



PRIME MINISTER

WHITE PAPER: 'TRAINING FOR JOBS'

As you know our White Paper 'Training for Jobs' is to be published today, and I enclose a copy. Also enclosed is a copy of the Statement I will be making this afternoon after Questions. A parallel statement will be made in the House of Lords.

Copies of this minute, the White Paper and the Statement go to Members of the Cabinet, and to Sir Robert Armstrong.

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31 January 1984

ORAL STATEMENT

1 WITH PERMISSION MR SPEAKER I WISH TO MAKE A STATEMENT ABOUT VOCATIONAL EDUCATION AND TRAINING.

2 THE GOVERNMENT IS TODAY PUBLISHING A WHITE PAPER "TRAINING FOR JOBS". THIS IS PRESENTED JOINTLY BY MY RIGHT HON FRIENDS THE SECRETARIES OF STATE FOR EDUCATION AND SCIENCE, FOR SCOTLAND AND WALES AND MYSELF. COPIES ARE AVAILABLE IN THE VOTE OFFICE.

3 A WELL TRAINED WORK FORCE IS ESSENTIAL TO A STRONG ECONOMY AND TO WIN BACK JOBS; TO ACHIEVE THIS, VOCATIONAL EDUCATION AND TRAINING MUST BE PROPERLY DIRECTED TO THE DEMANDS OF THE MARKET PLACE.

4 TWO YEARS AGO WE PUBLISHED OUR FIRST WHITE PAPER ON TRAINING. AT THAT TIME WE SET OUT THREE OBJECTIVES: FIRST, TO IMPROVE VOCATIONAL EDUCATION AND THE TRANSITION FROM SCHOOL TO WORK; SECOND TO MODERNISE APPRENTICESHIP AND OTHER SKILL TRAINING; AND THIRD, TO OPEN UP WIDER TRAINING OPPORTUNITIES FOR ADULTS.

5 SINCE THEN WE HAVE MADE CONSIDERABLE PROGRESS. ALREADY MORE THAN 300,000 YOUNG PEOPLE HAVE ENTERED THE YOUTH TRAINING SCHEME. OUR NEW INITIATIVE IN CO-ORDINATED TECHNICAL AND

VOCATIONAL EDUCATION FOR YOUNG PEOPLE BETWEEN 14 TO 18 WAS LAUNCHED LAST SEPTEMBER. 14 LOCAL EDUCATION AUTHORITIES CO-OPERATED IN PILOT SCHEMES AND A FURTHER 46 HAVE NOW BEEN INVITED TO JOIN THE SCHEME, STARTING IN SEPTEMBER.

6 IN THE REFORM OF APPRENTICESHIP ARRANGEMENTS IMPORTANT IMPROVEMENTS HAVE BEEN MADE IN ENGINEERING, ELECTRICAL CONTRACTING, PRINTING AND THE CONSTRUCTION INDUSTRIES. THE OPEN TECH PROGRAMME IS NOW WELL UNDER WAY, WITH AS MANY AS 50,000 PEOPLE EXPECTED TO TAKE ADVANTAGE OF THIS NEW FACILITY NEXT YEAR.

7 THESE SPECIFIC NEW INITIATIVES HAVE INVOLVED MAJOR EFFORTS BETWEEN EMPLOYERS, TRADE UNIONS, LOCAL AUTHORITIES, VOLUNTARY ORGANISATIONS, COLLEGES, SCHOOLS AND THE CAREERS SERVICE AND THE SUPPORT AND INTEREST OF MANY HON MEMBERS OF THIS HOUSE, TO WHICH I READILY PAY TRIBUTE.

8 THE WHITE PAPER ALSO SETS OUT THE CRITERIA AGAINST WHICH WE SHALL MAKE OUR FUTURE PLANS, AND ANNOUNCES CERTAIN SPECIFIC PROPOSALS. CENTRAL AND LOCAL GOVERNMENT HAVE AN IMPORTANT PART TO PLAY, IN VOCATIONAL EDUCATION AND TRAINING. BUT REAL SUCCESS DEPENDS CRUCIALLY ON THE PART PLAYED BY EMPLOYERS AND TRAINEES THEMSELVES. THE DECISIONS AS TO WHO IS TRAINED, WHEN AND IN WHAT SKILLS, ARE BEST TAKEN BY EMPLOYERS (AND INDEED THE INDIVIDUALS CONCERNED) WHO KNOW BETTER WHERE THE REAL NEEDS ARE.

9 SO INVESTMENT IN TRAINING MUST BE COST EFFECTIVE, FLEXIBLE, ADAPTABLE TO CHANGING TECHNOLOGY AND FREE OF OLD-FASHIONED RESTRICTIONS.

10 I NOW TURN TO ADULT TRAINING. THE MANPOWER SERVICES COMMISSION RECENTLY SUBMITTED TO ME PROPOSALS FOR A NEW ADULT TRAINING STRATEGY. WE FULLY SUPPORT THE COMMISSION'S CALL FOR A NATIONAL CAMPAIGN TO RAISE AWARENESS, AMONGST EMPLOYERS AND ALL CONCERNED OF THE VITAL IMPORTANCE OF TRAINING.

11 WE SUPPORT TOO THE NEED TO PROVIDE WIDER OPPORTUNITIES FOR THE TRAINING OF ADULTS TO MEET NEW SKILL REQUIREMENTS. WE THEREFORE ENDORSE THE COMMISSION'S PROPOSALS TO RESTRUCTURE THEIR EXISTING PROGRAMMES TO DOUBLE THE TOTAL NUMBER OF ADULTS TRAINED UNDER MSC COURSES TO OVER 250,000 A YEAR. THIS WILL INCLUDE A SIGNIFICANT INCREASE, TO SOME 125,000 IN THE NUMBER OF UNEMPLOYED RECEIVING TRAINING.

12 THE GOVERNMENT HAS AGREED TO CONSIDER FURTHER TWO PROPOSALS BY THE COMMISSION. THE FIRST OF THESE IS THAT THERE SHOULD BE SOME TRAINING INCLUDED FOR PEOPLE ON COMMUNITY PROGRAMMES. THE SECOND OF THESE IS THAT SOME ADULT TRAINEES COULD BE HELPED BY A GUARANTEED LOAN SCHEME TO ENABLE THEM TO OBTAIN TRAINING NOT OTHERWISE AVAILABLE TO THEM. THE GOVERNMENT RECOGNISES THAT THIS COULD WELL BE OF INTEREST TO A NUMBER OF PEOPLE, AND I CONFIRM THAT WE SHALL BE READY TO CONSIDER IT FURTHER WITH THE MSC AND OTHERS CONCERNED.

13 THE WHITE PAPER ALSO ANNOUNCES IMPORTANT NEW ARRANGEMENTS WITHIN VOCATIONAL EDUCATION. IT IS VITAL TO GET THE CLOSEST POSSIBLE COLLABORATION AT LOCAL LEVEL BETWEEN EMPLOYERS, LOCAL EDUCATION AUTHORITIES AND COLLEGES, AND OTHER PROVIDERS OF VOCATIONAL EDUCATION AND TRAINING, IN IDENTIFYING AND MEETING THE REAL NEEDS FOR FUTURE EMPLOYMENT IN THEIR AREAS. THE MANPOWER SERVICES COMMISSION, WHICH INCLUDES REPRESENTATIVES FROM INDUSTRY AS WELL AS LOCAL AUTHORITIES AND PROFESSIONAL EDUCATIONAL INTERESTS, AND WHICH HAS AN ESTABLISHED LOCAL NETWORK IS WELL PLACED TO ASSIST IN THIS ROLE.

