



PRIME MINISTER

E(A) COMMITTEE, 29 JUNE 1983: PAPER BY THE SECRETARY OF STATE FOR EMPLOYMENT

I think it might be helpful if I set out in advance my reactions to Norman Tebbit's paper on the annual review of special employment measures (E(A)(83)2).

First, I do not think it is necessary to take a decision now on the future of the Enterprise Allowance after March 1984. I believe we should wait until we have a full assessment of the Scheme's cost effectiveness, and some evidence of how the extension announced in the last Budget is going.

Secondly, I would not accept that savings on demand-determined special measures are available to be spent on others. Such savings are by nature uncertain. But, more important, we are due next month to have a first discussion of the background to this year's Public Expenditure Survey. It is already apparent that difficult decisions may be necessary to do no more than remain within existing plans. This implies, at the very least, that any bids for new expenditure which are accepted ought to be offset by policy savings on cash-limited spending rather than by reduced requirements

Against this background, I have the following comments on individual items in Norman Tebbit's paper:-

- (i) Enterprise Allowance. Leaving aside the question of when a decision should be taken, it is unlikely that an expansion on the scale envisaged would be justified. I am especially doubtful about increasing the level of the allowance when the effect might merely be to stimulate demand for places which cannot be met.

- (ii) Job-Splitting Scheme. All the signs are that this experimental scheme has failed to take off. I see little point in extending its life after March 1984, particularly since by then the part-time Job Release Scheme will be in operation.
- (iii) Voluntary Projects Programme. There may be a case for continuing this because of its popularity with the voluntary sector. But I think we should spend no more next year than is likely to be spent in 1983-84 around £5 million.
- (iv) Community Programme. I very much agree that there should be no increase in the number of places. However, I am not convinced that the average wage limit should be increased when there are signs that the Programme might be going ahead faster than the provision for it in 1983-84 allows.

On the Technical and Vocational Education Initiative I am sympathetic to Norman Tebbit's proposal, but as the proposal is that the extension should be financed from policy savings in other parts of the MSC budget, I should prefer to examine these savings more closely when we look at the MSC in the Public Expenditure Survey. I support the rest of Norman's proposals in principle, subject to some detailed points in respect of Community Industry.

I am copying this minute to other members of E(A),



PETER REES
27 JUNE 1983

1987 JUN 27

121234
56789

COORDINATOR