

The young unemployed

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Young people under the age of 18 years have commonly been the subject of special rules during unemployment. As members of the labour force and as the adults of the future, the authorities wanted to teach them the responsibilities of adulthood, which included making provision while in work against periods of unemployment. On the other hand, their low wages could make contributions unduly burdensome, and if benefits were too freely available or too high, they might undermine the willingness to work. Prolonged unemployment could be particularly demoralising, especially where work habits were not well established.

From the early years of the century, therefore, the principal issues have been the age of entry to unemployment insurance and to benefit rights generally, the rates of contributions and benefits which should appropriately be paid by and to young people, and the conditions which ought to be attached to receipt of benefit. Prominent among the conditions discussed over the years has been the undertaking of training in order to maintain and improve employability.

The age of entry to benefits – 1911 to 1948

In 1911 when Unemployment Insurance was first introduced, compulsory education still ended at 12 years of age. In 1921 it was extended to the age of 14 years and remained at that level until 1947. Many children and young people over these compulsory school ages were in the labour force and therefore also capable of being unemployed. The 1911 and 1920 Acts, however, provided only for those of 16 years and over.

In no-mans land – the under 16s

It was understandable that the limited scheme of 1911 did not want to get involved in the provision of contributory unemployment insurance to 12 year olds. The extension of unemployment insurance in 1920 to cover most manual workers and lower paid non-manuals, occurred before the compulsory school leaving age was raised. It was in any case a sufficiently bold move without undertaking the additional difficulty of attempting to cover the very young, especially as in the period between 12 and 14 years, free elementary education was available to all. It might be thought better to encourage these young people to stay at school.

From 1921 onwards, the position became more anomalous. Compulsory education now ended at 14 years and the vast majority left school at this age and sought work. They were recognised as part of the labour force, but only as long as they were at work. No benefit for unemployment would be available until they had paid at least 7 months contributions after the age of 16 years. The insurance rules for adults added a further twist to this. Dependency additions could be claimed by a man (or woman) who was on Unemployment Insurance, but only for children under 14 years of age or those aged 14 and 15 years still at school. Unemployed youngsters of this age were not eligible. They had ceased to be dependants because they had left school.

The Royal Commission on Unemployment Insurance examined the age of entry at the beginning of the 1930s.¹ It noted that the gap between school leaving age and insurable age had been considered by committees in the past, and that when plans were made in 1929 to raise the school leaving age to 15 years, the National Advisory Councils for Juvenile Unemployment (England and Wales) had recommended that the age of insurance should at the same time be lowered to 15 years. Provision for this simultaneous change was embodied in the 1930 Unemployment Insurance Act. However, the Bill to raise the school leaving age was not passed and, the Royal Commission said:

The position at the moment is, therefore, that, although Parliament has accepted the principle that the gap between school leaving age and entry into insurance should be closed, there is no immediate prospect of the school leaving age being raised and the gap remains.²

It therefore recommended that the age of entry into insurance should be lowered to correspond to the age of entry into employment and that the minimum age for insurance be defined as not less than the school leaving age as established by statute from time to time.³

The government's response to this in the 1934 Unemployment Act was to lower the age of liability to pay contributions to 14 years but to maintain the age of entitlement to benefit at 16 years. This had the advantage of enabling young people to accumulate a contribution record against later unemployment, but left the benefit gap unfilled. No change was made to the age at which dependency additions ceased in Unemployment Insurance.

Somewhat different rules operated in Unemployment Assistance. Under the Household Means Test, it was the income of the whole household which determined eligibility for benefit. Young people had no independent benefit rights in a household whose income was above the means test line, but if the father was unemployed, he could claim also for unemployed dependants. The UAB scale rates included dependency additions for 14-15 year olds and for 16-21 year olds.⁴ There were similar provisions in Public Assistance.

The under-16s in the postwar reforms

At the time Beveridge was reviewing Social Insurance and Allied Services, education policy was also under review. The plan Beveridge put forward for a new social insurance scheme discussed rates of contribution and benefits only for those 16 years and over. But he noted that the position of those under 16 years would need to be considered once educational policy was decided.

As a general principle he stated: 'It is desirable that boys and girls should at an early age be brought into the Social Security Scheme, and become familiar with it'.⁵ If they worked for gain under the age of 16, insurance contributions should be paid by them and their employers, and any payment of cash benefit should be combined with continued supervision and education. Thus, the implication was that when the school leaving age was settled, this should become the age for entry into insurance and entitlement to benefit.