14 THE GOVERNMENT HAS THEREFORE DECIDED TO ASK THE COMMISSION TO EXTEND ITS RANGE OF OPERATIONS SO THAT IT CAN DISCHARGE THE FUNCTIONS OF A NATIONAL TRAINING AUTHORITY. WE PROPOSE TO INCREASE THE COMMISSION'S RESOURCES DEVOTED TO WORK RELATED NON-ADVANCED FURTHER EDUCATION IN ENGLAND AND WALES FROM SOME £90 MILLION NOW TO SOME £155 MILLION IN 1985/86 AND £200 MILLION IN 1986/87. IT WILL THEN REPRESENT ABOUT ONE QUARTER OF THE TOTAL PUBLIC SECTOR PROVISION FOR THIS AREA. THE RESULTANT REDUCTION IN THE NEED FOR LOCAL AUTHORITY EXPENDITURE WILL BE TAKEN INTO ACCOUNT IN SETTLING THE RELEVANT RATE SUPPORT GRANTS FOR THOSE FUTURE YEARS.

15 THE COMMISSION IS BEING ASKED TO BEGIN CONSULTATIONS IMMEDIATELY WITH EDUCATIONAL INTERESTS, EMPLOYERS AND OTHER INTERESTED PARTIES SO THAT PLANS CAN BE SETTLED IN GOOD TIME FOR THE BEGINNING OF THE 1985-86 ACADEMIC YEAR.

16 IN 1983/84 WE EXPECT TO SPEND £960 MILLION ON TRAINING. IN 1984/85 WE PLAN TO INCREASE THIS TO £1100 MILLION. THIS IS IN ADDITION TO THE £2½ BILLION SPENT BY EMPLOYERS, AND THE SUBSTANTIAL SUMS WITHIN THE FURTHER EDUCATION SECTOR. IT IS VITAL TO ENSURE THAT THESE FUNDS ARE ALL USED TO THE BEST POSSIBLE EFFECT. THIS WHITE PAPER SETS OUT THE GOVERNMENT'S CONTINUING PROGRAMME TO ENSURE THAT AS A NATION WE ARE PROPERLY TRAINED TO MEET THE CHALLENGES OF THE YEARS AHEAD.

+ 14.5%

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until 31/1/84

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"Training for Jobs"? Where are the jobs coming from?

Where jobs normally come from in a market economy - from the success of people in identifying a market demand and meeting it competitively.

We want to convey three things in talking of "training for jobs". The first message is that training is of most value if it is related to work and used in a job. So don't let us waste scarce resources on training in a vacuum. Instead, let us focus on training to meet working needs; let us rely on employers and trainees to identify those needs, not on Government; and let us develop a training system which can respond quickly and flexibly to those needs.

The second message is that people who are trained to do their jobs well will produce more efficiently. So training must be treated as an investment and, in order to secure enough of it, we need to maximise the prospective return for those who do the investment, whether they are employers or trainees.

And the third message is that an efficiently trained workforce will make our industry and commerce more competitive and responsive to new opportunities and so enable us to secure a larger share of developing world markets. It is therefore an important factor in attaining higher output and higher employment. So it is training to create jobs too.

Will the Government bring more employed youngsters into the YTS?

A significant proportion [10%] of young people already on YTS are already employees. The recent change in YWS rules will help bring into the Youth Training Scheme more 16 year olds who would otherwise have been employed under YWS. The estimates for recruitment to YTS in 1984/85 assume that employers will bring more employed youngsters into the Scheme under the "additionality" rule. This is of course a matter for them [but there is evidence that more employers are recognising the value of YTS as helping to bridge the gap between school and work, for all the youngsters whom they take on.]

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FUNDING OF TRAINING (paras 6-14)

Is the Government still considering a remissible tax or levy on employers to pay for training?

The Government has no proposals for introducing any new tax or levy for this purpose.

Does the Government intend that employers should make a bigger contribution towards the costs of YTS?

The Government currently bears most of the costs of foundation training including YTS and the White Paper makes no proposal for change.

Does the Government intend to switch more of the costs of training on to employers?

The White Paper does not propose any reduction in the current levels of taxpayer support for YTS and adults, though it does propose putting some of these funds to better use in training. What it does do is to set out the primary responsibility of employers for making the necessary investment in training to meet their own needs and what is needed to make it easier for them to do so.

What happened to the funding study referred to in the 1981 White Paper?

The Government has since considered the questions as they have arisen in considering the arrangements for youth and adult training over the past 2 years and its conclusions on funding generally are now set out in the section of the White Paper on roles and responsibilities.

Will trainees be expected to meet more of the costs of training?

One of the ^{significant} differences between us and our competitors is in the relative level of trainee pay. In Germany young trainees get on average about 25% of the full wage ^{in the UK the figure for apprentices is 60%.} If employers are to be expected to invest more in training, it must be made financially more attractive and it is crucial that trainee pay, and allowances for those not in jobs, should reflect the value to trainees of the training they are getting. [The proposals for training loans put forward by MSC are mainly intended to help adult employees who want to improve their skills and are prepared to pay for it if only they can get initial financial help.]

What is the Government's message on funding?

That training is an investment. If employers and individuals are to invest, they need to be able to see a return. This means reducing training costs, speeding training, and removing unnecessary obstacles to training and subsequent use.

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DEVELOPMENTS WITHIN EDUCATION (paras 16-19)

What are you doing to encourage progress in the schools?

The Secretary of State for Education recently put forward fundamental proposals for developing school education and methods of assessment of achievement. A prospectus for radical change to equip young people better for adult and working life and raise standards of school education across whole ability range. Now pressing ahead with discussing proposals with the education service: much encouraged by general reaction.

How will your plans for school education help prepare pupils better for working life?

A generally agreed set of objectives for school education and an assessment system which will record better what pupils can actually do will motivate pupils to achieve more. It will also be of great help to employers, who do not always send clear signals to the schools about the knowledge, skills and personal qualities they would like to see in their recruits.

Co-operation between schools and employers is an essential component of progress.

Vocational education post-16: When will the CPVE be introduced?

In 1985/86, following interim arrangements for accrediting existing pre-vocational courses. The Joint Board which is responsible for the new qualification aim to publish a Consultative document in the spring. They are aware of the possibility that a part-time variant could be needed for YTS trainees. It is intended that the CPVE should form part of a national system of pre-vocational education - full and part-time; pre and post-16.

TVEI: What progress is being made?

14 schemes are currently in operation. Another 46 schemes will begin in September 1984, when Scotland will also be entering the scheme. Extremely gratifying to see the widespread acceptance of the idea and the readiness to engage in its development.

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YOUTH TRAINING SCHEME (paras 20-31)

YTS has failed to attract young people as anticipated. Does this not show it is already a failure?

YTS has already attracted over 300,000 entrants in its first 8 months and effectively met the undertaking to offer places by Christmas to all 16 year old school leavers who remained unemployed on leaving. This is a remarkable achievement in a new and radical scheme and shows the commitment of all concerned.

