

*Manpower*  
PRIME MINISTER

*The Prime Minister agreed 10X1*

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New Training Initiative

You asked me to explore whether it would be possible for the Government to distance itself from the MSC consultative document which Mr. Prior is planning to publish later this month.

I have spoken to the Department of Employment, who have told me that the report is being published in MSC's name. The Secretary of State is only providing an introduction.

In the light of your comments and the Treasury's, Mr. Prior's forward has been somewhat toned down: in particular, it now avoids giving the impression that we have substantial extra resources for training. It also goes some way in the direction of distancing the Government from the report - though, I have to say, not as far as you and the CPRS would have liked.

Mr. Prior has personally asked me to say that, in the light of the comments which were made on the earlier draft, the other "parties" in MSC have made substantial concessions in the present draft; and that to withdraw the Government's name altogether now would put off any hope of reforming the training system. He also points out that colleagues, at the last meeting of E on this subject, specifically asked him to reach agreement on the document with MSC.

X | The Chancellor has now said that he is content for the document to be published. Can I tell Mr. Prior's office that you reluctantly go along with it too? (They are committed to publishing this month, which in practice means no later than 21 May because Mr. Prior is then going to the United States. To meet this deadline they need to get the document to the printers tonight, or at the very latest, first thing tomorrow morning.)

T.P. LANKESTER

11 May 1981



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

11 May 1981

The Rt. Hon. James Prior MP  
Secretary of State for Employment

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*11/5*

*Durbin*

NEW TRAINING INITIATIVE

Thank you for your letter of 1 May. It would obviously be difficult to negotiate further changes to the draft consultative document and it would be a pity to risk aborting the whole exercise at this late stage when all the parties are agreed on the main outlines of the new initiative. However the passages on the need for more resources for training and, in particular, paragraphs 40, 51 and 61(5), do seem to me to go too far towards promising extra public expenditure. They can only increase pressure on us to accede to the MSC's forthcoming bid for extra apprentice grants and to make a long term commitment to expanding expenditure on training. There is a danger also that, should we resist these pressures, we will be accused of abandoning the approach set out in the document and this would undermine our attempts to persuade employers and unions to pursue the 3 objectives.

I note that you intend that the paper should be published as an MSC document with a foreword by Ministers rather than as a full joint publication. I suggest that it should be possible by careful drafting of the foreword and by some very slight amendments to the main text to make clear that, while supporting fully the broad aims of the initiative, the Government is not committed to extra public expenditure but will do its utmost within available resources. I suggest that the last two paragraphs of the draft foreword might be amended on the following lines:-

"This will make demands on all parties. But it will also bring benefits to all, in the short and the long term.

The Government therefore welcomes this document and will be considering with MSC what it can do within the available resources to advance the objectives."

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Within the document itself, I should like to see paragraph 50 amended so as to refer to the MSC alone rather than "The Government and the MSC", and paragraph 61 (5) amended to read:

"What is the scale of resources likely to be required and in what way should those who benefit from training - employers, trainees, and the country at large - contribute to its cost?"

I hope you will be able to agree to these minor amendments. They will not stop MSC and others from pressing for more expenditure but they should serve to make plain that the Government is not committed to increases at this stage.

I am sending copies of this letter to the Prime Minister, Mark Carlisle, George Younger, Nicholas Edwards, and Sir Robert Armstrong.

GEOFFREY HOWE

A handwritten signature in black ink, appearing to read "Geoffrey Howe", written over a horizontal line.