schemes without good reason. Those found to have no good reasons for early leaving would receive no support. The full year net cost would be of the order of £40 million.

34 As in the case of paying Income Support before entry to YTS or jobs (Option C) it is recognised that Ministers are unlikely to favour this option which could be hard to square with the manifesto. The only important additional factor is that it would be more defensible to give Income Support to young people who had been out of school for, say, over

a year in a job.

F Waiting Allowance with adjudication.

35 A time-limited allowance of £15 per week could be paid for up to 3 months to early leavers with adjudication officers giving decisions and opinions in the case of those who left YTS schemes or jobs with no good reason. Those without good reason would receive nothing. The full-year net cost would be of the order of £40 million.

36 The pros and cons of such a scheme would be very similar to those for Option B (a Waiting Allowance approach to the initial period after leaving school). The main difficulties would arise from the precise nature of the allowance and roles of the adjudication officers. DHSS also consider that there could be a question whether a Waiting Allowance below the IS level should be topped up because the young person would be in a trough between wages or YTS allowance and full IS at 18. The intention would be to make the scheme discretionary, but legal problems could arise over using the adjudication officers who normally operate within a statutory framework to give "opinions".

G Waiting Allowance without adjudication.

37 The elaborate system of adjudication could be avoided if all early leavers from YTS and jobs were simply to receive a Waiting Allowance for up to 2 months in any 12,. If the period of payment were limited to two months, and the Careers Service and MSC were geared up to making quick YTS offers there need be no elaborate inquiry into why young people had left jobs and schemes. Tough control could be exercised by withdrawal of the allowance if suitable opportunities were refused. With a waiting allowance below IS level, DHSS consider that the issue of "topping-up" would again arise. The full year cost would (like Option F) be of the order of £40 million.

38 Either Waiting Allowance Option (F or G) would involve paying a substantial sum which could be made available to the difficult cases and, for example, to young people who had completed YTS and were within a few weeks of their eighteenth birthday.

CONCLUSION

39 If Ministers wish to make transitional provision, and are unwilling to pay a waiting allowance at the IS level, officials see advantages in combining the extension of Child Benefit (Option A) for the period immediately after leaving school with a Waiting Allowance of £15 for two months in any twelve for early leavers from jobs (Option G). Consideration will be needed of whether to 'top-up' the waiting allowance to IS level as DHSS propose, or whether to regard £15 as reasonable for short term provision.

40 The provisional costing for a full year of the combined options is £60 million and is shown in more detail in Annex B. These two options are the cheapest of those considered above (other than no payment except for social cases). They can be presented as an equitable response to the reasoned case for transitional assistance, but would guarantee catching the refuseniks by being strictly time-limited.

41 The following considerations supplementing those sketched in paragraphs 18-20 and 37-38 above are relevant.

42 **The child benefit option (A)** would require DHSS legislation and could operate from October 1988. Administration presents problems if deadweight is to be minimised because the present system is to roll forward all child benefit payments for school leavers until the end of August. Details remain to be worked out, but essentially it will be necessary to ensure that, from 1 September, entitlement is limited to those who are not in employment or YTS.

43 As noted in paragraphs 5 and 6 there is a strong case for topping-up IS families and for paying IS to those young people living away from home for good reasons.

44 **Waiting Allowance without adjudication (option G)** will require DE legislation in the impending Bill and could be introduced from April 1988 but needs to be synchronised with the child benefit change which argues for a common date of 1 October. This option would deliberately adopt a fairly rough and ready approach to meeting the legitimate claims of young people without creating opportunities for expensive evasion.

It avoids the complication of adjudication over the reasons for leaving jobs or YTS schemes and provides a substantial level of support for difficult cases. Avoidance of judicial review would be important.

45 Any provision for early leavers will inevitably raise boundary questions involving, for example, those who lose jobs twice within 12 months through no fault of their own, and those close to their eighteenth birthday for whom a one year YTS is inappropriate. Officials will give further consideration to meeting these legitimate problems without either creating high risks of judicial review or reducing the impact of the policy.

INCOME SUPPORT FOR 16 - 18s: SUMMARY OF COSTS (Note 1)

| PRE-ENTRY OPTION A: CONTINUED CHILD BENEFIT(Note 2) (School Leavers - 4 months) | <u>GROSS COST</u> | | | <u>DHSS SAVINGS (Note 3)</u> | | | <u>NET DE COSTS (Note 4)</u> | | |
|---|-------------------|--------------|--------------|------------------------------|--------------|--------------|------------------------------|--------------|--------------|
| | <u>1988/89</u> | <u>89/90</u> | <u>90/91</u> | <u>88/89</u> | <u>89/90</u> | <u>90/91</u> | <u>88/89</u> | <u>89/90</u> | <u>90/91</u> |
| | 7 | 7 | 6 | -94 | -89 | -85 | +2 | +42 | +52 |
| OPTION B: WAITING ALLOWANCE (School Leavers- 4 months) | 15 | 15 | 13 | -101 | -94 | -91 | +10 | +52 | +59 |
| OPTION C: TEMPORARY INCOME SUPPORT (School Leavers - 4 months) | 19 | 19 | 18 | -88 | -83 | -78 | +8 | +48 | +59 |
| EARLY LEAVERS OPTION D: NO PAYMENT (Early Leavers) | - | - | - | | | | | | |
| OPTION E: INCOME SUPPORT FOR LIMITED PERIOD (Early Leavers - 3 months) | 10 | 11 | 11 | -97 | -91 | -85 | Nil | +40 | +52 |
| OPTION F: WAITING ALLOWANCE WITH ADJUDICATION (Early Leavers - 3 months) | 8 | 8 | 8 | -105 | -99 | -93 | Nil | +40 | +52 |
| OPTION G: WAITING ALLOWANCE WITHOUT ADJUDICATION (Early Leavers - 2 months) | 5 | 5 | 5 | -105 | -100 | -94 | Nil | +36 | +48 |

NOTES

- 1 Each option is costed separately eg the costs of B and F would have to be added to give a total cost
- 2 Child Benefit is costed for registered claimant unemployed young people
- 3 DHSS savings are inclusive of Income Support for 40% of young people in families receiving Supplementary Benefit (Options A, B, F and G).
- 4 major components of DE costs are the provision of extra YTS places and longer average stay on the scheme

CHILD BENEFIT FOR SCHOOL LEAVERS AND WAITING ALLOWANCE FOR EARLY LEAVERS

| | <u>88/89</u> | <u>89/90</u> | <u>90/91</u> |
|--|--------------|--------------|--------------|
| Additional YTS Costs | 94 | 129 | 135 |
| Waiting Allowance Costs | 5 | 5 | 5 |
| Careers Service Strengthening | 2 | 2 | 2 |
| Total Additional Costs | <u>101</u> | <u>136</u> | <u>142</u> |
| Income Support Savings | 107 | 102 | 96 |
| Less Child Benefit Costs | 7 | 7 | 6 |
| Less Additional Income Support for School Leavers | 6 | 6 | 5 |
| Less Additional Income Support | <u>2</u> | <u>2</u> | <u>2</u> |
| Net DHSS Savings | <u>92</u> | <u>87</u> | <u>83</u> |
| Net DE Costs | <u>+£9m</u> | <u>+£49m</u> | <u>+£59m</u> |

Notes

1. Waiting Allowance Costs - 8 week period x £15 pw x 88,000 claims.
2. Child Benefit Costs - 1988 assumed at £7.45 - 105,500 claims
17,000 x 17 weeks x £7.45 (full period claims)
88,000 x 8 weeks x £7.45 (half period claims)
3. Additional Income Support for School Leavers - 42,000 claims
17,000 x 17 weeks x £11.95 top up (full period claims)
25,000 x 8 weeks x £11.95 top up (half period claims)
4. Additional Income Support for Early Leavers - 35,000 claims x 8 weeks.