Don't the empty places show MSC got its figures wrong?

The estimates of numbers of places required are based on best available forecasts - national and local - but forecasting is notoriously difficult. Glad to say one of the chief reasons for the smaller number of young people on the programme is that more of them have found jobs. The most important task was to provide enough places and this has been done.

Can employers/sponsors be sure their places will not be empty next year as well?

No cast-iron assurances can ever be given. Estimates of places required next year more firmly based on first year's experience of the scheme.

Will the commitment of local authorities and other sponsors be maintained in the light of the Government decision to cut back Mode B next year?

There is of course a plan for Mode B but The Government is clear that YTS should be employer-led. / other things being equal, we would prefer to see youngsters catered for under Mode A. There must be many who have gone into Mode B places this year (including training workshops and community projects) who could have benefitted from Mode A. The numbers the Government was prepared to agree for next year are actually more than the current number of filled places.

Isn't YTS just another 'cheap labour' scheme?

No. A scheme providing a year of good quality training both on and off-the-job. Proposals vetted locally by Area Manpower Boards before they are approved. And all schemes are regularly monitored and assessed. I am confident that YTS is providing a really worthwhile training to the vast majority of participants.

How many will get jobs on leaving YTS?

Cannot predict. No scheme can generate real jobs. Clear from experience this year that many young people are finding permanent jobs. Skills learnt on YTS will help young people compete for jobs available; will aid their progress to

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further training; and by enabling them to do the jobs they obtain more efficiently will contribute to our competitiveness and hence ultimately to higher employment. More immediately, the recent change in YWS rules will help more young people get jobs on leaving YTS.

Are the links with education good enough?

There are good links between YTS and education service. This has been a notable feature of the scheme. But we can always do better and that is what we are trying to do in all the steps set out in this White Paper.

Will grants to sponsors/managing agents go up in 1984?

I shall want to ^{hear} the Commission's views on the need for an increase. [If pressed I do not envisage any possibility of increase before the Autumn.]

What about the level of allowance?

The Commission will look at this early in the summer and will make recommendations to the Government.

Will the review of SB entitlement lead to a reduction in the YTS allowance?

As we promised in 1982 we are going to review the question of entitlement this year. I am not going to speculate about the outcome. [For information The 1981 White Paper announced an intention to withdraw SB entitlement from minimum age school leavers guaranteed a place on YTS. It was mentioned that they should be regarded as dependent on their parents, like their peers still in school. On this basis an allowance of £15 was proposed. But this was not proceeded with following the Youth Task Group report recommendation that entitlement should continue and the allowance should be kept at £25 within the resources made available for the scheme.]

Why did the Government not decide to extend YTS to include more 17 year olds?

The Commission has taken tremendous strides in getting the scheme off the ground. The Government believes that there is now a need for a period of consolidation, so that all concerned can concentrate on developing the scheme as it stands and ensuring that training is provided to the required quality, without needing to take account of major changes in coverage. The scheme is likely in any case, on the basis of the existing client groups, to be significantly bigger in 1984/85 than it is this year. [If we had extended the Scheme as MSC proposed this would have had no significant effect on

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unemployed 17 year olds: and the employed, by definition, at least have the benefit of a job. 7

The White Paper says YTS is voluntary. How can it be if young people lose their benefit?

training place.
has definite offer of a suitable job or/
The rules on that are the same for anyone who/I think few people would maintain
that the ^{community} / should support those who won't work or train

The question of individual entitlement is different and was clearly put in the 1981 White Paper. The main point at issue there is whether the generality of young people, who if at school, are regarded as dependent on their parents, should continue to be treated differently for benefit purposes when they are out of school.

Will colleges of further education continue to participate in YTS on existing financial terms?

The local authority associations are currently negotiating with the CBI about the level of fees for the off-the-job element of the Scheme in 1984/85. [The Government is aware that some local authorities have not been able to recover their full costs in participating in YTS in 1983/84 because fewer places have been filled than expected. Ministers will be meeting the local authority associations shortly to discuss their request that YTS-related spending should not be taken into account for the purpose of calculating penalties for overspending.] 7

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What are the changes in YWS rules which will help more young people get jobs on leaving YTS?

Essentially from 1 April YWS will not be available to help 16 year old school leavers but will concentrate on 17 year olds. In particular those who have been trainees for a year on YTS will be eligible for YWS. After 1 April for new entrants to YWS there will be a single rate of subsidy (£15 a week) in respect of eligible young people earning £50 a week or less.

(Announcement made on 20 December).

Will more training be provided for the unemployed through CP?

The MSC have recommended a move in this direction. It is one of the points which will be looked at in the assessment of whether modification should be made to the Community Programme to increase its effectiveness, which the Secretary of State announced on 16 November, when he stated that the Programme would continue for a further 2 years from October 1984.

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YTS SUPPORT FOR FIRST YEAR OF SKILL TRAINING

The Government is committed to opening up access to skill training to people of all ages. Why is YTS funding limited to 16 year old school leavers and certain 17 year olds?

Open access is the objective here as the White Paper makes plain (para 36). This is the ^{responsibility} / of employers and trade unions with assistance from industrial training, standard setting and validating bodies. The provision of occupational skill training is also basically the responsibility of employers. The Government - or rather the taxpayer - is making a very big financial contribution both through the YTS to initial skill training and through the proposals for restructuring the MSC's aid for adult training.

What is meant by a broadly-based year? Does that mean that the Government expect major changes in current industry training arrangements?

Young people need nowadays to be able to apply skills and knowledge across a range of potential jobs and initial skill training has to provide for this. This requires changes in current training arrangements, but not necessarily wholesale since many apprenticeship schemes are designed to provide a basis for the subsequent stages of training. A number of industries where some change is required, are already in discussion with the Manpower Services Commission and identifying appropriate ways forward (eg construction).

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TRAINING IN OCCUPATIONAL SKILLS (paras 32-37)

The collapse in apprentice training noted by the White Paper suggests that funding under YTS is insufficient to encourage employers to maintain such training?

No. As a matter of fact the resources available under the Youth Training Scheme to help support employers' initial training costs far exceed those available under previous programmes. The correct lesson is the one drawn in the White Paper (para 34-35) and by a number of industries already - namely, the need to reform skill training arrangements so that they are prompt, flexible and cost effective and so a better investment for industry and commerce.

How can training be modernised?

In the ways stated in the White Paper (paras 34-37). First, we must see that people are not debarred from training by unnecessary barriers such as age limitation. Secondly, we need to define clear standards of skill. Thirdly, recognition should be accorded to those who can demonstrate their competence.

How do these modernised arrangements promote flexibility?

They remove barriers to access; and they enable people to undertake just that training required to reach the prescribed level of skill. That means breaking away from fixed course lengths; from the same course content for everyone regardless of their knowledge or experience; and it means greater scope to respond quickly to skill needs by up-grading and re-training adults rather than relying solely on the long-term training of young people.

What needs to be done to achieve this flexibility in practice?

First, employers and trade unions need to negotiate training arrangements based upon agreed standards of skill. Secondly, we need to organise training into specific modules so that employers and individuals can select the elements they require. Thirdly, we need to look hard at the way we deliver training including the opportunities provided by advances in training technology. Finally, we need to develop testing and assessment system to determine whether people have reached the required standards.