The 1944 Education Act provided for the raising of the school leaving age to 15 years and, as soon as practicable, to 16 years. The first of these extensions of compulsory schooling – to 15 years – was implemented in 1947, but no date was set for the second.

The 1946 National Insurance Act in turn provided that:

every person who on or after the appointed day, being over school leaving age and under pensionable age ... shall become insured under the Act and thereafter continue throughout his life to be so insured (Section 1).

Contribution and benefit rates for young people referred only to those under 18 years. Thus there would be no problem in adjusting to a change in the school leaving age.

From 1948, Unemployment Benefit could be drawn after contributions of 26 weeks. This meant that a boy or girl under 16 years could qualify for benefit provided he or she had been in regular work since leaving school. Changes in the regulations for means tested benefit will be discussed later.

Work incentives and training

16 and 17 year olds – the pre-war provision

The 16 to 17 year old group were included in Unemployment Insurance from its inception. They were classified as boys and girls (or juveniles) and paid contributions at a lower rate than those over 18 years who were treated as adults. Benefits were also lower for the younger group, at around half of the men's and women's rates respectively. The intention in setting the rates was to adjust the contribution levels to low wages and to ensure that benefits were not too high a proportion of possible earnings. Since girls earned less than boys, they both paid and received less.

By the mid-1920s there was concern about the incidence of juvenile unemployment amid high general unemployment. There were fears that the benefits available to young people might be creating an acceptance of a state of idleness, undesirable at any age, but particularly in those just starting out in working life. The Blanesburgh Committee in 1927 therefore recommended a still lower proportion of adult benefit for juveniles – down to one third of the adult rate – and the imposition of a condition of attendance at an approved course of instruction, where one was available. In those cases the unemployment benefit would be renamed a training allowance. The Committee said:

It is at this age that industrial workers are made or marred, and we are convinced of the necessity of providing them when out of work with suitable industrial instruction or training.⁶

The later Royal Commission returned to the subject of the juvenile unemployed.⁷ It noted that powers to impose a training condition had existed since the 1920 Act but no national funds had been allocated to establish and run appropriate courses and their development depended on local initiatives. It was not until 1930 that some national responsibility (through the Ministry of Labour) was accepted. In spite of the more recent growth in the number of courses only a small proportion of all unemployed juveniles aged 14-17 years attended such courses. Of those who had a benefit entitlement – where attendance could be made a condition of payment – only about half undertook training.

The Commission noted that many of the courses took place ‘in dingy, cramped and ill-equipped buildings’. It argued that Local Education Authorities ‘should regard them not as a temporary and makeshift, but a serious, part of their responsibilities’.⁸ Given this improvement:

Attendance at a Junior Instruction Centre or at a Course of Instruction should everywhere be regarded and enforced as a normal condition in respect of unemployment, whether through the Insurance Scheme or in the form of Unemployment Assistance.⁹

Juveniles who were suspended from courses for serious misbehaviour or who failed to attend should be suspended from benefit for a period of six weeks.

The 16-17 year old group on Unemployment Assistance after 1935 were treated in the same way as their younger counterparts. If they had not acquired or had run out of insurance rights, they would receive benefit only if they were part of a qualifying household – a factor which, incidentally, restricted the imposition of a training condition. In any case, as the economy recovered after 1935 and more jobs became available, training assumed less importance in benefit control, though the rule remained in use where facilities were available.

The postwar reforms – 16 and 17 year-olds

Under the Beveridge proposals, 16 and 17 year olds would be entitled to unemployment benefit once they had paid sufficient contributions. As seen in Chapter 2, Beveridge wanted to apply a training condition to all those adults who had been unemployed for six months. For young people a training condition should apply from the beginning of

unemployment.¹⁰ The government, however, wanted to separate training from devices designed to control abuse of benefit. Training was acknowledged as valuable in its own right, but it was inadequate for purposes of benefit control.¹¹ Parliament agreed, and no training condition appeared in the 1946 Act.