Assumptions

| | <u>88/89</u> | <u>89/90</u> | <u>90/91</u> |
|--|--------------|--------------|--------------|
| Average claimant stock 16/17 year old | 137,000 | 127,000 | 115,000 |
| 7½% receive UB to October 1988- 10,000 - 2 = half year effect | 5,000 | | |
| Nos driven onto YTS | 27,000 | 20,000 | 17,000 |
| Average claimant stock | 105,000 | 107,000 | 98,000 |
| Refusniks | 17,000 | 13,000 | 10,000 |
| In transit | 88,000 | 94,000 | 88,000 |
| Assumed Child Benefit rates | £7.45 | £7.60 | £7.80 |
| Assumed Income Support rates | £19.40 | £20.05 | £20.65 |
| Child Benefit claims | 105,000 | 107,000 | 98,000 |
| Income Support payments (school leavers) | 42,000 | 43,000 | 39,000 |
| Income Support payments (early leavers) | 35,000 | 38,000 | 35,000 |

CEG



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David Norgrove Esq
Private Secretary
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London
SW1A 2AA

Prime Minister

14 July 1987

*Content for the trial
period of this arrangement
to continue until the end of
the year? JWS 15/7.*

Yes not

Dear David,

OFFICIAL GROUP ON MEASURES TO ALLEVIATE THE EFFECTS OF MAJOR REDUNDANCIES

attap part 14

When you wrote to Christopher Capella on 17 October about the official group on measures to alleviate redundancies you said that the Prime Minister had suggested that the machinery should be operated initially for a trial period of six months.

An inaugural meeting of the Group was held on 21 January which agreed the Group's terms of reference and working arrangements, including the sort of factors it would take into account in assessing whether a package of measures was needed in any particular case of redundancy.

We do not expect to hold a further full meeting of the Group until a case of redundancy arises which is serious enough to trigger its procedures. It was always expected that the Group would only rarely be called into action. DE officials have been consulted once or twice by Departments unsure whether particular cases of redundancy warranted the Group's procedures being triggered, but in each case we have concluded that such action would be inappropriate. We have also been gathering information about action taken to alleviate previous redundancies, which might be helpful to the Group in the future.

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We believe that the Group should continue in existence at least until there has been an opportunity to assess its effectiveness in dealing with a case of serious redundancy. Subject to the Prime Minister's agreement, we therefore propose to extend the trial period until the end of 1987 when we shall report back to you again. ~~_____~~

... I am copying this to Group members named on the attached list.

Yours sincerely,

Caroline Slocock

CAROLINE SLOCOCK
Private Secretary

CONFIDENTIAL

OFFICIAL GROUP ON MEASURES TO ALLEVIATE THE EFFECTS OF MAJOR
REDUNDANCIES:LIST OF MEMBERS AND/OR RECIPIENTS OF PAPERS

| DEPARTMENT | NAME AND ADDRESS |
|-----------------|--|
| Treasury | Tom Burgner Treasury Chambers Parliament Street SW1 3AG 270 4449 |
| MOD | Newham Beaumont Room 113 Northumberland House Northumberland Avenue 218 0248 |
| Scottish Office | W W Scott Industry Department For Scotland New St Andrew's House Edinburgh EH1 3TA 031 556 8400 Ext 4605 |
| Welsh Office | Richard Wallace Welsh Office Cathays Park Cardiff CF1 3NQ 2408 3353 |
| DoE | Eric Sorenson Room P2117 2 Marsham Street LONDON SW1P 3EB 212 3621 |
| DTI | Ray Mingay Room 826 Bridge Place 88-89 Eccleston Square LONDON SW1V 1PT |
| DTp | J R Coates Room S19/06 2 Marsham Street LONDON SW1P 3EB 212 7236 |

Manpower: SEM PT1b



OTHER INFORMATION TO BE FURNISHED TO THE COMMANDING OFFICER OF THE DESTROYER DIVISION, U.S. NAVY, AND TO THE CHIEF OF BUREAU OF NAVAL PERSONNEL, U.S. NAVY, WASHINGTON, D.C.

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Caxton House
Tothill Street
LONDON
SW1H 9NF

10 July 1987

Dear Norma

INCOME SUPPORT FOR 16-17 YEAR OLDS

Thank you for sending me a copy of your letter of 25 June to John Moore. I have also seen the Prime Minister's comments and those of John Major, John Moore and Kenneth Baker.

I am broadly content with your general approach. I understand however that in spite of the Christmas guarantee not all young people do receive an offer of a place by Christmas. For geographical reasons as well as because of our different educational system, Scotland is regularly bottom of the league in this respect. Last Christmas some 350 young people in Scotland were still waiting for an offer, because of the difficulty of matching supply and demand for places in each area. There is also the problem of those young people who are offered a place but reasonably refuse it on the grounds that the daily travelling involved is too difficult or the placement is in an unsuitable sector in terms of their skills and aspirations. Even allowing for those young people with unreal aspirations and those few who will refuse any place, a significant number turn down an offer for good reason and are still seeking a YTS place. The numbers of those not being offered or reasonably refusing YTS places may increase in future as new JTS develops and both schemes compete for the finite number of places that industry and commerce are willing to provide. For these reasons, therefore, it will surely be necessary to make provision beyond 3 months for those still genuinely seeking a YTS place.

I also share John Moore's concerns as to the impact of the proposals on those sensitive groups listed in his letter of 30 June.

I am copying this letter to the Prime Minister, John Moore, John Major, Peter Walker and Kenneth Baker.

Yours ever

MALCOLM RIFKIND

CONFIDENTIAL

ITP184A4

Материал: SEM PT1b



CONFIDENTIAL

cc: BG



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

9 July 1987

Dear Norman,

NRBM

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES
AND ORGANISATIONS

I have seen your letter of 25 June to Nigel Lawson and am content with your proposals, subject to an understanding with you on the presentational aspects of the change. Opinion in Scotland is particularly sensitive at present to suggestions of centralisation and Scottish MPs will still expect me to answer in the House on all the measures being taken to assist unemployed people in Scotland. Many of the measures to be transferred are closely related to the work of other agencies for which I am responsible, for example the Scottish Development Agency. I consider it important therefore that Scottish Ministers continue to deal with Parliamentary Questions and Ministerial correspondence on the measures to be transferred from MSC to the Department of Employment, just as I answer for the Community Programme in Scotland even although it is a Department of Employment programme. I am also assuming that I will continue to deal with questions on unemployment in Scotland such as those on the monthly statistics.

I am copying this letter to the Prime Minister, Nigel Lawson, David Young, Kenneth Baker, John Moore, Peter Walker and Sir Robert Armstrong.

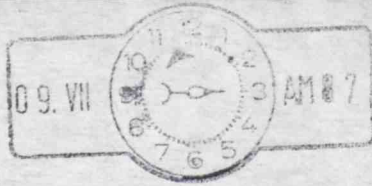
Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND

CONFIDENTIAL

ITP184A1

MANPOWER



SKM'S

0775



PRIME MINISTER

Prime Minister²
ms
Hys
6/7.

YTS IN THE NHS

You might like to have more information on the use of YTS in the health service which was raised at Cabinet on 24 June.

I am pleased to say that we do in fact already have some 40/50 schemes already operating in the NHS which involve some 700 placements at any one time. In addition, the UKCC (the nurses' statutory training body), the MSC and the NHS Training Authority have, in association with my Department, commissioned Price Waterhouse to conduct a feasibility study of the extended use of YTS both as a way of training support workers to nurses and, for some, as a way of bringing them up to the standard to enter professional training.