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Is there a danger of standards becoming out-of-date?

Yes. And out-of-date standards can get in the way and limit the flexibility we are seeking to create. It is imperative that any specified standards are kept under close review and are amenable to rapid change.

Are these changes really going to solve skill shortages and provide wider opportunities for people to train? Surely to achieve that more Government money is needed to support training provision?

They are the right way forward. These are areas where Government support is needed and we are giving it: paragraph 11 of the White Paper sets out the Government role. In real terms that support has increased enormously since 20 years ago - up from £10m to £1b a year. But we are quite sure that the decisions as to who is trained, when and in what skills are best taken by the employers (and indeed individuals) concerned rather than by central direction. All too often in the past Government support has been ill directed or seen as an opportunity for industry to reduce its own investment.

How can industry do what is needed without stronger statutory support?

Statutory training boards have been retained in major sectors of the economy, including engineering and construction. We need structures and leadership in which industry has confidence. That is, I believe, generally the case with the voluntary training arrangements that have now superseded statutory boards in many other sectors.

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How can statutory ITBs help when, as in engineering, they have lost the confidence of some of the key employers in their industry?

Of course statutory Boards must have the support of their industries. I am aware of the concerns some important employers in engineering have expressed and I will be meeting them shortly to discuss how we can restore their confidence in the training arrangements with their industry.

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ADULT TRAINING (paras 38-42)

Why do we need more emphasis on adult training and retraining?

Because the pace of change in technology and markets means that people can no longer be trained once/ⁱⁿtheir life time. Yet our training arrangements still focus too much on young people. We need to pay more attention to updating our human capital as well as our technology.

What is the Government trying to achieve?

A new attitude to adult training among employers, individuals, and providers; a more flexible and more accessible system of provision and of assessment that meets the needs of both employers and individuals and more cost-effective use of public money spent on training and vocational education.

Can this be achieved through a "market-oriented" approach?

Given proper information, employers are best placed to judge what training is needed. The Government's main role is to create the right framework within which they can operate. A "market-oriented" approach is essential to achieve a flexible response to changing needs and to ensure that training is related to employment.

Can change be achieved without spending more?

The problem is not a lack of expertise or facilities but how to deploy them more effectively. That calls for new attitudes on the part of employers, individuals, and providers and for organising provision in more coherent, flexible, and efficient ways. By redirecting existing resources the Government can provide a powerful stimulus towards the changes required.

What does the Government expect employers to do?

We expect employers to recognise the importance for their own businesses of adequate investment in training and retraining. Many employers already make such an investment; we want more to come up to the standard of the best. We want them to see training as a capital item rather than current spending.

But will trade unions accept the new adult initiative?

The TUC/^{Commissioners}support the MSC's recommendations on adult training. Union members' jobs depend on their ability to update their skills. Of course some craft unions seek wider access to skilled occupations. But employers and unions in the industries concerned are working to find a solution within the framework of Objective 1 of the New Training Initiative.

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What steps is the DES taking to increase training opportunities for adults?

Since May 1982 the Department has been engaged in a programme to encourage colleges, polytechnics and universities to provide updating for those in employment. / ^(PICKUP) The Department also grant aids ALBSU (the Adult Literacy and Basic Skills Unit) which exists to help adults develop the skills they need to cope with life and work.

What is the difference between MSC and DES-run schemes of vocational education and training for adults?

MSC and DES are in close contact over adult education and training and their schemes should be regarded as complementary elements in the Government's overall strategy. Indeed, they plan a programme on local collaborative projects which will be jointly funded and jointly managed.

They address the same general problems so far as updating is concerned but the Department approaches them from the angle of how best the education service can meet the needs and demands of employers whereas the MSC approaches them from the angle of how the employers can best meet their needs - through the education service or elsewhere.

Will the education service respond?

There is a strong commitment in many LEAs and colleges to help with adult retraining. And as the numbers of young people decline, it will be increasingly important for colleges to market their services in the adult field. The education service is already responding positively to the Open Tech. We intend to help them respond even better by mounting local projects to pump-prime and demonstrate new approaches to collaboration between employers and education and training providers (para 38).

Does the new approach mean less emphasis on helping the unemployed?

No. We want to help more unemployed people and help them more effectively. The measures now announced and those the Government is considering would directly help 125,000 unemployed people as against 80,000 now.

What will the "national awareness" campaign achieve?

A central message from those consulted by MSC was the need for new attitudes by employers, individuals, and providers to adult training. We do not start from scratch, but there are important messages to put across. The MSC will be talking to CBI, TUC, and others involved to discuss how they can best be

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communicated as part of a truly national campaign to which the Government will be one, but not the only, contributor.

When will this campaign begin?

Effectively with this White Paper and we are encouraging the campaign building up from the middle of the year.

How will the Government encourage collaboration locally between employers and providers of education and training?

MSC and Education Departments intend to work together to mount projects to pump-prime and demonstrate ways in which employers and providers can collaborate better to identify and meet local needs of industry and commerce. We envisage both projects building on existing initiatives and projects building collaboration from scratch.

Over £1m is available to support them eg in identifying needs and training staff. MSC and the Education Departments expect to be able to invite bids for financial support early in 1984-85 financial year and will be looking for a commitment of resources from the participants. 7

What will the Commission do to improve the working of the training and education market?

The Commission will aim to:

- improve the information available on training;
- encourage the development of new methods of delivery of training;
- stimulate the development of the training infrastructure eg by paying bodies to carry out training on its behalf, and by encouraging arrangements to ensure that enough good trainers are available.

What will happen to TOPS?

- or some courses placement rate well below 50% -
Too many TOPS courses are currently not leading to jobs/so MSC will concentrate provision on skills in real demand (eg in the technician and new technology areas). And training will be more closely linked to individual employers' needs. This will be supplemented by other more cost-effective measures for the unemployed such as short recruitment and training packages to help people compete for jobs.

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What is the rationale behind the programme of further help for unemployed people?

Many adults lack basic skills such as numeracy or computer literacy which the economy increasingly demands. When made unemployed they can find it very hard to get a job and may lose the motivation to do so. We want to help them become more employable (and trainable) by helping them assess themselves, get a foundation of basic skills, and rebuild their confidence. We already make such provision within TOPS; we intend to make it more effective and more flexible.

Are we not just "padding the figures" of help for the unemployed by offering short courses of limited content in place of real training which we are cutting?

No. There is no point in keeping occupational training courses which do not lead to jobs. The shorter "work preparation" type of training meets a vital need to prevent significant numbers of people becoming unemployable because they lack basic skills.

What is proposed in training for self-employment and small businesses?

MSC already runs successful courses under TOPS to train people to become self-employed or to set up businesses of various sizes and ^{their coverage} will be expanded eg to people who remain employed while taking the course. MSC also intends to develop provision geared to the needs of people on the Enterprise Allowance Scheme. Local small business organisations will be encouraged to play a greater and more effective role in small business training.

Won't these proposals mean that less is done for the least well-off-the disabled, ethnic minorities etc?

No. The MSC's proposal include a commitment to ensure that the targetting and content of its mainstream provision would take appropriate account of the needs of these groups, and would continue to make special provision where that was the appropriate response.

What will be the effect on industry training organisations, including ITBs?

