

TO: ALL MEMBERS OF THE LEADER'S CONSULTATIVE COMMITTEE

I enclose a paper "A Policy for Youth Employment" by Mr. Prior, which will be discussed at the Shadow Cabinet meeting tomorrow, Wednesday, 28th June, 1978.

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A POLICY FOR YOUTH EMPLOYMENT

A paper by Mr. Prior

Last October I asked Nicholas Scott, MP to chair a study group on the problem of unemployment among young people and to make recommendations on the Party's response to this problem. This paper is based both on the group's final report and on a discussion led by Mr. Scott at a recent meeting of the Parliamentary Party's Employment Committee.

Background

Young people have suffered disproportionately from the high level of unemployment in the United Kingdom. The reasons are varied. They include the practice of large employers solving their manning problems by wastage, that is to say, stopping or reducing recruitment particularly of the young; the attitudes of employers towards young people; the present educational system; and the increased number of women now working or seeking work, and who compete for jobs with the young.

The prospects over the next five years or so are far from promising, with the numbers of young people coming on to the labour market set to increase each year, not returning even to present levels till the late 1980s. The overall level of unemployment also seems likely to remain high by post-war standards, not least as the consequence of industry tackling overmanning and seeking to boost productivity.

The Party's Position

Youth unemployment is not an issue on which the Party can afford to appear to have little to say or little to offer. The Government have evidently recognised the importance of youth policy in general, and youth employment in particular, with the introduction of the Youth Opportunities Programme (YOP) and the recent proposals for a grant for all youngsters in colleges or staying on at school. We must expect the Government to make every effort to give a dramatic demonstration of their concern in a few months time, when large numbers of school-leavers are likely to be offered places on Government courses.

Although public opinion seems relatively resigned to the present high level of unemployment, the issue of youth unemployment does seem to generate particular concern. There is a sense in which it is felt to be unfair for youngsters to leave school with little prospect of finding work and there will be many people with children of their own or young relatives who will be worried at the youngsters' prospects. A policy for youth employment should also complement the Party's concern for a better preparation in the schools for the world outside and for the world of work. It is also important that the Party is seen by young people themselves not only to appreciate the very real problems with which they now have to contend but also has positive proposals to help them.

## Policy Proposals

The following proposals might form the basis of a package of measures to be implemented early in the life of a Conservative Government. Further political advantage could flow if it were possible to pull together these and other proposals into an Employment Bill. Further work is now being undertaken on the various proposals which could be included in any Bill.

1. Employment Protection Act. The Act's stringent requirements on dismissals and redundancies comprise a distinct disincentive for employers to take on employees who lack experience or training. This puts school-leavers at a serious disadvantage. We should make clear our determination to amend the Act to assist youth employment and should consult all parties on the most effective method. We could recommend either that:

(a) the "dismissal" provisions would not operate in respect of young people under the age of 19; and, more tentatively, firms below, say, 25 in strength also be exempted; or

(b) alternatively, the qualifying period for the dismissal provisions could be raised from six months to one or two years.

2. An Insulation Drive. The aims of the Government's Home Insulation Bill are modest in the extreme. Yet there are some 19 million houses with an average life of 60 years and of which about 75 per cent have inadequate insulation.

We should therefore introduce:

(a) in the first instance, a drive to insulate some five million homes over the period 1979-84. If introduced the scheme would coincide with the large increase in the 16-24 age group. Further study is being undertaken on the details of such a scheme, but it would be based on private enterprise, and at present the intention is that employers joining the scheme would commit themselves to a fixed-price insulation and would receive a subsidy for each young person employed in the programme. It is estimated that at any one time, some 20,000 jobs could be provided.

(b) Before completion of the initial programme, the scheme should be extended to include other domestic insulation and eventually to the insulation of industrial premises.

(c) Were the insulation programme to prove a success, particularly in the blending of skilled supervision and the employment of young people, it could provide the basis for a concerted programme to tackle the deprivation and squalor which affects many of our inner cities.