Price Waterhouse have already examined over 50 examples of NHS use of YTS and have concluded that the best of these provide a basis for achieving the two objectives outlined above within a national framework which allows for local variation. They are now preparing a detailed framework and cost benefit analysis (on the basis of full exchequer costs, not just costs to the NHS). The study is due to be completed in September and I will report again on the outcome.

I am copying this minute to David Young and Norman Fowler in view of their particular interest in these issues.

A handwritten signature in blue ink, appearing to be "Jm".

6 July 1987

J M



file SA

SLITAKS

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

UNEMPLOYMENT BENEFIT SERVICES

I have shown the Prime Minister your minute of 3 July about ministerial responsibility for the Unemployment Benefit Services.

The Prime Minister has agreed that I should write to Mr. Fowler's Private Secretary in the terms of the draft attached to your minute; and I have done this.

You should know that the Prime Minister commented on your minute that she favoured transfer of the Unemployment Benefit Services to the Department of Employment unless there were technical considerations to the contrary. I leave it to you to decide whether to let departments know of this comment of the Prime Minister.

N. L. WICKS

6 July 1987



File [signature]
SL3AWG

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

6 July 1987

LOCATION OF UNEMPLOYMENT BENEFIT OFFICES

Your Secretary of State's letter of 25 June to the Chancellor enclosed a draft of his letter to the Chairman of the MSC fulfilling the commitment in the election manifesto to consult the MSC about proposals for transferring job centres to your Department. This reflects decisions that were taken at the Prime Minister's meeting on 28 April.

Related to this, but not specifically considered at the April meeting, is the question of the future of Department of Employment and DHSS local office networks. This was the subject of a joint report by the two Departments in April 1986 and the Prime Minister discussed the options with the Ministers concerned last December. But, as David Norgrove's letter of 3 December indicates, no decision between the options was made.

The current proposals undoubtedly affect the choice between the options and, in parallel with the consultation with MSC about job centres, the Prime Minister would be grateful if your Secretary of State and the Secretary of State for Social Services would review the options, taking into account in particular the implications of the present job centre proposals and the implications for computerisation plans. It would be helpful if the conclusions of this review could be reported at the same time as the outcome of the consultation about job centres.

I am copying this letter to Geoffrey Podger (Department of Health and Social Security) Jill Rutter (Chief Secretary's Office), Sir Robin Ibbs and Trevor Woolley (Cabinet Office).

N. L. WICKS

John Turner, Esq.,
Department of Employment

Ref. A087/1963

MR WICKS

MSant
below

N.L.U. 6-7

Unemployment Benefit Service

The election manifesto foreshadowed proposals to transfer 3-7

the Manpower Services Commission's job centres to the Department of Employment. According to the Law Officer's advice this can be done without primary legislation. But the MSC must be consulted, and this is being done by the Secretary of State for Employment in a letter to the Chairman of MSC, a draft of which was attached to his letter of 25 June to the Chancellor of the Exchequer.

2. These proposals reflect the decisions that were taken at the Prime Minister's meeting with Mr Fowler, Lord Young and others on 28 April. That meeting did not, however, expressly consider the implications for the future of the local office networks of the Department of Employment and the Department of Health and Social Security. This matter was the subject of a joint Department of Employment/DHSS study which reported in April 1986. At that time Lord Young favoured the option of bringing together in the Department of Employment responsibility for all the main benefits for the unemployed, while Mr Fowler favoured transferring the operation of the Unemployment Benefit Service to DHSS.

3. The Prime Minister discussed this with the Ministers primarily concerned last December, but concluded, as Mr Norgrove recorded in his letter of 3 December 1986, that no conclusion on the relative merits of the options could be reached at that time. The current proposals affecting job centres do not necessarily preclude any of the options that were then under consideration, but they may well affect the balance of consideration. It would therefore be timely, while consultation with MSC about job centres is proceeding, to ask the Secretaries of State for Employment and Social Services to review the options for local office networks again in the light of the present proposals and to report their conclusions.

1. DM.

Toser.

Prime Minister

letter for signature! I have told C. Off of

Agree I should write as in the draft letter attached?

Yes - unless there are technical considerations to the contrary. I favour transfer

N.L.U.



This should take account inter alia of the implications for
DHSS's computerisation plans, If the Prime Minister agrees, a
draft letter which might be sent requesting this is attached.

RA

ROBERT ARMSTRONG

3 July 1987

CONQUEROR

CONFIDENTIAL
MANAGEMENT - IN CONFIDENCE

DRAFT LETTER FROM PS/PRIME MINISTER TO PS/MR FOWLER

LOCATION OF UNEMPLOYMENT BENEFIT OFFICES 5/3 awg

Your Secretary of State's letter of 25 June to the Chancellor enclosed a draft of his letter to the Chairman of the MSC fulfilling the commitment in the election manifesto to consult the MSC about proposals for transferring job centres to your Department. This reflects decisions that were taken at the Prime Minister's meeting on 28 April.

Related to this, but not specifically considered at the April meeting, is the question of the future of Department of Employment and DHSS local office networks. This was the subject of a joint report by the two Departments in April 1986 and the Prime Minister discussed the Options with the Ministers concerned last December. But, as David Norgrove's letter of 3 December indicates, no decision between the Options was made.

The current proposals undoubtedly affect the choice between the options and, in parallel with the consultation with MSC about job centres, the Prime Minister would be grateful if your Secretary of State and the Secretary of State for Social Services would review the options, taking into account in particular the implications of the present job centre proposals and the implications for computerisation plans. It would be helpful if the conclusions of this review could be reported at the same time as the outcome of the consultation about job centres.

I am copying this letter to the Private secretaries to the Secretary of State for Social Services and the Chief Secretary, and to Sir Robin Ibbs and Sir Robert Armstrong.

ccps



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213..... 6460
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

The Rt Hon John Major MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AE

1st July 1987

1. *REA*

2. *NRBN.*

Dear John.

Thank you for your letter of 30 June. I have amended the letter to the MSC Chairman as you suggested. The letter was sent to the Chairman last night and simultaneously released to ... the press. I attach a copy.

I have not specified, either in the letter or in my speech the level of the premium over benefit which will be paid under the new Community Programme. £15 was of course the level proposed by Geoffrey Howe when, as Chancellor of the Exchequer, he first put forward the idea of "benefit plus" in 1982 and it has the attraction of providing a clear lead over benefit after allowance has been made for travel and other work related costs.

I recognise what you say about not pre-empting the outcome of the Survey. I shall be writing to you about this very shortly. Clearly you will recognise that there are Manifesto commitments on YTS and CP.

I am copying this letter to the Prime Minister, David Young, Kenneth Baker, John Moore, Malcolm Rifkind, Peter Walker and Sir Robert Armstrong.

John Major



Caxton House Tothill Street London SW1H 9NF

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Sir Bryan Nicholson
Chairman
Manpower Services Commission
236 Gray's Inn Road
LONDON
WC1X 8HL

30 June 1987

1/200 Sir Bryan

MANIFESTO COMMITMENTS ON EMPLOYMENT AND TRAINING

As you will have seen from our General Election Manifesto published on 19 May, the Government are committed to making a number of major changes in employment and training programmes and organisation. The purpose of these changes is to enhance our ability to help unemployed people - and particularly the long-term unemployed - to find jobs and at the same time to build up the skills the economy needs.

At the centre of our Manifesto commitments are three guarantees - for 16-18 year olds, a guarantee of a YTS place for all those school leavers under 18 who do not go into jobs; for 18-25 year olds who have been unemployed for between 6 and 12 months, a guarantee of a place on the Job Training Scheme or on the Enterprise Allowance Scheme or in a Jobclub; and for all those who have been unemployed for more than 6 months, the guarantee of a Restart interview at 6-monthly intervals. Furthermore, over the next five years we shall aim, through the Restart interviews, to offer everyone who is under 50 and who has been unemployed for more than two years a place in the Job Training Scheme or in the new Community Programme, in a Jobclub or in the Enterprise Allowance Scheme.