Industrial training boards and other ITOs will continue to have a key role in their industries, helping firms to assess and meet their training needs, pioneering new forms of training and helping introduce reformed patterns of

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occupational training in line with the New Training Initiative. They will also be involved in particular in programmes to deliver training in key skills identified, at national level.

How does the Open Tech programme fit in?

It has a key role to play in making access to training easier for individuals and companies, encouraging responsiveness from providers, and supporting new forms of provision. Within 2 years it is expected to be offering such opportunities to as many as 50,000 people.

What role will the skillcentres play in adult training?

Like other training providers, skillcentres will need to adjust to changing market demand for employers and individuals. The new Skillcentre Training Agency will ensure that skillcentres will adopt a commercial approach in identifying and supplying the training that the Commission and employers want.

How will the proposed loan scheme work?

The idea is to supplement, not replace existing means of funding, and to increase the number of opportunities available by making it easier for adults to borrow money to pay for training. The mechanism proposed by MSC to the Government is that the MSC should guarantee loans made to individuals by financial institutions, not make loans itself. We shall be studying the possibility of mounting a pilot scheme to test the idea.

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Cutbacks by closures of skillcentres?

The Manpower Services Commission last week considered the strategy to be adopted by the Skillcentre Training Agency to meet its objective of providing an efficient training service and recovering its operating costs. I understand that un-economic classes which have no foreseeable demand are likely to be closed fairly soon although no closures of whole skillcentres are planned - unless it made sense to consolidate in one building 2 adjacent partially occupied ones. Over the next few months the Agency will make vigorous efforts to expand its training business and find new customers. A review of the business of each skillcentre will be carried out to assess the extent of likely future demand for its services. The Commission plan to consider the results of this review in September.

Wholesale redundancies in skillcentres?

Closures of classes will mean reductions in posts in the Agency. Redeployment or voluntary early retirement are possible ways of dealing with this. Compulsory redundancy would be very much a last resort.

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NEW ARRANGEMENTS WITHIN VOCATIONAL EDUCATION (paras 43-53)

QUESTION AND ANSWER BRIEFING

Main features of scheme?

The MSC will act on behalf of the Secretaries of State to improve work-related non-advanced further education.

MSC expenditure on courses or services in non-advanced further education will rise to £155m in 1985/86 and £200m from 1986-87 - increases of £65m and £110m compared with the £90m which the Commission spends on NAFE at present. Planned expenditure by local authorities will be reduced by £65m and £110m and this will be taken into account for the purposes of the rate support grant.

MSC will use the extra resources to ensure that vocational education and training in NAFE is more closely geared to labour market needs.

Proposals on what should be supported will be formulated in consultation with local education authorities (LEAs), colleges, employers and others and submitted to the Government for approval.

Reasons for Initiative?

To help LEAs and others provide training which matches modern industrial and commercial needs.

To give employers more influence over what is provided so that courses should be more closely related to employment needs and are as cost-effective as possible.

Why MSC?

The Commission represents the main industrial interests in training. It also includes representatives of local authorities and the education world. It is uniquely well placed to act as a broker on behalf of industry in negotiating with the further education sector.

As the main Government training agency MSC is well informed of national labour market requirements and is therefore in a good position to judge priorities in the balance of training and work-related NAFE. It also has a

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growing knowledge of local demand for skills.

The Commission already spends £90m on YTS and TOPS courses in colleges of further education. It makes sense for the MSC to work more closely with colleges in planning related provision side by side.

Does this mean MSC will become exclusively a training agency and lose its employment responsibilities?

We are not changing the statutory responsibilities of the MSC, which will therefore retain its present jobcentre network and other employment interests. But we look to the Commission progressively to develop a role as a national training authority, bringing together all the interests involved.

What areas will be affected?

The target area is work-related non-advanced further education in the public sector. It therefore includes

- all technical and vocational courses, (including full and part-time, short courses and evening classes).

The subject areas and levels to be supported will be one of the key matters for consultation.

It excludes

- advanced courses in FE colleges and polytechnics (ie courses leading to qualifications at higher diploma and higher certificate level or above);
- courses exclusively comprising 'O' and 'A' level examination work in non-technical subjects; and
- courses of/vocational adult education in FE colleges.

Will all courses within the target area come within the scope of the initiative?

The Commission's total purchasing power for courses in NAFE will by 1986/87 represent 25% of public expenditure on work-related courses. This will give it significant leverage. Within the target area, however, the Commission will need to use its funds selectively. The Government expects the Commission to give priority to improving:

- vocational education for technical occupations;
- provision for newly emerging skills in traditional areas of employment;

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- arrangements for up-dating the content of courses and for staff development.

How will this affect the responsibilities of LEAs and colleges?

The responsibilities of LEAs for the management of FE colleges are unchanged.

The MSC will consult LEAs and colleges before settling its plans.

MSC intends to operate in such a way as to avoid problems of stop/go for colleges. MSC aim to settle contracts well before LEAs decide their budgets for the next financial year.

A condemnation of present FE system?

No. FE service has shown ability to respond to change and to provide work-related education and of considerable value to the economy. But the Government believe it could be further improved by:

- shifting the balance of influence over provision in favour of the employer;
- making provision more responsive to national priorities; and
- making good practice more widespread.

Isn't this a major new incursion by MSC into local authority territory?

This is a development of a process that has been taking place for some time. MSC is already by far the biggest single customer for college courses and has, for example, helped to stimulate the provision of courses for youngster who have not previously been catered for within FE because of their limited academic attainments (the "new FE"). These examples of successful collaboration provide a promising basis for action on a wider front.

Who will be consulted and when?

MSC will undertake immediate consultations with:

- local authority associations;
- employers' representatives;
- representatives of FE colleges;
- unions (especially those with members teaching in colleges);
- examining/validating bodies

about all aspects of the initiative, with particular reference to the subject

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areas and levels to be supported and the appropriate machinery for implementing the initiative.

The Commission will probably have arrangements in place to allow negotiations with LEAs and colleges so they can plan their programmes and budgets in good time for the next year.

What will MSC do?

MSC has been asked to:

- consult employers, LEAs and others before making recommendations to Government;
- ensure that planning of vocational courses in NAFE matches national and local needs and is compatible with the Commission's own training plans;
- use its extra purchasing power, on behalf of employers, to secure value for money and strengthen provision in skills which are most relevant to changing requirements at work.

How will the plans be implemented?

Depends on outcome of consultation. Probably through direct negotiation between LEAs/colleges and local MSC staff.

Will money be spent outside public sector colleges?

MSC will be looking to support best available courses, wherever they are. At present there is little private sector provision in the target area; and the bulk of resources will be spent in local authority colleges. But alternative forms of provision will not be excluded.

Wales

Wales will be covered. Secretary of State for Wales will continue to exercise his responsibilities for policy in further education. The funding of this initiative through the Welsh Office will be similar to the funding of other MSC programmes in Wales. MSC will maintain close relations with the Welsh Office, local authorities, employers and other interests in Wales.

Scotland

Current arrangements for funding FE in Scotland will remain unchanged. The White Paper refers to major changes in Scottish FE to which the Government is

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already committed in "16-18s in Scotland: An Action Plan". The Government is working closely with all the interests concerned - local education authorities, industry, examining bodies and MSC - to develop a new system of modular courses leading to a single vocational certificate. While all this is going on, it would not be sensible or appropriate to make further changes in relation to funding FE in Scotland.

