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PRIME MINISTER

MS.

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Weekend

Derek Rayner is content for you to make use of his original complaints, but he believes MSC have responded sensibly, as in paras

MARKS AND SPENCER AND THE YOUTH OPPORTUNITIES PROGRAMME 3+4 below.

1. We touched last Saturday on the problems which Marks and Spencer has had with the Youth Opportunities Programme (YOP). Mrs Thoms gave Mr Pattison a brief note on these yesterday. I understand that you are still concerned about MSC's methods and you may, therefore, like a more detailed account of where we now stand.

2. Last December, I passed to Sir Richard O'Brien four complaints which the M and S Personnel Group had made:

- (a) Before agreeing that an individual store which had not previously offered YOP places could do so, MSC insisted on visiting the store and making a report - even though M and S had shown that they always operated the scheme properly. This meant extra paperwork and delay before school leavers could take up the opportunities on offer.
- (b) M and S's financial system allows for trainees' allowances to be reimbursed either centrally or through individual stores. M and S would much prefer one central agreement, but MSC insisted on area agreements (29 in all) which mean more paper and considerable inconvenience to M and S.
- (c) Offers of extra places had to be confirmed in writing and recorded on a separate legal agreement.
- (d) MSC's Bristol office asked M and S to run a short training course, but could not explain how it differed from the Work Experience on Employer's Premises (WEEP) scheme which M and S already ran.

3. Following my correspondence with the MSC (copied to your office) and discussions between M and S and MSC:

On (a): MSC stopped their visits to and reports on M and S stores not previously involved in YOP.

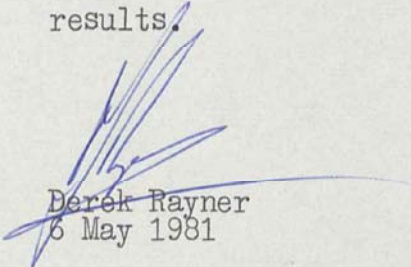
On (c): MSC will transfer written confirmation of extra places to the legal agreement.

On (d): MSC have instructed their Bristol office on the aims of the various schemes and told them they must not run overlapping courses.

4. That leaves (b), the central versus area agreements problem. This will be covered in MSC's 1981 scrutiny (terms of reference annexed). I have made sure that this scrutiny covers value for money from special programmes as well as procedures for dealing with sponsors.

5. In addition, at MSC's request, M and S are seconding a very able man - Mr Michael Johnson - to the scrutiny team.

6. I shall be watching the progress of this scrutiny carefully (it has been designated "particular interest") and believe it has all the ingredients for achieving very good results.


Derek Rayner
6 May 1981

MSC's 1981 RAYNER SCRUTINY

Terms of Reference:

"To review the MSC's procedures and paperwork in recruiting, paying and maintaining relations with the sponsors of schemes under the Youth Opportunities Programme and Community Enterprise Programme, with a view to simplifying them so far as is consistent with the requirements of public accountability, to obtaining value for money from the programmes, and to ensuring adequate checks on fraud and abuse (including "substitution")."



MARKS AND SPENCER AND THE OPERATION OF THE YOUTH OPPORTUNITIES
PROGRAMME

Marks and Spencer's main problem with the Youth Opportunities Programme (YOP) was that MSC's procedures were too rigid. MSC imposed the arrangements for agreeing and paying for YOP places which best suited them. They would not adapt them to accommodate the sponsor firm - even where the firm had a tradition (as M and S has) of managing the scheme well and offering first rate opportunities.

Following the correspondence between Sir Derek Rayner and Sir Richard O'Brien, MSC have modified the arrangements for agreeing extra places so as to reduce paperwork considerably. MSC had insisted on visiting stores which were new to YOP before agreeing that they could take part and these visits will stop. But this may be a concession to M and S only. This still leaves the problem of MSC's method of reimbursement not being in line with M and S's financial system. This will be taken up in MSC's 1981 scrutiny on special programmes sponsors and value for money.

BRIEFING FOR THE PRIME MINISTER

Marks and Spencer Contribution to YOP

1. Marks and Spencer have operated work experience on employers premises schemes since 1976 (YOP began April 1978) prior to this under the Work Experience Scheme and the Job Operation Programme.

The Company at present offers a total of 540 places under WEEP as follows:

432 retail
97 catering
2 stock handling
9 Miscellaneous

2. At present some 350 places are occupied and the MSC is currently negotiating with the Company to introduce further schemes in their warehouses from the Autumn - location and numbers not yet agreed.

3. Marks and Spencer are meeting with the MSC on Friday 8 May - there is good liaison between the two.

4. Sir Derek Rayner wrote to the Chairman of MSC on 22 December 1980 - Sir Richard O'Brien replied on 23 January 1981 - both letters were copied to P M's Office and concerned the rather dramatic expansion of Marks and Spencer sponsorship of WEEP plans under YOP.

Line to take

The Prime Minister will be aware that there is a scrutiny planned to review the MSC procedures in recruiting and paying YOP and Community Enterprise Programme sponsors by Sir Derek Rayner. [Executives seconded from the MSC will be Gregory Hyland and Michael Johnson] The scrutiny will commence on 11 May 1981.