I am writing to you to explain the changes we have decided to make in programmes which the Commission operates; to consult the Commission (as I am required to do by S.3(4) of the Employment and Training Act) about the proposed transfer of some functions from the Commission to the Department of Employment; and to inform the Commission of certain changes we intend to make in the composition of the Commission.



Changes in Programmes operated by the MSC

(i) The Community Programme

I turn now to the programme changes which must be made in order to achieve the guarantees set out in our Manifesto.

In the first place I have decided that from 1 October all entrants to the Community programme must be people who have been continuously unemployed for at least 12 months and that priority should be given to those under 50 who have been unemployed for more than two years. The change in eligibility will open up many more places on the Programme for long-term unemployed people, with those aged under 25 who have been unemployed for 6-12 months going into the Job Training Scheme which has been designed primarily with their needs in mind.

Secondly, I have decided that (as foreshadowed in the Manifesto) the Community Programme should move as quickly as possible to a position where it provides full-time work and all participants are paid a premium over their previous benefit entitlement. This will make the programme much more attractive financially to unemployed people with family commitments who will be paid more than is possible under the present arrangements and who will also have the opportunity in future of full-time work on the Programme. These new arrangements will apply to all new entrants to the programme as soon as the necessary legislation becomes law. Our officials will need to begin work immediately on the necessary transitional arrangements and I shall be grateful for the Commission's early advice on how these arrangements can be implemented rapidly and efficiently. Finally, I propose to enhance significantly the training and job search content of the Community Programme. I should be grateful if the Commission would consider how this could be achieved without adding to the average unit cost of the new Community Programme and let me have proposals in the near future.

(ii) Training Programmes

Turning to training programmes, it was announced in the Queen's Speech on 25 June that legislation will be introduced in this Parliamentary session to enable benefit to be withheld from young people under 18 who deliberately refuse a place in YTS. Arrangements will be made to protect those, such as disabled young people, who cannot benefit from the programme. The YTS budget will be adjusted from 1988 to help cope with the larger number of young people who are likely to come into the programme now that there is a guarantee of a place for



every unemployed school leaver under 18. Our officials will need to begin immediate discussions about the consequences of these changes.

On adult training programmes, the Government wishes to see a continuing high priority given to building up the new Job Training Scheme rapidly as a quality training programme so that we can offer the guarantee to unemployed 18-25 year olds as soon as possible. We welcome the emphasis the Commission's training programmes have put on the use of employers and other external training providers. This is very cost-effective and it ensures that training is concentrated in the sectors and occupations for which there is the greatest demand.

(iii) Jobcentres and Allied Programmes

I turn now to the proposal to transfer the Jobcentres and related programmes from the Commission to the Department of Employment on which I am required to consult the Commission. As foreshadowed in the Manifesto, we propose to establish an improved and integrated Employment Service, bringing together the MSC's Jobcentre Services and the Department's Unemployment Benefit Service. This new organisation, which would be directly operated by my Department, would provide a full range of services for unemployed people including the payment of benefit, help and advice to job-seekers and job placement. It would be the gateway to the whole range of programmes we are developing for unemployed people (including the Community Programme and the Job Training Scheme), particularly through the Restart interviews.

This reorganisation would follow naturally on recent developments, particularly Restart, which have brought the Jobcentres and Benefit Offices much more closely together. These developments have convinced us that we can help unemployed people back into work much more effectively if all the relevant services are operated within a single organisation. I am grateful for all the Commission's efforts in launching Restart. I am sure that a unified and comprehensive Employment Service would enable us to build on the very considerable achievements of the last 12 months and provide an even better and more convenient service for unemployed people.

This would mean the Jobcentres and their staff returning to the Department of Employment, together with the closely related activities of Restart, Restart courses, Jobclubs, Professional and Executive Recruitment, EAS, sheltered employment and services for the disabled (other than the



Employment Rehabilitation Programme), along with the appropriate support staff and resources. The Community Programme, Voluntary Projects Programme and Community Industry would continue to be run by the Commission, as would all the training programmes, such as YTS and the new JTS. The Commission would then be responsible for all the programmes designed to train people, provide them with work experience or rehabilitation services to help them into jobs. The development of these programmes will be crucial to the guarantees we are aiming to provide for young people and the long-term unemployed.

I propose that the transfer of the Jobcentres and related programmes should take place in October this year. I must emphasise that everything possible would be done to ensure that these organisational changes were made with minimum disruption to the services we provide and to the staff concerned.

I must ask for the Commission's views on the proposals I have described in paragraphs 9-12 above by the end of July.

The Commission

As indicated in the Manifesto, the Government will introduce legislation early in the present Parliamentary session to increase employer representation on the Commission in recognition of the increased focus on training within the Commission's responsibilities and the crucial part employers must play in ensuring that we have a properly trained workforce. The legislation will amend the Employment and Training Act 1973 to enable me to appoint up to an additional six members so that there is representation of major sectors of employment which are not currently represented on the Commission including the new technology industries, tourism and leisure services, retailing and distribution, banking, insurance and financial services and the small firms sector. It will also provide for enhanced employer representation on all the Industrial Training Boards. In addition, and in line with our specific Manifesto commitment, I am asking you to let me have proposals for establishing a similar degree of employer representation (including small firms) on the Area Manpower Boards and the Commission's other advisory bodies.

I must ask the Commission to revise the draft Corporate Plan submitted to my predecessor in May so as to take account of the proposals and changes I have outlined in this letter.



In conclusion, I would like to record the Government's warm appreciation for all the work the Commission has done through the last two Parliaments and to emphasise the importance we attach to the continuing efforts of the Commission in developing our manpower programmes in this Parliament.

[Handwritten signature and scribbles]

NORMAN FOWLER

MANPOWER

SEM'S

PT 16



CCBG



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....
Switchboard 01-213 3000 GTN Code 213
Facsimile 01-213 5465 Telex 915564

The Rt Hon John Moore MP
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

30 June, 1987

Dear Secretary of State

NBM.

INCOME SUPPORT FOR 16 - 18 YEAR OLDS

FILE WITH DN

Thank you for your letter which I received this morning. I have also seen letters of 29 June from John Major and No 10 and of 30 June from Kenneth Baker.

I recognise that this is a difficult area and that we need to consider further how to proceed. I shall be putting forward more detailed proposals taking account of points made in this correspondence and of further official discussions.

For the purpose of this evening's debate, I will seek to limit myself to the clear Manifesto commitment to remove eligibility from benefit while protecting at least those who currently receive Supplementary Benefit because they are **unavailable** for work: the handicapped, pregnant, single parents and carers.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, Malcolm Rifkind, Peter Walker and John Major.

*Yours sincerely
J. Turner*

(APPROVED BY THE SECRETARY OF STATE AND SIGNED IN HIS ABSENCE)

Man Power

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CONFIDENTIAL

CCB9



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
 Secretary of State for Employment
 Department of Employment
 Caxton House
 Tothill Street
 London
 SW1H 9NF

NBM -

30 June 1987

Dear Secretary of State

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES

Thank you for your letter of 25 June 1987.

I agree that it must be right to write to the Commission in parallel with your speech in the debate, and to release the letter to the press.

I am also content with the terms of your draft letter, subject to the following points. My main concern is that we should not at this stage pre-empt the outcome of the Survey; as my predecessor said, we will need to return to the overall levels of provision for your programmes later in the Summer.

