



PRIME MINISTER

WORKFARE

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Prime Minister 2

This is the minute  
 Lord Young mentioned to go  
 this afternoon. (I had in fact  
 marked the Chief Secretary's  
 minute for your week-end box.  
 Apologies.) JES 14/5.

1 The Chief Secretary sent me a copy of his minute to you of 12 May on this subject. We are meeting to discuss Workfare on 5 June but I thought I should respond immediately to what the Chief Secretary has to say about my suggestions for extending the Restart programme of compulsory interviewing for the unemployed. Given all that we now know about the proportion of the unemployment count made up of people who are not genuinely unemployed and the success of the existing pilots in exposing these people (witness the lead story in today's "Telegraph"), I am very surprised that the Treasury should take such a negative attitude.

2 For my own part, I see no reason to suppose that there are fewer people working in the black economy, "resting" or simply drawing benefit fraudulently in the 6-12 month category than in the 12 month plus category. Indeed I have long suspected that there may be many who alternate between periods of casual employment and 'unemployment' in the informal economy. But the only way to find this out for certain is to run some pilot schemes to test what happens when we compel them to explain themselves. No interdepartmental study will tell us this: there have been plenty of those in the past and none has arrested the decay in the "work test" so eloquently described in the Blaug Report.

3 I find the suggestion that I should not use the existing pilot schemes to test the effectiveness of extending compulsory interviewing to the 6-12 month category quite extraordinary. I certainly do not intend to seek any additional resources for the pilots or even to switch within

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existing resources: I shall simply be using the existing staff in the 9 pilot areas to carry out these further experiments once they have cleared the stock of 12 month unemployed. As for "raising expectations", I have no intention of seeking any publicity for these pilots or publicising their results. But if, as there is every reason to believe, we have the same degree of success with the 6-12 month category as with the 12 month plus, a national extension of the Restart Programme of the kind I have in mind would produce sufficient benefit savings to pay for itself.

Furthermore, if we are to make the sort of impact on the unemployment count we are all seeking - and to make the impact in the next 12-18 months - the sooner we get on with it the better. I still regret the original delay in commencing Restart.

4 I am sending copies of this minute to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Social Services, the Chief Secretary and Peter Morrison.

DY

14 May 1986