The 1948 National Assistance Act further improved the benefit rights of 16 and 17 year olds, but not those under 16 years. The Act defined as dependent children only those who were under 16 years of age. A boy or girl under 16 years who had not paid sufficient contributions to qualify for the new National Insurance benefit would not be entitled to National Assistance except as part of a household which itself qualified under the means test. Those aged 16 and over, on the other hand, could apply for National Assistance and be assessed on their own income. The rule, in effect, reduced the age of dependency by 5 years (from 21 years to 16 years), a marked change in the policy for means tested assistance. This also implied that, once the declared intention of raising the school leaving age to 16 years was implemented, then compulsory school leaving age, the age of entry to the labour force, the age at which insurance rights could begin to be acquired, and the age of National Assistance rights to an independent benefit, would all be harmonised at 16 years of age. The catch was that the raising of the school leaving age to 16 was delayed until the 1972-3 school year, leaving the 15 year olds once more in limbo where they did not qualify for Unemployment Benefit.

The young unemployed in the 50s and 60s

Unemployment benefits for young people in the 1950s and 1960s were almost wholly uncontroversial. The rate of unemployment was low, particularly among those under 18 years of age. In March 1955 for example there were 8,600 young people out of work and 8,700 in June 1960. During the 1960s, the numbers rose but except at school leaving time, they were typically under 20,000.¹² Unemployment, where it arose, was usually short term for this age group.

School leavers coming on to the labour market did not, in this period, raise any serious difficulties. The majority were 15 year olds who had no immediate benefit rights, but they found jobs fairly quickly in what was still a favourable labour market for people of this age. Relatively few 16-17 year olds turned to National Assistance for support. Indeed the National Assistance Board reports did not bother to separate them off from the 18-20 year olds until 1965 and when they

did, the entry for the younger group was only 3,000.¹³ They did not rate any special comment in the reports.

By November 1971 the figures of those under 18 years receiving what was now Supplementary Benefit had risen to 26,000.¹⁴ However, as the unemployment duration figures for July of the same year showed, the problem was still an essentially short term one. Of over 49,000 under 18 year olds who were unemployed, only 2,400 had been out of work for more than 26 weeks and just under 8,000 for over 13 weeks.¹⁵

The relative ease with which young people found work was probably one of the reasons why the under 18s were excluded from the Earnings Related Supplement introduced in 1966. Moreover, ERS was in part designed to encourage job mobility. The young were naturally mobile and needed no incentives to change jobs. There was also likely to have been a reluctance to increase benefits paid to this age group. All this is speculative because the Minister concerned did not apparently feel it necessary to explain to the House why the age of eligibility began at 18 years. Similarly, no queries were raised about the inclusion of the younger group in the extension of Unemployment Benefit duration to 12 months, also in 1966. Since they had paid the requisite contributions, there was, presumably, no obvious reason to exclude them and long term unemployment among this group was not yet an issue requiring separate consideration.

The raising of the school leaving age and its consequences

In the 1972-3 school year, the step foreshadowed in the 1940s – the raising of the school leaving age to 16 years – was finally taken. Its immediate impact was to help to reduce the number of unemployed under 18 years from 77,000 in July 1972 to 25,000 in July 1973.¹⁶ There was in any case a general fall in unemployment at that time (see Table 3.1) but the removal of a whole year's school leavers from the labour market had a useful additional effect. It was, however, only temporary.

The numbers of 16 and 17 year olds out of work rose once more in July 1974 – to 33,000 – and more markedly in July 1975, when they reached 104,000.¹⁷ Figures taken in July are inevitably higher than at other times of the year because they include school leavers. In terms of the general pattern of unemployment, therefore, the high July figures did not in themselves create concern. But the raising of the

school leaving age had had another effect. School leavers now fell within the eligibility criteria for Supplementary Benefit.

In its Annual Report for 1976 the Supplementary Benefits Commission (SBC) pointed out that, in July 1976, there were over 199,000 school leavers registered as unemployed and large numbers of them were claiming benefit.¹⁸ This huge influx of claimants was disruptive administratively, but it also, in the SBC's view, raised questions of principle.

School leavers inevitably took time to become absorbed into the labour market. Some had jobs to go to but would not start until the end of the summer vacation. Some found jobs during August and September. Others failed to find work and decided to return to school or enter non-advanced education. Some remained on the unemployment register beyond the vacation period. All of these could claim SB and a large proportion did. This situation had arisen, not because of any change in the typical circumstances of school leavers, but as the direct outcome of the raising of the school leaving age.

Commenting on this, the SBC said in the 1976 report:

We accept that young people of this age group should be encouraged to be as independent of their parents as possible and to manage their own financial affairs, making a contribution towards their keep ... Nevertheless, how far should young single people living with their parents be encouraged immediately on leaving school to look to the State rather than their parents for support?¹⁹

The SBC went on to raise the possibility that entitlement to benefit be deferred until the end of the school holidays, when their employment position would be clearer.