We have not discussed the details of the new arrangements for the Community Programme. You propose a premium of £15. I see a strong case for a lower premium (particularly as JTS participants get no premium) and would propose £10. The proposal to enhance the training content of the scheme is new. But I would be content with your reference to it if the last sentence in your paragraph 6 said:

"...achieved without adding to the average unit cost of the new Community programme and let me have"

On YTS, it is of course agreed that DE Group provision can be increased in line with the estimated reduction in DHSS expenditure on income support. But again in order not to pre-empt the Survey, I think that the sentence in the middle of paragraph 7 should read,

"The YTS budget will be adjusted from 1988"

CONFIDENTIAL

As your letter makes clear, a number of details remain to be resolved. I hope that our officials will be in touch about them.

I agree that it must be right for the MSC to revise their draft Corporate Plan. I would be most grateful if we could have an opportunity to discuss the revised draft.

I would also be grateful if we could have a chance to comment in advance on the terms of your speech in the debate on the Address, and of any press release.

I am copying this letter to the Prime Minister, David Young, Kenneth Baker, John Moore, Malcolm Rifkind, Peter Walker and to Sir Robert Armstrong.

Yours sincerely,

John Major

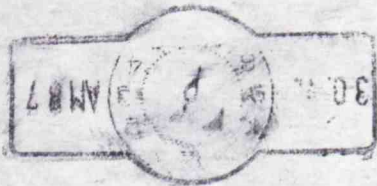
JOHN MAJOR

*(Approved by the Chief Secretary
and signed in his absence).*

MANPOWER

SEMI'S

PTL



CONFIDENTIAL

2 PPs
 [Handwritten initials]

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Norman Fowler MP
 Secretary of State for Employment
 Department of Employment
 Caxton House
 Tothill Street
 LONDON SW1H 9NF

NBFM

30 June 1987

Dear Norman

INCOME SUPPORT FOR 16-17 YEAR OLDS

1. Thank you for your letter of 25 June about implementation of our manifesto commitment on this subject. You asked for an urgent response so that you could refer to the issue in the debate on the Address today. I must say that I have difficulty in being able to respond within this short period, given the importance of what is at stake, and the risks of political embarrassment if we make a hurried decision which turns out to be wrong.
2. Against this time constraint, I have not been able to consider your proposals as fully as I would wish, and regard a Ministerial discussion as essential. There are so many difficult issues so far not discussed let alone resolved that I would very much prefer that you should not refer to the allowance in the debate today, but, go no further than strongly reiterating the manifesto pledge and saying that we are considering how best to implement it.
3. While I understand and sympathise with your wish to keep young people out of the 'benefit culture' so far as possible, I do not think that it is essential, in order to achieve this, to pitch the WA at a level below the relevant Income Support (IS) level - you suggested £15 a week without topping-up. I believe that the difficulties with which the Government would saddle itself by this approach are serious. Your letter proposes the retention of title to IS by those not required to be available for work and extension of WA where necessary to the registered disabled. I am content with both these proposals. However, I am concerned about the impact of your present proposals on other sensitive groups, viz

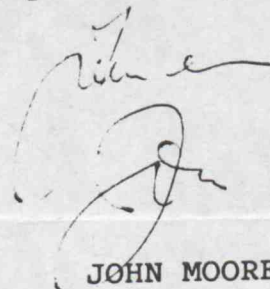
E.R.

- (a) young people - estimated at 4000 in total at any one time - who have no family to fall back on (because they are orphans or because of the risk of sexual abuse or other violence) if they are required to live on a WA below the IS level;
- (b) families on IS with a 16 or 17 year old at school attracting IS who then leaves and gets a lower WA, with no apparent justification for the difference. (In this connection I should note that currently no less than 40% of unemployed 16 and 17 year olds live in households dependent on supplementary benefit and that the ordinary rate dependency addition is £18.75 per week);
- (c) Young couples aged 16 or 17 with a child.

Nor does your letter recognise the problem which Ministers would have to deal with, of justifying the principle of fixing a lower subsistence level in general for those on a WA than for young people still attracting IS. I am assuming that there would be no question of withdrawing the WA from anyone at all at the end of the waiting period merely because - as might well happen - it had been impossible to arrange a YTS place for that person.

4. In conclusion, I regard the problems described above to be of such political importance and sensitivity that I have to make my approval of your proposals as a whole conditional on a satisfactory outcome on the level of the WA. I note what you say about further consideration of various problems of detail notably relating to those leaving jobs or YTS prematurely, and my officials stand ready for further discussion with yours on this.

5. I am copying this letter to the recipients of yours, and also to Sir Robert Armstrong.



JOHN MOORE

Mam Lou RR

SEM'S

PT 16



CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

29th June 1987*Dear Norman,**NRBM***INCOME SUPPORT FOR 16-17 YEAR OLDS**

Thank you for sending me a copy of your letter of 25 June to John Moore.

I am broadly content with your proposals. It will be important not to pre-empt decisions on a number of points.

Our predecessors agreed that the DE budget should be increased by an amount equivalent to the estimated savings to DHSS; I gather that our officials are discussing the figures concerned.

There are two points on the costs about which I have reservations. The first concerns the proposal to pay child benefit for an extra month (September) for summer school leavers. I gather that this would cost more than paying a waiting allowance (because it would be universal). I would like to be clearer about the benefits we would get before agreeing to this proposal.

If we were to agree on an extension of child benefit, it would of course have to be on the basis, as I think you accept, that the extra child benefit costs are deducted from the estimate of DHSS savings on income support, so that the costs are in effect found from within your programme.

The second point is on the level of the waiting allowance. We will need to consider carefully the justification for paying a sum roughly twice the amount that parents would get if the young people stayed on at school. An alternative would be to pay say £10.

CONFIDENTIAL

Your letter raises a number of other issues which, as you say, our officials will need to consider.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, Malcolm Rifkind and Peter Walker.

Yours Ever,
John

JOHN MAJOR

MANPOWER Special Employment Measures
Pr 16.





10 DOWNING STREET
LONDON SW1A 2AA

File *SH*
cc BG
cc DTSS
HMT

From the Private Secretary

29 June 1987

Dear John,

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES AND ORGANISATIONS

The Prime Minister has seen your Secretary of State's letter of 25 June to the Chancellor of the Exchequer to which was attached a draft letter to the Manpower Services Commission. The draft letter proposes major improvements in the training content of the Community Programme. The Prime Minister believes it would also be useful to emphasise the need to upgrade the job placement services offered to Community Programme participants. It would also be helpful if it could place more emphasis on the need to ensure that area manpower boards have a stronger representation of small firms, rather than representatives of industry sectors. The Prime Minister is otherwise content, subject to the views of colleagues.

I am copying this letter to Jill Rutter (Chief Secretary's Office), Robert Gordon (Scottish Office), Jon Shortridge (Welsh Office) and Rob Smith (Department of Education and Science).

John
David

DAVID NORGROVE

John Turner, Esq.,
Department of Employment

Manpower: SEM PT16.



10 DOWNING STREET
LONDON SW1A 2AA

file
SM
cebg
cc Ch. Exch
DHSS

From the Private Secretary

29 June 1987

Dear John,

INCOME SUPPORT FOR 16-18 YEAR OLDS

The Prime Minister has seen your Secretary of State's letter of 25 June to the Secretary of State for Social Services about income support for 16-18 year olds.

The Prime Minister understands the reasons which have led your Secretary of State to propose a Waiting Allowance. However, she believes that it would be desirable ideally to leave open in tomorrow's debate the form of any support which may be given to those people who would receive the Allowance. There is a risk that the introduction of the Allowance would help to encourage the attitude that children leaving school should have an immediate entitlement to state support. An alternative proposal may be to continue paying child benefit to the parents until the child gained a job or a training place, though those winning a place on YTS who were unable to take up a position until December might then claim to have been unfairly treated through no fault of their own. But, in any event, there may be other options worth considering.

The Prime Minister would wish your Secretary of State to keep open all the options as far as possible in tomorrow's debate. However, she recognises that he will need discretion on this, subject to the agreement of colleagues, and in particular the Treasury, on what he proposes to say.