3. The Youth Opportunities Programme. The Party has, in general, welcomed the contribution made by the YOP to easing youth unemployment. But concern has been expressed at certain aspects of the YOP and we should make clear our determination to make the programme more effective by:

- (a) allocating the resources currently spent on the two-week "induction course" to be spent elsewhere in the programme;
- (b) making greater effort to ensure that assistance is channelled to localities with the most serious problems of youth unemployment;
- (c) paying special attention to the injection of an increased capital element in projects to ensure a greater chance of continued success;
- (d) ensuring a greater decentralisation of the programme's administration, reducing the weight of bureaucracy and allowing for greater involvement of young people in running the programme; and
- (e) correcting the various shortcomings of the Training Workshops.

Serious consideration should also be given to incorporating in the YOP a scheme for social, welfare and community work both at home and abroad possibly along the lines of a National Social Service Corps. It would seem inadvisable to incorporate any element of compulsion in such a Corps, but there would undoubtedly be much work for a Corps of volunteers to undertake in the educational, welfare, agricultural and community sectors. It is unlikely that any objections from the unions, particularly in the public sector, would gain much sympathy from the public.

However, before incorporating the Corps into the programme, there would need to be an overall review of present payments to 16-19 year olds.

4. The Armed Forces and the Police. Over the past three years, an estimated 180,000 jobs have been lost in the Forces and supporting industries through the Government's defence cuts. The constraints on the Police Cadet Service have further diminished opportunities for young people. Restoring the Forces and Police to strength and paying them appropriately will have a significant effect on the opportunities open to our best young men and women.

5. Careers Guidance. It would not seem advisable to introduce a change in the structure of the Careers Service, but greater emphasis should be placed on providing a more effective service, in particular for school-leavers with no academic qualifications. There should be encouragement for more outside visits and visiting speakers during the last two years of school to ease the transition from school to work.

6. The Use of Broadcasting. An assessment should be undertaken of the various efforts by regional TV companies and local radio stations in this field. There should be greater use of broadcasting both to advertise job and training opportunities open to young people.

7. Training Resources. Young people lacking qualifications or training find much greater difficulty in gaining employment and therefore:

- (a) the scattered but important initiative of Training Workshops should be extended and concentrated in and around areas of high youth unemployment;
- (b) encouragement should be given to schemes which bring together young people, education and training opportunities, and local commerce and industry;
- (c) we should seek ways of bringing into greater use for training the capacity and equipment in colleges, schools and training centres; and
- (d) a special study should be made of ways in which we might better use the training and other facilities of private industry and the Armed Forces.

8. Hotel and Catering Industry. There can be no justification for continuing to issue vouchers for unskilled foreign workers in this industry. The industry must be encouraged to find ways of attracting young people to take up the new employment opportunities. This is a sensitive issue with the hotel and catering industry.

9. Other Government Action. We should:

- (a) seek to influence the attitudes of unions and employers on the age at which adult wages have to be paid and to relax their attitudes towards the employment of trainee "dilutees";
- (b) study schemes to help the growth of small businesses - e.g. "rates holidays" and other incentives; and also improving the guidance available to those running or starting small firms (possibly through the establishment of a Research Centre staffed with aid from other private companies);
- (c) establish a programme for the development of small industrial sites in urban areas and ensure a greater emphasis on employment considerations in Industrial and Office Development Certificates' policy; and
- (d) commission a study on the extent of youngsters failing to register as unemployed and the problems arising from this.

#### Summary and recommendations

For a variety of reasons, young people have suffered disproportionately from the high level of unemployment. Youth unemployment is not an issue on which the Party can afford to have little to say or little to offer. With large numbers of youngsters coming onto the labour market over the next five years or so, there can be no simple or single solution. It is therefore recommended that the Party should -

(a) emphasise the role which will be played by our general economic policy and the opportunities for the young which will flow from our policies in the Armed Forces and Police: and

(b) adopt a number of specific proposals, as follows:

- amendments to the "dismissal" provisions of the Employment Protection Act;
- an insulation drive, in the first instance for 5 million homes over a 5 year period;
- a number of measures to make the youth opportunities programme (YOP) more effective.

On returning to office, the following proposals should be given further consideration:

- an extension of the insulation drive;
- incorporating into the YOP a scheme for work in the social, welfare and community services (possibly on the lines of a National Social Service Corps);
- greater use of broadcasting to assist young people to find job or training opportunities.

We should also consider how best we can achieve the following objectives:

- more effective careers guidance;
- more effective use of training resources;
- greater employment of young people in the hotel and catering industry;
- influencing the attitudes of employers and unions on youth employment; and
- encouragement for small and new businesses, particularly in city areas.