The Labour government of the time referred the matter to the new inquiry into Supplementary Benefit, established in 1977, and being undertaken by DHSS officials. The officials examined three propositions. First, that the qualifying age for SB should be raised to 18 years – which since 1969 had been the age of majority – on the grounds that the majority of 16 to 17 year olds lived with their parents and were not yet fully independent. This option was not recommended because provision would have to be made for 16 and 17 year olds who for good reasons did not live at home or who had a child to care for. To differentiate between categories of young people might have undesirable social repercussions.

The second proposition was that the eligible age should be lowered, to take account of the fact that some children actually left school before their sixteenth birthday because of the way statutory school leaving dates operated. This was not favoured because, the report said, there never had been a direct link between the date of school leaving and benefit age. If it was introduced it could encourage early leaving and it could 'reinforce a socially undesirable trend for children to enter adult life by moving straight from school onto benefit'.

The third proposition was the one that was recommended. This was to deal with the practical problem created by school leavers for the Supplementary Benefit scheme, as described in the SBC's 1976 report, and also with 'temptations to abuse the scheme', which arose when the child claimed to have left school, in order to get benefit, but had every intention of going back to school at the end of the holiday. The deferment of benefit entitlement to the end of the school holidays would deal with both problems.²⁰

The report was published in 1978, but before any of its proposals were implemented, there was a change of government. In 1980, the new Conservative government introduced legislation to defer SB payments to school leavers until the end of the vacation which followed the date of leaving. Once this period was over, 16 and 17 year olds would be eligible for SB in the normal way. Later developments made this appear to be the beginning of a Conservative government drive against SB payments to the young unemployed. But it is very likely that a Labour government would have taken the same step, in order to ease the administrative disruption being experienced by the SBC, at a time when unemployment generally was high.

Training for the young unemployed

Because of the continuous high employment levels among young people from 1948 onwards, the issue of training in relation to unemployed 15-17 year olds had hardly arisen. Training for young people who had left school had been regarded as an employer responsibility and State-provided training (other than through the education system) was geared almost exclusively to those aged 19 years and over.²¹

The increase in the numbers of young unemployed, and in the length of time many of them were out of work particularly from 1975 onwards, brought renewed political interest in the training question.

Table 6.1 gives the unemployment figures in January each year, that is, at a time of year when school leaving did not markedly inflate the numbers.

Table 6.1 Unemployment among 16 and 17 year olds, January 1976-9. Great Britain

	Males	Females
1976	57,505	48,605
1977	62,863	59,503
1978	66,978	67,869
1979	55,345	52,495

Source: *Department of Employment Gazette*, February 1976-9

Initially, the Manpower Services Commission (MSC) (which had the responsibility for the development of training), sought to open up the main adult scheme – the Training Opportunities Scheme (TOPS) – to the young unemployed.²² However, the persistence of unemployment among this age group turned the MSC’s attention to the planning of specific schemes for young people. The first, established in September 1976, and as a temporary measure, was the Work Experience Programme (WEP). This offered those under 19 years of age, six months work experience during which they were paid a training allowance, rather than a social security benefit. The scheme offered opportunities for ‘learning by doing’ and aimed to make the young people more employable. If, during the course, they found employment, there was no objection to their abandoning WEP in favour of paid work. Indeed, the average length of stay on WEP was 21 weeks and the MSC reported that the majority of those who left the scheme early, did so to get a job.²³

Even as WEP was being established, the MSC had doubts about whether it would be sufficient to meet the need. The Commission reported that it considered that:

the problems of unemployment amongst young people are so serious (and likely to remain so) that it should become an objective of the Commission to ensure that all young people of 16-18 years of age who have no job or who are not engaged in further or higher full-time education should have the opportunity of training, of participation in a job creation programme or of work experience.²⁴

The outcome was a decision to establish a Youth Opportunities Programme (YOP) in 1978. This would have a much stronger training content than WEP, and its aims would be to improve the employability of unemployed young people, and help them to find suitable permanent employment.²⁵ Whereas WEP, by March 1978, had involved nearly 60,000 young people,²⁶ the goal set for YOP, now including work experience, was for 187,000 places in the first year of operation.²⁷ As with WEP, a training allowance would be paid.