I am copying this letter to Jill Rutter (Chief Secretary's Office), Robert Gordon (Scottish Office), Jon Shortridge (Welsh Office) and Rob Smith (Department of Education and Science).

Yours,
David

DAVID NORGROVE

John Turner, Esq.,
Department of Employment

CONFIDENTIAL

SM

Prime Minister!

Agree to write as proposed, subject to my suggested amendment?

DLW

26/6.

26 June 1987

Yes
mt

PRIME MINISTER

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES
AND INCOME SUPPORT FOR 16-18 YEAR OLDS

Norman Fowler's minute and draft letter to the MSC Chairman are, for the most part, a straight reflection of the proposals discussed before the election and our consequent Manifesto commitments. However, his proposals for income support for 16-18 year olds need further consideration.

Benefit for school leavers

While implementing our commitment to remove benefit entitlement for those who refuse a YTS place, Mr Fowler proposes to introduce a £15 a week waiting allowance for school leavers who cannot be given a place on YTS straight away. This would run from October to December - by when all are guaranteed a place. It would be better if this could be avoided.

Up until the school leaving age it is expected that children are supported by their parents; and those children which continue at school beyond the age of 16 normally continue to receive parental support. It is not clear why, as a result of leaving school, children should be entitled to any payment from the State. Indeed, it seems undesirable to encourage the attitude that they do have an immediate state entitlement - as opposed to looking forward to the prospect of gaining income through their efforts on a job or YTS placement.

✓ An alternative proposal, therefore, would be to simply continue paying child benefit to the parents until the child gains a job or training place (which would reduce the cost).

??
✓ However, there are a number of drawbacks of going down this route. Our manifesto proposal was to remove eligibility for benefit to those under 18 who deliberately choose to remain unemployed. Those who want a place on YTS but are unable to take up a position until December could claim to be unfairly treated for no fault of their own. Secondly, parents have no legal responsibility to support their children after the age of 16, and there could therefore be some cases of children who have left home and are without support while waiting for their YTS place. This could only be corrected by raising again the age at which parents are responsible for their children, or providing some emergency benefit fund.

For these reasons the temporary waiting allowance is a much easier and safer approach than removing all entitlement - unless we are prepared to rethink the whole area of family responsibilities for children under 18.

Arrangements also have to be made for the sick and disabled, and for those who lose their job or YTS place through no fault of their own - and yet may quite reasonably have entered into commitments on the basis of their YTS payment and housing benefit entitlement. The mechanisms for assessing whether an individual has left a YTS scheme voluntary, caused himself/herself to be dismissed by behaviour problems, or truly lost a place through no fault of their own need to be worked through.

Given all these considerations, it would be advisable if the Secretary of State were to say as little as possible on this issue during the debate on Tuesday, allowing time for a fuller discussion of the options before the Bill is published.

Community Programme

The decision to remove eligibility from the Community Programme for 6-12 months unemployed under 25 may be seen as an unnecessary restriction, given that many lower capability individuals may be better suited to Community Programme work experience than a place on the Job Training Scheme. However, it is essential to take this step initially in order to open up places on the Community Programme for older, long term unemployed people. Once we are able to meet our manifesto commitments, it will then be possible to reconsider whether the Community Programme should be available as an alternative to JTS for the 18-25 six month unemployed.

As we expand the Community Programme as a benefit plus scheme, it is important to ensure it is viewed as a route into work rather than as an alternative job. The Secretary of State's letter proposes significantly enhancing the training content of the programme; it would also be useful to emphasise the need to upgrade the job placement services offered to Community Programme participants.

Job Centres and MSC Reorganisation

The proposals here again mirror the earlier discussion. While the minutes of your previous meeting referred only to transferring Job Centres to the Department of Employment, it clearly makes sense to take with them the Restart interviews, Restart courses, Job Clubs and other related activities referred to in Norman Fowler's letter - which are all part of the dual function of screening people for benefit availability and helping them into jobs.

On the MSC structure itself, it might be helpful if the letter placed more emphasis on the need to ensure that area manpower boards had a stronger representation of small firms,

rather than representatives of industry sectors.

Recommendations

With the exception of the slight amendments suggested on Community Programme placement and small firm representation Norman Fowler's letter to the MSC should be agreed as it stands. However, you might ask Mr Fowler to give further consideration to some of the options on benefit entitlement for 16-18 year olds - including the extent to which we can enhance family responsibilities - and to avoid making explicit commitments on the introduction of a "waiting allowance" in next week's debate.

On this I recommend that your agreement to the principle should be subject to the views of colleagues, that you say Mr Fowler should give as little commitment as possible, but that the extent of the commitment must be left to his discretion, again subject to the Treasury's agreement to what he proposes to say.

Norm Blackwell

NORMAN BLACKWELL

DWJ
26/6.



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The Rt Hon John Moore MP
Department of Health and Social
Security
Alexander Fleming House
Elephant and Castle
LONDON SE1

25 June 1987

Dear John.

INCOME SUPPORT FOR 16 - 18 YEAR OLDS

I have been considering how to implement our Manifesto commitment that: "We will take steps to ensure that those under 18 who deliberately choose to remain unemployed are not eligible for benefit. We will of course continue to protect other young people, such as those who suffer from disabilities."

I think it is clear that Income Support should continue for those groups - notably the severely handicapped, pregnant, single parents and carers - who at present receive Supplementary Benefit and are not required to be available for work (and are accordingly not counted as unemployed). I discuss below the more difficult question of those with lesser disadvantages who are available for work but have, perhaps, limited opportunities.

For the bulk of the young people, I consider it essential to avoid school leavers entering directly into the benefit field while at the same time avoiding being unfair to those who respond within a reasonable time to offers of appropriate YTS places. At present we guarantee YTS places by Christmas. This would point to what we might call a Waiting Allowance paid by Unemployment Benefit Offices.

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At present Supplementary Benefit entitlement for summer leavers begins on 1 September. Some 100,000 young people are placed in employment or YTS during the month of September and it would be a great simplification if Child Benefit were extended for that month. This would mean that a Waiting Allowance would become available from 1 October for those who were genuinely waiting for a place in the programme. This would be limited to three months although in the great majority of cases young people would not wait that long. A similar Waiting Allowance would also be available for Easter leavers in England and Wales and Christmas leavers in Scotland.

I think it important to distance Waiting Allowance as far as possible from benefit. I therefore think it should be at a level of £15 a week and not be subject to top-up.

As well as those who leave school and college for the first time, many young people leave YTS prematurely or leave employment with or without good reason before they are 18. We need a regime which is demonstrably fair to those who leave with good reason but does not create simple opportunities for playing the system by entering jobs or YTS schemes and leaving after a week or two in order to draw benefit or Waiting Allowance. This is a difficult area, not least because of the need to distinguish in a defensible fashion between those who leave YTS or jobs with or without good reason. I am considering a number of options including some form of Waiting Allowance or continuing income support for this group where they leave with good reason but no payment at all where they do not. My preference would be for a time-limited allowance.

I have referred to those disabled young people who, although disabled, can be regarded as capable of and available for work, but who nevertheless have limited opportunities. Their case would of course be highlighted by our critics and the media if they had no financial support. Here I would propose that, subject to their being registered as disabled, at the expiry of the normal 3 months period their Waiting Allowance would be reviewed for 3 months at a time on the basis that such people were genuinely waiting to enter schemes but had more difficulty in finding placements than other young people.

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Because of the need for legislation by both our departments, the new regime would apply from 1 September 1988. Costing is difficult because it is based on assumptions, particularly of the impact of the new regime on the number of people who join YTS and the length of time they stay on schemes. The additional cost (after account is taken of my proposal on child benefit) would be of the order of £20 million in the first year rising to perhaps £70 million in the third (after account is taken of increasing DE resources to reflect savings made by DHSS on the payment of Income Support). As already agreed by David Young, the net additional cost would be a charge upon the existing PES provision for the DE Group.