Role of DES?

The Secretary of State for Education will be fully involved in considering and approving MSC's Corporate Plan, and in proposals relating to NAFE. He will also be responsible for consultations on appointments to the Commission to represent professional education, and local authority interests in England and Wales.

What are the staffing implications?

The Government plan no overall increase in civil service or LEA staff. A modest increase in MSC staffing will be needed but this will be offset by reductions elsewhere. It is likely that there will also be changes in the deployment of LEA and college staff but this is not directly a matter for the Government or the Commission. MSC will be discussing with local authorities the possibility of seconding to MSC some people from education service.

What will it mean to ordinary people?

A better selection of work-related courses in their locality, with greater assurance that the courses will be relevant to jobs. There should also over time be better opportunities for access to courses and progression between courses.

Will there be legislation on the White Paper?

No. The Commission can take action to implement all the proposals in the White Paper within its existing powers. Section 2(1) of the Employment and Training Act 1973 says that it shall be the Commission's duty to make such arrangements as it considers appropriate for the purpose of assisting persons to select, train for, obtain and retain employment

Public expenditure implications of new arrangements within vocational education?

The new arrangements are intended to improve the effectiveness of work-related NAFE, not to increase total spending on it. They will therefore be implemented within existing public expenditure plans.

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Will this make relations with education service worse?

LEAs have willingly participated in YTS and TVEI, which have shown that MSC can work well with education service. It is a relationship which has fruitfully influenced the way both parties attempt to satisfy the vocational and training needs of individuals and employers. They share the aim of improving performance in this respect and I would hope that this extension of the relationship will be positively welcomed.

Will there be further increases in MSC expenditure on NAFE?

The Government have not decided on the level of funding beyond 1986/87.

Will courses be withdrawn?

The total of planned public expenditure on ^{work related} non-advanced vocational education will not be ^{affected} / and three-quarters of this total will still be controlled by local authorities. Local authorities will wish to take into account the expected pattern of MSC spending before making their own decisions about expenditure on NAFE. Lack of support by MSC will not necessarily imply that a particular course is not useful.

What courses will MSC sponsor and which will need to be phased out?

It depends on the consultations. The White Paper refers to some of the areas to which we expect MSC to give priority eg electronics and robotics, and occupations where traditional programmes do not match current industrial and commercial needs. Decisions to phase out individual courses will need to be taken by local authorities, not MSC.

What will be the effect on the rates?

The new funding arrangements are not intended to affect the general level of rates. Decisions on rate support grant for 1985/86 will be announced in the autumn. The reduction of £65m in planned local authority expenditure will be one of the factors which will be taken into account.

Are the figures of £155m and £200m mentioned in the second sentence of paragraph 46 upper limits? Does this mean that payments by MSC to local authorities for the YTS may be reduced?

As indicated in paragraph 46, the MSC at present spends about £90m on NAFE, including college-based YTS courses. The payments from MSC to NAFE for these courses in future years will depend on the number of students coming forward under the YTS and on the proportion of them on Mode A and Mode B courses.

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Another move to centralisation of power in education?

The main purpose of the new funding arrangements is to shift the balance of control in favour of employers. The local needs of industry, commerce and other sectors of employment will strongly influence decisions.

MSC makes mistakes: will they get this one right?

The MSC has no monopoly on mistakes. It has in fact had substantial success with YTS and TVEI and has demonstrated that it can work well with education service. I am sure it will continue to extend existing good practice and to take advice from LEAs, employers and other sources of expertise. We expect the Commission to add this development to its other successes.

Why was this announcement made without prior consultation with Commissioners and with the local authority associations?

It is for the Government to give a broad lead on the changes which are required. This has now been done and it rests with the Commissioners to make substantive proposals within the framework of the White Paper; and for local authorities to contribute to the formation of policy.

Will the Commission reimburse LEAs at full cost?

Financial questions of this kind will need to be worked out by MSC. The aim is to improve value for money where possible.

If an LEA disputes the wisdom of changing or discontinuing an existing course will they be able to maintain it?

Yes. Under the new arrangements LEAs will still be directly responsible for three-quarters of planned expenditure on courses in the target area and will dispose of it as they think fit. The Government is not introducing a power of veto. One of the objectives of the local planning and advisory machinery, once established, will be to reach agreement on what needs to be provided.

What is the definition of a non-technical 'O' or 'A' level?

Very few 'O' or 'A' level subjects are wholly technical although some (eg Craft, Design and Technology) have a technical dimension. The definition therefore covers most subjects in the secondary school curriculum with the possible exception of needlework, technical drawing, metal and woodwork.

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Will the Commission increase private sector capacity by funding the establishment of new independent colleges?

No. The resources are not intended for this purpose.

There is much to be said for the change, but why must it be financed by taking money from hard-pressed local government and giving to under-spending MSC?

Most of the money will continue to be spent in local authority colleges. But the new arrangements are necessary, first as a means of ensuring that account is taken of national priorities; and secondly to give employers a more direct say (particularly on the supply of full-time vocational courses where their views are not sought in all cases (as they are over arrangements for part-time courses).

If this area is so important, why does industry not define needs and pay some of the cost?

We want it to do so and the MSC has been invited to organise arrangements through which the needs of industry and commerce are clarified and defined and practical and economical arrangements for satisfying those needs are negotiated.

You propose to take money from local authorities and give it to the MSC. If the Commission spend it on new technology (eg robotics word-processing) and in the expensive equipment and staff development which such courses require, this will be at expense of bread and butter work in NAFE. MSC will get the credit for innovation and LEAs will be criticised for starving other courses of money. Which courses do you expect us to close down?

That is an oversimplification, though the dangers are real. We would want LEAs to be giving increasing priority to training for new skills **with** all their implications for staff development and equipment, quite apart from the arrangements for funding. This means that the current pattern of expenditure must be closely examined to see if there is scope for greater economy. But we recognise that the changes cannot be made overnight. The necessary shift of resources will need to be carefully phased. The Commission aim to avoid unnecessary disruption and to build on existing good practice.

Will there be an arbitrary effect in redistributing resources between LEAs which are "winners and losers"?

MSC will intervene where there is a need to do so. MSC will want to have regard to local authorities' own plans for spending on NAFE and to maintain

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reasonable continuity. Where arrangements are satisfactory, MSC will not want to disturb them and it is not expected that the existing balance of provision between authorities will be altered in the short term.

Vocational Education and Training

3.32 pm

The Secretary of State for Employment (Mr. Tom King): With permission, Mr. Speaker, I wish to make a statement about vocational education and training.

The Government are today publishing a White Paper entitled "Training for Jobs". It is presented jointly by my right hon. Friends the Secretaries of State for Education and Science, for Scotland, for Wales, and myself. Copies are available in the Vote Office.

A well trained work force is essential to a strong economy and to win back jobs; to achieve that, vocational education and training must be properly directed to the demands of the market place.

Two years ago we published our first White Paper on training. At that time we set out three objectives: first, to improve vocational education and the transition from school to work; secondly, to modernise apprenticeship and other skill training; and thirdly, to open up wider training opportunities for adults.

Since then we have made considerable progress. Already more than 300,000 young people have entered the youth training scheme. Our new initiative in co-ordinated technical and vocational education for young people from 14 to 18 was launched last September. Fourteen local education authorities co-operated in pilot schemes, and a further 46 have now been invited to join the scheme, starting in September.