Although YOP was the product of the manpower planning arm of government, it nevertheless had an important role both in relation to social security policy, and to wider social policy. Young people who went direct from school to Supplementary Benefit (or after only a limited period of employment) were not learning the duty of self-support on which the economy is based. On the contrary, they were acquiring habits of dependency on the State and in the process were being unfitted for employment. Spending their time, not in the disciplines of education or of work, but in unstructured idleness, they had, moreover, the potential to become a social threat. The fact that, (as with adults) unemployment fell disproportionately on young people of the ethnic minorities, was seen as an additional cause for alarm because of what Solomos refers to as 'the supposed linkages between black youth, crime and unemployment'.²⁸

YOP was seen as a constructive way to counter these undesirable developments, pending an upturn in the economy which would return young people to the labour force, without the need for special interventions. At that stage, it was not regarded as a form of benefit control. There was no penalty for refusing a YOP place. The aim was to make it an attractive alternative to Supplementary Benefit or Unemployment Benefit, offering a higher allowance than either of these, interesting activity and a route to a permanent job. As with WEP, no tears were shed if young people did not need to enter YOP, because they had found work before the Easter after school leaving, when a guarantee of a place would come to be applied, nor were there any bars to leaving YOP if a job came along. The priority was employment, and not training in its own right.

Policies for 16 and 17 year olds after 1979

With the change of government (in 1979) came the change to the Supplementary Benefit rules, discussed earlier, postponing eligibility for benefit until the end of the school holidays. At the same time, as

Table 6.2 shows, after a brief dip, the unemployment figures among those under 18 years moved upward again and so did the numbers receiving Supplementary Benefit. To the figures shown in the table must be added those for Northern Ireland which began to be available after 1980. In 1984, for example, around 7,000 would have to be added to the unemployment figures and 5,600 to the SB figures to account for the under-18s in Northern Ireland.²⁹

Table 6.2 Unemployment among 16 and 17 year olds. Selected years January 1978-86. Great Britain

	Unemployed in January	On SB in preceding November/December
1978	134,847	87,000
1980	105,656	na
1981	190,775	126,000
1982	220,545	150,000
1983	215,277	168,000
1984	198,191	161,000
1985	192,633	169,000
1986	181,815	na

Source: *Employment Gazette* and *Social Security Statistics*

Unemployment and the youth wage

In March 1980, a report was published by the Department of Employment which took a fairly pragmatic view of the level of youth unemployment. Summarising this report in the *Employment Gazette*,³⁰ the author related unemployment among the young to the general level of unemployment. As adult unemployment rose, youth unemployment rose also, but at a faster rate, because one of the first steps employers took in times of recession was to reduce or cease new recruitment of young people. Conversely, as adult unemployment fell, youth unemployment fell faster, because recruitment recommenced. This relationship between adult and youth unemployment was described as the major explanation of the variations in the youth rate, so that the cure for youth unemployment, like that of adults, lay in an improvement in the economy. There was, the author added, no obvious need to introduce 'other hypotheses' such as the effects of pay

increases or unemployment benefit as they were not shown as having any effect.

Before long it was clear that the government wanted a more active explanation. It took the view that the youth wage was too high and was deterring employers from offering work. In August 1981, it announced a new Young Workers Scheme, to come into operation in January 1982. This offered a subsidy of £15 pw for 12 months to an employer who recruited an unemployed person under 18 years of age at a gross wage of less than £40 pw. A half rate subsidy would also be given for jobs paying £40 to £45 pw. These rates of pay were said to be appropriate because they reflected the lack of training and relative inexperience of young people.³¹

In 1983, the Department of Employment published a report which gave some support to the government's position.³² It showed that after 1969, the youth wage, as a proportion of the adult wage, had risen. Following the lowering of the age of majority to 18 years (from 21) in 1969, there had been a gradual wage rise for 18+ males as unions and employers shifted the age for the payment of the adult rate downwards to 18 years for males, bringing it into line with the female adult rate which had already been established at that age. This had had a flow-on effect to junior rates. A more direct influence had been the raising of the school leaving age in 1972-3. This had not only created a temporary shortage of young recruits (as seen earlier) but new school leavers were in future one year older and presumably better educated. The report went on to suggest, though with some caution, that the higher wage rates which has resulted had an adverse effect on the availability of employment for young people.

The government hoped that besides inducing more employment for young people, the Young Workers Scheme would have the effect of lowering youth wages more generally.³³ One disadvantage, from its point of view, was that some youth wages were set at a statutory minimum, i.e. those in Wages Council Industries. From 1982 onwards, the government began to talk of the possibility of abolishing the Wages Councils. No steps were taken until 1986 when the Wages Act removed young workers from the scope of the Wages Councils, though it left those for adults in operation.

