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A. D. ...
M. Walker*

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*Prime Minister
This is the
promised 'collection brief'*

11 May 1981 from CPRS.

*You might also look
again - if you have
time - at the CPRS
report (red) of February
last year (also in this
folder).*

To: MR LANKESTER

From: J R IBBS

Unemployment and Young People

1. In preparation for the Meeting which is to take place on 13 May, I attach a note by the CPRS which reviews the options available for getting young people to remain in education or to train, rather than become unemployed.
2. I am sending a copy of this minute and attachment to the Chancellor of the Exchequer, the Secretaries of State for Employment, Education, Social Services, and Scotland, and to Sir Robert Armstrong.

*TL
12/5*

JR

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UNEMPLOYMENT AND YOUNG PEOPLE

1. The objective at this stage ought to be to identify ways of getting young people to remain in full-time education or, if they leave, to opt for training rather than register as unemployed. In particular Ministers will wish to consider whether there are any immediate ways of affecting this summer's leavers.

2. There are no easy options, as earlier discussions in E Committee of our report "Unemployment and Young People" showed. Any course is likely to involve one or more of the following:

- major increases in public expenditure
- paying substantially less to some young people
- some form of regulation which makes unemployment so unattractive as to exclude it

3. There is no prospect of putting a major initiative into effect this year. The only feasible options (additional to those mentioned by the Employment Secretary) which might be implemented at fairly short notice appear to be:-

- Encourage local authorities to provide more education maintenance allowances: this has obvious difficulties at a time when great pressure is being put on them to curtail expenditure.
- Mount a campaign to get colleges to run more vocational and work-orientated courses: time for organising this is short and some finance would be needed.
- Expand YOP in high unemployment blackspots to provide a full training year for the unemployed: costly, given present levels of allowance.
- to achieve savings, cut YOP allowance to S B level and make SB conditional on accepting any YOP offer: probably unacceptable if not part of a coherent universal training package (see para 6 below).

4. In our view, it is preferable to concentrate on developing measures which could be implemented as a coherent package for school leavers in 1982, when, as the Employment Secretary's note shows, unemployment is likely

to be even higher than this year.

5. The CPRS has compiled a check list of options (based partly on our report "Unemployment and Young People") under 4 separate headings:-

- A. make staying on in education more attractive
- B. more training
- C. more employment in normal labour market
- D. more opportunities outside the labour market

This check list is set out, with a brief summary of the advantages and disadvantages of each option in the annex to this note.

6. In our view the most promising course lies in the development of a universal training year to be available for all 16 year olds who are not in employment, or in full-time education. This would be accompanied by a reform of benefits and YOP allowances on the lines of Youth Benefit (so as to help meet the cost of additional training places and to encourage staying on in school or college); there would be no benefit for those who refuse a training place. We recommend that the Departments concerned be asked to carry out within a month an initial assessment of the feasibility in broad terms of introducing such a scheme with effect from autumn 1982. This would enable Ministers to decide whether to announce this summer a commitment to introduce such a scheme.

UNEMPLOYMENT AND YOUNG PEOPLE

A. Methods of encouraging young people to stay on in full time education

1. Increase the value of education in the eyes of young people

(a) by exhortation - can only be beneficial but government exhortation unlikely to have much effect; local employers' views likely to have more effect.

(b) by increasing the relevance of the courses offered

- the CPRS support the rapid development of the pre-vocational 17+ courses particularly if the "exam" is heavily supplemented by a 'log-book' of achievements for each young person.
- crash programme would be possible (perhaps via the MSC Special Programme area Boards): but there is a limit to how much this development can be speeded up even with superhuman efforts.

2. Alter the balance of financial support for 16-18s so that there is less bias against those in full time education.

(a) by adopting a form of Youth Benefit (YB)

- the CPRS support the principles of YB and see advantage in it being a flat rate benefit using the existing (adapted) means tested benefits for additional family support.
- E committee agreed to leave open the possibility and review in the autumn in the light of consultations with the New Training Initiative (NTI)
- but would require legislation, need more staff.

(b) by increasing the financial advantages for young people who stay in full time education

- increase Child Benefit levels; but expensive and may have little impact on the young people themselves.
- encourage more use of Educational Maintenance Allowances by Local Education Authorities; but no direct control unless reimbursed, which might require legislation, and impact might be small; could be targetted to unemployment black spots.
- pay Child Benefit direct to the young people; administratively complicated but cost free, apart from staff, and could have an impact on young people's perception of the position; might require legislation.

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(c) by decreasing the financial advantages of young people who leave full time education

- no SB until September after session in which became 16: remove incentive to leave in December or Easter but increases summer bunching.
- reduce the Supplement Benefit levels for 16-18s and YOP allowances; but difficult to present and justify unless part of a wider package; risks withdrawal of MSC co-operation in YOP.
- remove independent entitlement to SB for 16-18s and treat as dependent on parent; but needs legislation; difficult presentationally as above; would require reduction in YOP allowance for full effect.

B. Methods of encouraging the provision of more training for young people

1. Persuade employers to take on more young people for training

(a) by speeding up the expansion of the Unified Vocation Preparation, and/or developing it to a foundation traineeship.

- the CPRS supports such an expansion; especially if it could be linked to a maximum training wage; but there are limits to the amount it can be speeded up, even with an increased allowance, and it would have little effect on unemployment.

(b) by an expanded training for skills programme

- MSC is preparing proposals for expanding the current programme (from about 24,000 places to 33,000 places) in which grants are given to young people on the first year of apprenticeship or similar training; but it is not clear to what extent this would simply substitute government funds for employers' funds.
- CPRS strongly supports the development of a training for skills programme but thinks that it should not solely be linked to the existing apprenticeship system, but used as a means of developing new forms of skilled training. This is the direction we should like to see YOP develop.

(c) by an expansion of special employment measures

- (i) CPRS has suggested the development of YOP into a Training Year for all 16 year old school leavers so that unemployment would not be an option; expensive unless the allowance reduced (e.g. through YB), as part of a package; no benefit for refusers.

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Would be very costly to cover entire 16-18 age range; concentrate initially on the 16+ group.

(ii) - further expand the current YOP programme; probably necessary anyway, but there should be scope to expand beyond what is necessary to keep to the present guarantees.

- deny benefit to those who refused a YOP offer; but refusal rate already low; would have little effect on unemployment of school leavers in the autumn as most would still be waiting for an offer, (under present arrangements).

C. Methods of attempting to increase the employment of young people

The CPRS had a number of proposals, but none of them would be likely to have much impact in the short term. They concerned trying to lower young people's wage levels; giving young people access to a wider range of jobs, and some recommendations on pensions and early retirement. These are now under discussion in the official Manpower Group.

D. Methods of expanding the opportunities outside the labour market

By means of an expanded community work programme

- a compulsory community work programme for all school leavers or for all unemployed school leavers; but unlikely to be enough suitable activities acceptable to the parties on whose co-operation such a programme would depend; voluntary organisations would be particularly hostile to a programme compulsory for the unemployed; managerial and organisation problems insurmountable unless the government itself was willing to take on the task - or fund other agencies to do so (e.g. the local authorities). CPRS view is that any universal programme should be focussed on training - although community work would play a part.
- CPRS suggest a massive expansion of the Community Enterprise Programme (quadrupled to 100,000), and biassed to areas of high unemployment, on the basis of a payment of 'benefit plus premium' rather than 'rate for the job'; this should be aimed at all age groups, with young people having access to it by merging the community work part of YOP with it. Withdrawal of benefit would be considered for those refusing an offer to participate.