In the reform of apprenticeship arrangements, important improvements have been made in engineering, electrical contracting, printing and the construction industries. The Open Tech programme is now well under way, with as many as 50,000 people expected to take advantage of that new facility next year.

Those specific new initiatives represent a major achievement by the Manpower Services Commission under the energetic leadership of its chairman, David Young, and his fellow commissioners, but they would be the first to acknowledge the part played by employers, trade unions, local authorities, voluntary organisations, colleges, schools and the careers service and, indeed, the support and interest of many hon. Members, to which I readily pay tribute.

The White Paper also sets out the criteria against which we shall make our future plans, and announces certain specific proposals. Central and local government have an important part to play in vocational education and training, but real success depends crucially on the part played by employers and trainees themselves. The decisions as to who is trained, when and in what skills, are best taken by employers—and, indeed, the individuals concerned—who know better where the real needs are. So investment in training must be cost effective, flexible, adaptable to changing technology and free of old-fashioned restrictions.

The Manpower Services Commission recently submitted to me proposals for a new adult training strategy. We fully support the commission's call for a national campaign to raise awareness among employers and all concerned of the vital importance of training.

We support, too, the need to provide wider opportunities for the training of adults to meet new skill requirements. We therefore endorse the commission's proposals to restructure its existing programmes to double

the total number of adults trained under MSC courses to over 250,000 a year. That will include a significant increase, to some 125,000, in the number of unemployed receiving training.

The Government have agreed to consider further two proposals by the commission. The first is that there should be some training included for people on community programmes. The second is that some adult trainees could be helped by a guaranteed loan scheme to enable them to obtain training not otherwise available to them. The Government recognise that that could well be of interest to a number of people, and I confirm that we shall be ready to consider it further with the MSC and others concerned.

The White Paper also announces important new arrangements within vocational education. It is vital to get the closest possible collaboration at local level between employers, local education authorities and colleges, and other providers of vocational education and training, in identifying and meeting the real needs for future employment in their areas. The MSC, which includes representatives from industry, as well as local authorities and professional educational interests, and which has an established local network, is well placed to assist in that role.

The Government have therefore decided to ask the commission to extend its range of operations so that it can discharge the functions of a national training authority. We propose to increase the commission's resources devoted to work-related non-advanced further education in England and Wales from some £90 million now to some £155 million in 1985-86 and £200 million in 1986-87. That will then represent about one quarter of the total public sector provision for that area. The resultant reduction in the need for local authority expenditure will be taken into account in settling the relevant rate support grants for those future years.

The commission is being asked to begin consultations immediately with educational interests, employers and other interested parties so that plans can be settled in good time for the beginning of the 1985-86 academic year.

In 1983-84 we expect to spend £960 million on training. In 1984-85 we plan to increase that to £1,100 million. That is in addition to the £2.5 billion spent by employers, and the substantial sums within the further education sector. It is therefore vital to ensure that those funds are all used to the best possible effect. The White Paper sets out the Government's continuing programme to ensure that as a nation we are properly trained to meet the challenges of the years ahead.

Mr. John Smith (Monklands, East): Is the Secretary of State aware that training for young and old must be seen against the background of a continuing collapse in our manufacturing industry and the consequent collapse in the number of apprenticeships available in manufacturing industry? Will he also bear in mind, when he indulges in some of the vacuous self-congratulations that was littered throughout his statement and the White Paper, that this Government's economic policies created the standing army of young unemployed that some of these proposals are supposed to help? Will he come directly to the financial consequences of his statement? He announced certain increases in expenditure by the MSC as the national training authority. The right hon. Gentleman then announced that there would be a resultant reduction in

[Mr. John Smith]

local authority expenditure. Is it not true that not a halfpenny of new money is being provided by the Government for this so-called new advance?

Secondly, will the Secretary of State explain why he made so many references to consultation and the need for collaboration with trade unions, local authorities and others, when he has not consulted any of them, and when this is announced as a White Paper, instead of a Green Paper which is available for consultation with all the interested parties? Will he explain the scarcely veiled reference in the White Paper to forcing people on supplementary benefits to take part in YTS schemes? Is he aware that if the voluntary character of YTS disappears, it will not be possible to get genuine co-operation from people conscripted from supplementary benefit and pushed into schemes to put up the numbers for the sake of the Government's statistics?

Will the right hon. Gentleman also explain his reference to loans? He will be aware that when the Manpower Services Commission put forward its suggestion about loans it did so in the context of an overall review of the funding of the MSC. The right hon. Gentleman puts it forward on its own, with no such reference.

In the White Paper and in his statement, the Secretary of State referred to the need to make training financially attractive. Is he aware that those of us who have a wider knowledge of the people involved believe that that attractiveness is confined to the employer? Is it not ridiculous that people on the YTS scheme should still receive £25 a week when, in line with inflation, it should have gone up to £34 a week? Is not the time overdue for a substantial increase in the allowances paid to people on YTS schemes?

The Secretary of State announced that another 125,000 adults would be brought within the scope of adult training. However, he did not explain whether any extra money would be provided for that purpose. Is it not true that the same amount of money will be made available for adult training, but that the jam will be spread much more thinly?

I hope that my hon. Friend the Member for Durham, North (Mr. Radice) will catch your eye, Mr. Speaker, to ask about the educational impact of the right hon. Gentleman's statement, but will the Secretary of State confirm that there is little point in having schemes for training people, whether those schemes are short-term or long-term, if there are no jobs for those people at the end? Will it not all be a waste of time, unless there is a recovery in manufacturing industry, instead of its continuing collapse?

Mr. King: I am disappointed by the totally ungracious and unconstructive way in which the right hon. and learned Member for Monklands, East (Mr. Smith) approaches the White Paper. If he wishes to bandy insults across the Floor of the House, I have to recall that he was a member of a Government who could not even get agreement in their own Cabinet when Shirley Williams, who was then a Member of the House, sought to introduce training schemes. Moreover, what that Government finally introduced was a youth opportunities scheme which had no training content whatever. It was merely a special employment measure.

When the right hon. and learned Gentleman asked about consultation, he seemed to overlook the fact that, for example, a considerable part of my statement concerned the Government's response to the Manpower Services Commission's adult training strategy—itsself the result of widespread consultation and put forward by the MSC—and that its commissioners, comprising representatives of industry and trade unions as well as educational interests, produced a unanimous recommendation. I hope the right hon. and learned Gentleman will accept that our proposals, particularly for adult training, are the result of close consultation with the MSC. The latest proposal on vocational education and training will now be the subject of substantial consultation.

On the question of supplementary benefit, the White Paper reaffirms the present position. I am glad to say that, on the latest survey figures available to me, only a tiny number of people are affected. When people have the opportunity of a proper training scheme and work experience, and they reject that opportunity on no good grounds—no grounds that would satisfy independent scrutiny—it would be quite wrong to give them the free option of taking supplementary benefit instead of taking the opportunity available.

I was asked about loans and the need for an overall review. The hon. Gentleman will read in the White Paper that we considered in some detail what the respective goals for funding should be and what contributions should be made by the Government, the employees and the trainees themselves towards achieving the most effective training programme. That being so, we feel that we do not need an overall review at the present time.