The pros and cons of the government's thesis have been fiercely argued, but will not be discussed here.³⁴ What is important, from the point of view of benefits for the young unemployed, was that the next stage of the discussion was the relationship between the allowances

paid to them and the hoped for lower youth wage. The downward pressure on wages would have to be accompanied by a downward pressure on allowances.

The Youth Training Scheme

During 1980 and 1981, steps were taken to expand the intake of the Youth Opportunities Programme. In the year from April 1980 to March 1981, 360,000 unemployed young people entered the scheme.³⁵ Its goals were unchanged.

Later that year, faced with the increasing unemployment which was creating even greater demands on YOP and at the same time providing fewer opportunities for permanent jobs on leaving YOP, the MSC presented a new plan. This was to offer young people under 18, the ‘opportunity either of continuing in full time education or of entering training or a period of planned work experience combining work-related training and education’.³⁶

The new Youth Training Scheme, as it was to be called, was not simply a ‘constructive alternative to unemployment’, but a means of creating a better trained work force for the future. It would be directed to all young people, not simply to the unemployed. It would provide the normal first entry point to the labour market for 16 year olds, other than those who remained in full time education. However, the initial drive would be to absorb the young unemployed. The new scheme came into operation in 1983 (1982 in Northern Ireland) and was to provide one full year of training to 16 and 17 year olds, with a goal of extending to two years as soon as feasible. To the MSC it was an important training initiative. The government had additional goals.

During 1981 the government had begun to suggest that it was undesirable that 16 year olds should have a Supplementary Benefit entitlement in their own right. It indicated that it believed ‘it would be right for young people, whether in education, the new training scheme or unemployed, to be regarded in general as dependent on their parents for the first year after reaching minimum school leaving age’.³⁷ The change would be made at the point when the government was in a position to guarantee that no 16 year old need be unemployed – i.e. when the new training scheme was introduced. At the same time, the government rejected the MSC’s proposal for training allowance of £28 pw (higher than the YOP allowance of £25) and proposed instead to pay £14.40 pw to 16 year olds and £24 pw to 17 year olds.³⁸

Both propositions aroused opposition, in particular from a Youth Task Group of the MSC which sought an allowance at the same level as for YOP but uprated to take account of inflation. The rate it proposed was £26.90 pw with provision for an annual review. It was against the withdrawal of the right to SB, first because it would introduce an undesirable element of compulsion into participation in the training scheme, if refusal to do so carried such a severe penalty. The scheme should be able to attract voluntary participation, while 'reluctant recruits' could be a disruptive influence. Its second reason was that inevitably there would be periods when young people, through no fault of their own, were not on the training scheme. A safety net was essential to deal with this.³⁹

Around the same time a Select Committee of the House of Lords was reaching similar conclusions. The government's proposed allowance was inadequate and ought to be increased. The objective ought to be to make the training option attractive and the option of unemployment irrelevant. If this was done, there would be no necessity to withdraw SB from 16 year olds.⁴⁰

The government gave way, though it reiterated its view that it was not the job of the government to offer, with taxpayer's cash, the option of being unemployed.⁴¹ The Youth Training Scheme allowance for both 16 and 17 year olds would remain at the £25 pw provided under YOP, and SB would not be withdrawn at least until the scheme had been one full year in operation, when the policy would be reviewed. However – in a return to the policy for young people pursued in the 1930s – unreasonable refusal of a place on the scheme would be penalised by benefit reduction for a period of six weeks.⁴²

By April 1986 the Youth Training Allowance had reached only £27.30 pw. But as the second year of YTS began to be introduced (in 1986), a separate second year rate of £35 pw was established. This higher rate would also be paid to new 17 year old entrants after the first 13 weeks. From 1984, new 16 year olds entrants to the Young Workers Scheme were not to be accepted, so that it did not compete with YTS.

Supplementary Benefit

For 16 and 17 year olds, the principal benefit during unemployment was Supplementary Benefit. The NI contribution rules did permit 17 year olds to qualify for Unemployment Benefit, provided they had had a full year's work after leaving school. Separate figures for this age

group are not given in the Social Security Statistics, but it can be expected that the numbers involved were modest. The rules attached to Supplementary Benefit, and the rates paid, were therefore of considerable importance to the young unemployed.