Almost certainly I will need to refer to this issue during the debate on the Address on Tuesday. While there is no need to give full details at this stage, I would be grateful for a general reaction to what I propose.

Officials will need to work up the many details remaining such as, for example, the treatment of young people whose entitlement to YTS expires before they are 18 and of those who earn an entitlement to Unemployment Benefit before they are 18.

I am sending copies of this letter to the Prime Minister, John Major, Malcolm Rifkind and Peter Walker, and to Kenneth Baker because of the implications for student support.

NORMAN FOWLER

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CC B9 ✓



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The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Great George Street
LONDON SW1

25 June 1987

Nigel

DEVELOPMENT OF EMPLOYMENT AND TRAINING PROGRAMMES AND ORGANISATIONS

The Prime Minister chaired a meeting on 28 April to discuss my predecessor's proposals for the development of employment and training programmes and organisations in the new Parliament. That meeting concluded that we should give immediate guarantees of a place on the Youth Training Scheme (YTS) to 16 and 17 year old school leavers, of a place on the Job Training Scheme (JTS) to 18-24 year olds who have been unemployed more than 6 months and of a Restart interview at six monthly intervals for everyone who has been unemployed for more than six months. It was agreed that we should aim over the next five years to get to the position where we offer a place in JTS, the Enterprise Allowance Scheme (EAS), the Community Programme (CP) or a Jobclub to people aged 18 to 50 who have been unemployed for two years or more. It was also agreed that Jobcentres should be brought back within the Department of Employment, that CP should be changed to a 'benefit plus' scheme and that legislation should be introduced to increase employer representation on the Manpower Services Commission. All these issues were subsequently set out in our Manifesto.

note at flap -

I propose to take matters forward by explaining my strategy more fully during the Debate on the Address. Simultaneously I need to write to the Manpower Services Commission formally to seek the Commission's views on the transfer of the Jobcentres as I am required to do under section 2(4) of the Employment and Training Act 1973. I attach a copy of the letter I propose to send which is based on our Manifesto commitments.

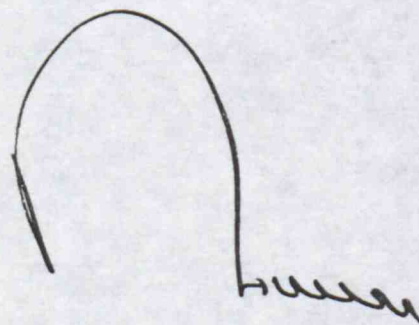
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The letter also informs the Commission of my decision to change the eligibility conditions for the Community Programme so as to exclude those who have been unemployed for less than 12 months. This change is essential if we are to meet our commitments to the long term unemployed. The needs of the 6-12 month unemployed will be better met by the JTS.

A number of these proposals will be controversial. In particular the TUC will take strong exception to the proposal to increase employer representation. There is therefore much to be said for announcing all the changes at once and putting them in the context of our positive proposals for helping unemployed people. I therefore propose to release my letter to the Commission and to the press early next week when I speak in the Debate on the Address.

I am sending copies of this letter to the Prime Minister, the Secretary of State for Trade and Industry, the Secretary of State for Education and Science, the Secretary of State for Health and Social Services, the Secretaries of State for Scotland and Wales and Sir Robert Armstrong.

John, even 

NORMAN FOWLER

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DRAFT LETTER TO MSC CHAIRMANMANIFESTO COMMITMENTS ON EMPLOYMENT AND TRAINING

1. As you will have seen from our General Election Manifesto published on 19 May, the Government are committed to making a number of major changes in employment and training programmes and organisation. The purpose of these changes is to enhance our ability to help unemployed people - and particularly the long-term unemployed - to find jobs and at the same time to build up the skills the economy needs.

2. At the centre of our Manifesto commitments are three guarantees - for 16-18 year olds, a guarantee of a YTS place for all those school leavers under 18 who do not go into jobs; for 18-25 year olds who have been unemployed for between 6 and 12 months, a guarantee of a place on the Job Training Scheme or on the Enterprise Allowance Scheme or in a Jobclub; and for all those who have been unemployed for more than 6 months, the guarantee of a Restart interview at 6-monthly intervals. Furthermore, over the next five years we shall aim, through the Restart interviews, to offer everyone who is under 50 and who has been unemployed for more than two years a place in the Job Training Scheme or in the new Community Programme, in a Jobclub or in the Enterprise Allowance Scheme.

3. I am writing to you to explain the changes we have decided to make in programmes which the Commission

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operates; to consult the Commission (as I am required to do by S.3(4) of the Employment and Training Act) about the proposed transfer of some functions from the Commission to the Department of Employment; and to inform the Commission of certain changes we intend to make in the composition of the Commission.

Changes in Programmes operated by the MSC

(i) The Community Programme

4. I turn now to the programme changes which must be made in order to achieve the guarantees set out in our Manifesto.
5. In the first place I have decided that from 1 October all entrants to the Community programme must be people who have been continuously unemployed for at least 12 months and that priority should be given to those under 50 who have been unemployed for more than two years. The change in eligibility will open up many more places on the Programme for long-term unemployed people, with those aged under 25 who have been unemployed for 6-12 months going into the Job Training Scheme which has been designed primarily with their needs in mind.
6. Secondly, I have decided that (as foreshadowed in the Manifesto the Community Programme should move as quickly as possible to a position where it provides full-time work and all participants are paid a premium of £15 over their previous benefit entitlement. This will make the programme much more attractive financially to unemployed people with family commitments who will be paid more than is possible under the present arrangements and who will also have the opportunity in future of full-time

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work on the Programme. These new arrangements will apply to all new entrants to the programme as soon as the necessary legislation becomes law. Our officials will need to begin work immediately on the necessary transitional arrangements and I shall be grateful for the Commission's early advice on how these arrangements can be implemented rapidly and efficiently. Finally, I propose to enhance significantly the training content of the Community Programme. I should be grateful if the Commission would consider how this could be achieved within the Commission's existing provision and let me have proposals in the near future.

(ii) Training Programmes

7. Turning to training programmes, it was announced in the Queen's Speech on 25 June that legislation will be introduced in this Parliamentary session to enable benefit to be withheld from young people under 18 who deliberately refuse a place in YTS. Arrangements will be made to protect those, such as disabled young people, who cannot benefit from the programme. The YTS budget will be increased from 1988 to help cope with the larger number of young people who are likely to come into the programme now that there is a guarantee of a place for every unemployed school leaver under 18. Our officials will need to begin immediate discussions about the consequences of these changes.

8. On adult training programmes, the Government wishes to see a continuing high priority given to building up the new Job Training Scheme rapidly as a quality training programme so that we can offer the guarantee to unemployed 18-25 year olds as soon as possible. We

welcome the emphasis the Commission's training programmes have put on the use of employers and other external training providers. This is very cost-effective and it ensures that training is concentrated in the sectors and occupations for which there is the greatest demand.

(iii) Jobcentres and Allied Programmes

9. I turn now to the proposal to transfer the Jobcentres and related programmes from the Commission to the Department of Employment on which I am required to consult the Commission. As foreshadowed in the Manifesto, we propose to establish an improved and integrated Employment Service, bringing together the MSC's Jobcentre Services and the Department's Unemployment Benefit Service. This new organisation, which would be directly operated by my Department, would provide a full range of services for unemployed people including the payment of benefit, help and advice to job-seekers and job placement. It would be the gateway to the whole range of programmes we are developing for unemployed people (including the Community Programme and the Job Training Scheme), particularly through the Restart interviews.

10. This reorganisation would follow naturally on recent developments, particularly Restart, which have brought the Jobcentres and Benefit Offices much more closely together. These developments have convinced us that we can help unemployed people back into work much more effectively if all the relevant services are operated within a single organisation. I am grateful for all the Commission's efforts in launching Restart. I am sure that a unified and comprehensive Employment Service would enable us to build on the very considerable achievements of the last 12 months and provide an even better and more convenient service for unemployed people.

11. This would mean the Jobcentres and their staff returning to the Department of Employment, together with the closely related activities of Restart. Restart courses, Jobclubs, Professional and Executive Recruitment, EAS, sheltered employment and services for the disabled (other than Employment Rehabilitation Programme), along with the appropriate support staff and resources. The Community Programme, Voluntary Projects Programme and Community Industry would continue to be run by the Commission, as would all the training programmes, such as YTS and the new JTS. The Commission would then be responsible for all the programmes designed to train people, provide them with work experience or rehabilitation services to help them into jobs. The development of these programmes will be crucial to the guarantees we are aiming to provide for young people and the long-term unemployed.
12. I propose that the transfer of the Jobcentres and related programmes should take place in October this year. I must emphasise that everything possible would be done to ensure that these organisational changes were made with minimum disruption to the services we provide and to the staff concerned.
13. I must ask for the Commission's views on the proposals I have described in paragraphs 9-12 above by the end of July.

The Commission

14. As indicated in the Manifesto, the Government will introduce legislation early in the present Parliamentary session to increase employer representation on the Commission in recognition of the increased focus on training within the Commission's responsibilities and

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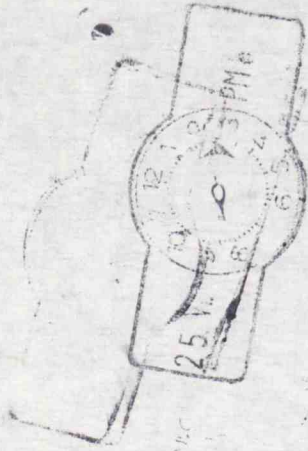
the crucial part employers must play in ensuring that we have a properly trained workforce. The legislation will amend the Employment and Training Act 1973 to enable me to appoint an additional six members so that there is employer representation of major sectors of employment which are not currently represented on the Commission including the new technology industries, tourism and leisure services, retailing and distribution, banking, insurance and financial services and the small firms sector. It will also provide for enhanced employer representation on all the Industrial Training Boards. In addition, and in line with our specific Manifesto commitment, I am asking you to let me have proposals for establishing a similar degree of employer representation on the Area Manpower Boards and the Commission's other advisory bodies.

15. I must ask the Commission to revise the draft Corporate Plan submitted to my predecessor in May so as to take account of the proposals and changes I have outlined in this letter.

16. In conclusion, I would like to record the Government's warm appreciation for all work the Commission has done through the last two Parliaments and to emphasise the importance we attach to the continuing efforts of the Commission in developing our manpower programmes in this Parliament.

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MANPOWER: Special Employment
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DCS
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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Young of Graffham,
Secretary of State for Employment
Caxton House
Tothill Street
LONDON SW1H 9NF

11th May 1987

Dear David,

EMPLOYMENT MEASURES IN THE NEXT PARLIAMENT

at trap PMS

At the Prime Minister's meeting on 28 April we were asked to discuss and agree the precise words to be used to describe, and any financial consequences of, our aim to offer a place on a scheme to all 18-50 year olds unemployed over 2 years. We have also discussed the other issues taken at that meeting. This letter records the position we have reached.

There is already a guarantee of a place on YTS for unemployed 16 and 17 year olds. We have agreed that the benefit rules for the under 18s should be changed along the lines you proposed. Our officials are in discussion about the level of net savings that might result on the DHSS programme (which may depend on the exact proposal made). I am content that your programmes may be increased by up to that amount to cover extra costs on YTS resulting from the change; any savings in excess of the extra YTS costs should not be transferred to your programme; and any extra costs over and above the savings must be financed from within your existing provision.

We also agreed that we would "aim within a year to guarantee every 18-25 year old who had been unemployed for 6-12 months who cannot be placed in a job a place on either the new JTS or EAS". This can be covered by the existing provision for these programmes; there are no further financial consequences and there will of course be no transfer from DHSS beyond what was agreed in January.

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We have already announced that Restart interviews will be offered at 6 monthly intervals to those unemployed between 6 months and 3 years. I am now prepared to agree that we could phrase our presentation of this to cover 6 monthly interviews offered in addition to those unemployed over 3 years. This is on condition, as we have agreed, that this can be covered within existing PES provision for Restart (if necessary by delaying interviews or by leaving the later interviews on a voluntary basis).

Finally, we have agreed on a policy statement as follows:

"It will be our aim, through the Restart interviews, to offer everyone who is under 50 and who has been unemployed for more than two years a place in a Job Club, the Job Training Scheme or in the new Community Programme, or in the Enterprise Allowance Scheme. We hope to achieve this within the lifetime of the next Parliament".

Our officials have agreed that this should be taken to refer to a client group of those aged between 18 and 50 who have been continuously unemployed for more than 24 months and who cannot be found normal employment through a Restart interview; and that it does not of course rule out that other options will also remain appropriate for some people: e.g. medical referrals or rehabilitation programmes for the disabled, or other training.

I think we are agreed that you would find the cost of a benefit plus programme and of any further expansion of the new Job Training Scheme from within your existing provision for the Community Programme; there would be no transfer from DHSS. My agreement to this aim implies no commitment to particular numbers of places or expenditure levels for your individual programmes including the new Community Programme; we shall have to see how things go.

In general, as I explained at the Prime Minister's meeting, I believe that with falling unemployment, the Employment and DHSS programmes taken together should provide a most important source of savings in public expenditure which will be needed if we are to reduce taxation during the next Parliament.

I am sending copies of this letter to the Prime Minister and Norman Fowler.

Yours ever,
JH

JOHN MacGREGOR





cc/AS

DEPARTMENT OF TRADE AND INDUSTRY
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TELEPHONE DIRECT LINE 01-215 5422
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Secretary of State for Trade and Industry

5 May 1987

nbpm

The Rt Hon The Lord Young of Graffham
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1

Dear David

PROGRESS REPORT ON DEREGULATION

I was grateful to receive a copy of your minute of 28 April to the Prime Minister and have no comments to make on the enclosed drafts.

I support the views expressed in your minute and in particular agree that we should ensure that costs to business are taken fully into account in making Ministerial decisions. I am copying this letter to the Prime Minister and to the other recipients of your minute.

with AS?

Paul

PAUL CHANNON



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

5 May 1987

*Dear John***DEREGULATION**

The Prime Minister has seen, and noted, your Secretary of State's minute of 28 April on the above subject. She has also noted his suggestion that they meet to talk about some more radical deregulatory targets. I assume that this will be covered at a bilateral in due course, and am not proposing at present to arrange a separate meeting.

I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office), Alex Allan (HM Treasury), Stephen Boys Smith (Home Office), Geoffrey Podger (Department of Health and Social Security), Shirley Stagg (Ministry of Agriculture, Fisheries and Food), Robin Young (Department of the Environment), Tim Walker (Department of Trade and Industry), Richard Allan (Department of Transport), David Watkins (Northern Ireland Office), Robert Gordon (Scottish Office), Jon Shortridge (Welsh Office), Geoff Dart (Department of Energy), Michael Stark (Office of Arts & Libraries), and Trevor Woolley (Cabinet Office).

*Yours ever**Andy*

P A BEARPARK

John Turner, Esq.,
Department of Employment

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PART 15 ends:-

SS/DE to PM 28.4.87

PART 16 begins:-

PAB to DE 5.5.87



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