Young unemployed people on Supplementary Benefit faced three possible hazards. The first related to YTS. Those who refused a place on a scheme or who left a scheme prematurely could find their benefit reduced for six weeks by around 40 per cent. In a 6 months period up to May 1984, just over 7,000 young people were affected by this rule.⁴³

The second also had a training connection. The decision in 1948 that training would *not* be made a condition for benefits for the unemployed had produced a clear separation between education and training – for which the education and manpower authorities respectively were responsible – and benefits which the social security authorities paid to those neither in work nor in full time education or training. This sharp division, however, had the potential for creating problems for those who were pursuing part time education.

In the three decades after 1948, little was heard of any problem. There was some evidence of flexible arrangements made by the SBC to allow newly unemployed young people to complete day release courses they had begun or to undertake limited studies, provided they remained available for work.⁴⁴ But the combination in the early 1980s of the increase in unemployment among young people, the formalisation of many Supplementary Benefit rules by the 1980 Social Security Act (now to be operated by DHSS direct, and without the mediation of the Supplementary Benefits Commission), brought the issue into greater prominence. Decisions made by Social Security Commissioners, adjudicating on individual cases sometimes introduced extra difficulties.

The rules provided for two possible situations. For the first three months on Supplementary Benefit, 15 hours study per week was permitted, including homework. Generally speaking it was expected that this would cover young people just leaving school, who were seeking work but were finishing off parts of their education or seeking to improve their qualifications. The object of the 15 hour rule was to distinguish between those who were really still in education and should therefore be claiming Child Benefit and education allowances from the Local Education Authority, and those who were in the labour

market and available for work. For this reason it was restricted to those 18 and under, i.e. the Child Benefit age limit.

The 15-hour rule ran into difficulties when a decision of a Social Security Commissioner gave the right to SB to a young person doing 13 hours course work and 4-5 hours homework. The DHSS felt that this opened the way for an upward drift in the permitted hours of study which could be combined with SB. In 1984, it introduced a revised rule permitting 12 hours study, excluding homework.

After three months on benefit, the second element in the rules came into operation. This permitted 21 hours per week study, again provided it did not interfere with immediate availability for work. This, too, ran into definitional difficulties. In 1981-2, following legal advice, DHSS began interpreting the 21 hours as including meal breaks and homework. The apparent discouragement this gave to young unemployed people (as well as older unemployed who also qualified) who were trying to improve their employability aroused some controversy. Later, the rule was modified, retaining the total figure of 21 hours, but clearly relating this to class work and tuition.

Although these difficulties arose at the same time as the government was discussing the possibility of withdrawing Supplementary Benefit from the young unemployed altogether, it need not be assumed that they were part of the same policy. The problems stemmed from the poor provision being made for young people of 16 and 17 years who stayed in full time education. Where allowances were available – and they were not so universally – they were frequently below the level that could be obtained by claiming SB as an unemployed person. Government, however, resisted the introduction of mandatory allowances, either for those still at school (Education Maintenance Allowances) or those in non-advanced further education (Minor Awards), because of the cost.⁴⁵ The DHSS, for its part, was determined that Supplementary Benefit should not be allowed to develop into an education subsidy.⁴⁶ Its task was to provide for those who were unemployed and available for work. The Department was willing to be moderately flexible, but wanted to draw clear lines so as to emphasise the proper purpose of benefits. The young people concerned fell into the gaps created by the failure to develop a coherent policy on education, training and benefits.

The third hazard was, however, much more clearly part of the government's distaste for paying Supplementary Benefit to young unemployed people. Among the payments available from SB was a

higher rate of benefit for those unemployed and other recipients who lived away from home in board and lodgings. The level of these payments was determined at local DHSS offices, on local criteria, resulting in quite wide variations from place to place.

Government concern about the operation of the rules governing board and lodgings arose from a 60 per cent (from 23,000 to 37,000) increase during 1983 in the number of young people of 25 years and under claiming SB board and lodging payments. The belief that the policy required an early review was re-inforced by a press campaign alleging that unemployed young people were taking extended holidays in seaside resorts, under the guise of seeking work and that this was being done at the taxpayers expense. This campaign was, in its essence, supported by a number of Conservative MPs representing seaside constituencies and by evidence from DHSS offices in these areas of increased claims from unemployed young people from other areas of the country.⁴⁷

The government's first set of proposals, in November 1984, were designed, not simply to tackle the local problem being experienced in the seaside resorts, but to reduce the level and the quantity of board and lodging payments across the whole country. In particular it was intended to place limits on the eligibility of 16 and 17 year olds to claim board and lodging payments in their own right, and to restrict severely the length of time for which a board and lodging allowance would be available to all unemployed people, without dependants, outside their own local area.⁴⁸

These proposals were referred to the Social Security Advisory Committee (SSAC) which received over 500 submissions (a peak not reached before) mainly in opposition to the government's plan. The SSAC report, in turn, indicated very serious misgivings about the proposed policy. Nevertheless the government decided to proceed. The new policy, somewhat revised, was announced in March 1985, to come into force on 29 April 1985. New national payments limits would be set, moving from a current range of £40 to £110 pw, to six standard amounts ranging from £45 to £70 pw, depending on the area. Within these limits, no restrictions would be placed on those 26 years and over, or on exempt categories such as the chronically sick or disabled or those who had a dependent child. The idea of special rules for 16 and 17 year olds was not pursued. Limits would apply to all those 25 and under, permitting stays in board and lodgings of up to 2, 4 and 8 weeks only, depending on the area and including their home

area. When this period expired, the normal SB non-householder rate would apply. Those now in board and lodgings would have between 4 and 13 weeks to find cheaper alternative accommodation. No limit was placed on the length of stay in hostels where the £70 pw maximum would apply nationally.⁴⁹

The new rules had a chequered career. In August 1985, they were ruled to be illegal by the High Court. In October 1985, they were re-imposed only to be disallowed within Parliament itself. They re-emerged in November 1985, this time in more permanent form.

Throughout the controversy, those who opposed the new rules argued that the problem was created by high unemployment, the government's cuts to the housing programme which had led to shortage of suitable accommodation and increased homelessness, and by family conflict, often due to the stress of unemployment, which forced large numbers of young people to leave home. The rules, therefore, attacked the symptoms, not the cause.

The government, for its part, rejected the possibility that the sudden and rapid increase in board and lodging claims could be attributed to these wider causes. It asserted – though without hard evidence – that there was widespread abuse by both landlords and young people who were exploiting the willingness of the DHSS to meet board and lodging costs, and that the system gave excessive encouragement to young people to leave home. Moreover, and this was used as the clinching argument, if an unemployed young person found work, it was highly unlikely that they could earn enough to pay high board and lodging charges themselves. Thus, a disincentive to work was in operation, and not only in the seaside places which had aroused the original concern, but nationwide. Limited action would therefore be insufficient.⁵⁰ Some concessions were made - rather more generous exemption rules and deferred application of the rules to existing claimants until 28 July 1986 – but apart from this, the government pursued its goals with determination.

The young unemployed in 1985

In mid-1985, the young unemployed aged 16-17 years fell into one of three benefit categories. First were those who had had a period of work long enough to pay contributions for Unemployment Benefit (UB). These would normally be 17 year olds and they would receive UB at the adult rate of £25.45 pw. Second were those on the Youth Training Scheme, receiving a Training Allowance of £26.25 pw. Most

of these were 16 year olds but a proportion were 17 year olds. (A higher rate for 17 year olds would be introduced in the following year.) Third were 16 and 17 year olds on Supplementary Benefit. As unemployed people they would receive only the short term rate and as young people they were only entitled to dependency rate for their age group of £19.30 pw.

Government policies towards this age group were both positive and negative. They were positive in that very substantial sums of money were being expended on the Youth Training Scheme which the MSC sought to make of real value to young people, though it was not always successful in meeting this goal. The policies were negative in that government sought to exert social control over the young unemployed through the social security system.

This took two forms. The first was pressure to undertake training through the sanction of reduced benefits. To the extent that government was attempting to establish a new social pattern – that is, that 16 and 17 year olds would not normally be in the labour force but be engaged in education or training to equip themselves for a technologically-oriented future – this could be seen as a necessary part of the process. Unfortunately it was not accompanied by a guarantee that good standards of training would always be available in YTS or by a policy of financial support for those who could benefit more by remaining in the education system.

The second approach to social control was to attempt to raise the age which had marked the end of full dependency. The government repeatedly expressed its desire to withdraw the right to Supplementary Benefit from 16 year olds who, it considered, should be the responsibility of their parents. In the initial plans for the Board and Lodging regulations, it wished to place particular limitations on 16 and 17 year olds, to deter them from leaving home. In the outcome, the rules were applied not only to the youngest unemployed but to all those, without dependants, up to the age of 25 years. They marked the beginning of differential rules, not only for 16 and 17 year olds, but for those above and well above the age of majority.

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