We do not believe in loans as a substitution for the rest of the programme, but there is a genuine argument, when people in mid-career are looking for an opportunity for additional training that may not be available within the normal services, for such people to be able to get a guaranteed loan. That might enable them to improve their training resources. We shall consider that possibility with the MSC.

The adult training strategy put forward by the MSC involves more effective use of the funds that are being employed at the moment, but, as I have said, we intend to spend a significantly higher overall sum on training in the coming year.

Mr. David Crouch (Canterbury): Is my right hon. Friend aware that the hesitancy shown by many young people towards taking part in the youth training scheme was caused by doubt whether the training was real training for a real job, and a real extension of education? I am sure that many hon. Members on both sides of the House, would, like me, have welcomed the presence here today of the Secretary of State for Education and Science alongside my right hon. Friend—[HON. MEMBERS: "He is here."]—because those two Departments are bracketed in making a real advance in education and training.

Mr. King: I very much appreciate what my hon. Friend has said. Since I took over my new responsibilities, one of the matters that has made the greatest impression on me has been the work done in setting up the youth training scheme. I have been enormously impressed by the very close co-operation between my Department and the Department of Education and Science on the matter of training and vocational education. Some previous training

schemes have been employment measures—just a way of making work—but the youth training scheme now offers some very exciting opportunities to young people and, despite what some people say, will provide, for many young people, the best possible route to a permanent job.

Mr. David Penhaligon (Truro): Many will welcome the provision of more training. That must be the right trend. However, can the right hon. Gentleman cut away the verbiage and let us know whether or not net central Government expenditure on training as outlined in this document will increase, when one takes account of the change in the amount of money going to local councils?

Secondly, what sort of courses does the right hon. Gentleman believe the local authorities should scrap? That must be what the statement would entail.

Thirdly, will there not be a further transfer away from democratically elected authorities to the central quango that deals with training and education?

Mr. King: We must distinguish between two things. Our proposal on vocational education is not for next year but for the following year and its purpose is to ensure that the customer—the employer, the trade or the industry—has more say, through the structure of the Manpower Services Commission and its local network of employers, trade unionists and educationalists, in ensuring that the courses provided and the training being offered are those that offer the best possible prospect of jobs thereafter.

We wish not to centralise but to ensure that there is more local involvement and a much closer working co-operation with employers, with those providing the training and with the trainees themselves, in order to achieve the best possible prospects of jobs. One of the features of the present situation in training is that a considerable amount of money is being spent, and a great deal is being wasted.

Mr. Nicholas Winterton (Macclesfield): Although I welcome the White Paper and the emphasis placed by my right hon. Friend on vocational education—I fully support all the additional resources being directed to training—how does he equate his comments with Staffordshire county council's decision to close the textile department of the Leek college of further education without further consultation with the Macclesfield or Leek textile employers who send many of their member companies employees to that college and department? Bearing in mind that the textile industry is the country's third largest employer, will he assure me that he will make representations to the Staffordshire county council to reconsider its decision to close that department at the end of this financial year? It took the decision without any consideration about what those in the middle of their course will do about completing it.

Mr. King: My hon. Friend will understand that I am not familiar with the details of that matter. Anyone who has made even the most superficial study of this problem knows that there is a need for a much closer understanding and co-operation between employers and the educational services. We seek to facilitate that by this change.

Mr. Derek Foster (Bishop Auckland): How can the Secretary of State talk about securing the greatest co-operation of people locally, including education authorities and further education colleges, when he has announced a major change in the way in which a

substantial section of further education is delivered, without any consultation on this point with colleges or local education authorities? Is it not a disgrace that his right hon. Friend the Secretary of State for Education, and Science, who is sitting alongside him, has allowed this statement to be made without those consultations?

Mr. King: My right hon. Friend recognises and attaches enormous importance, as those who have studied his recent speeches on this will know, to the fact that the education services must be effectively attuned to the nation's needs. The academic side of further education is not an issue here. We are dealing specifically with the technical and vocational education aspect—preparing people for jobs.

[AN HON. MEMBER: "What jobs?"] The hon. Gentleman did not appear to show that he was aware that at present the MSC is investing some £90 million in this area. In 1985-86 we are proposing to increase that figure to £155 million, and in 1986-87 to £200 million. I hope that, after all the shouting has died and people get down to consultation, many people in local authority education departments, who are far more forward-thinking than one or two Opposition Members, will recognise the benefits that can come from this scheme.

Mr. Andrew Rowe (Mid-Kent): Is my right hon. Friend aware that many people leave school without anything that society values, in particular members of the ethnic minorities, will welcome as promising the package of a possible loan in some cases and greater access to adult education and training in others?

Mr. King: I am persuaded of the vital need to adapt training and educational provision to the new circumstances that appertain in this country. Hon. Members have not raised a whole range of different matters—for example the modernisation of the apprenticeship system, which is vital if we are to equip ourselves for the challenge of new technology. It is important in so many different ways, not least that of open access, that at any stage in someone's career or life he is not debarred from acquiring new skills. I endorse what my hon. Friend has said.

Mr. Jim Callaghan (Heywood and Middleton): Does the Minister agree that many local authorities, including Conservative-controlled ones, are worried that the Government are holding back part of the rate support grant in favour of Government-sponsored schemes in schools? Does he not feel that this report will further the local authorities' resentment?

Mr. King: I do not know whether the hon. Gentleman has heard of the technical and vocational education initiative which was launched, with Government support, by the MSC. It gives additional funds to local education authorities to launch four-year schemes in technical and vocational education. That is an illustration of the way in which co-operation with local education authorities can be developed, not in the spirit of recrimination and hostility that the hon. Gentleman is trying to suggest. We have now launched a scheme in which we have invited local authorities to co-operate voluntarily and to which we have had an enormous response.

Mr. Harry Greenway (Ealing, North): Does my right hon. Friend accept that most colleges are first-class and do an excellent job? However, should we not concede that the Manpower Services Commission is closer to employers

[Mr. Harry Greenway]

than local education authorities? Would not increasing clientship between the MSC and colleges be the sort of effective effort that we wish to see?

Mr. King: I certainly pay tribute to the excellent work of so many colleges in the FE sector, but it would be less than frank if we did not also recognise that some colleges do not achieve the best standards. I am sure that close contact and involvement with the customer is a vital way to ensure improvements.

Mr. James Hamilton (Motherwell, North): Is the right hon. Gentleman aware that the Opposition are very much in favour of the training of youngsters, but deeply concerned about the lack of apprenticeships? As the upsurge of interest to which the Government refer may be a non-starter, we could be training youngsters only to find that they have to return to the dole.

Will the right hon. Gentleman answer the question of my right hon. and learned Friend the Member for Monklands, East (Mr. Smith) about why the Government have not increased the allowance from £25 to at least £27 a week? Will not the Government bear in mind the fact that the hon. Member for Derbyshire, West (Mr. Parris) found that he could not live on £26.80 a week? Therefore, how do the Government expect youngsters to live on £25 a week, which is an inadequate allowance?

Mr. King: I welcome the hon. Gentleman's opening remarks. From one or two comments that I have heard, I was beginning to wonder whether Opposition Members approved of training youngsters or merely wished to carp about the statement. The increase in allowances is a difficult issue. As we have finite resources, the question is how those resources should best be applied. If the allowance is higher, the resources available for backing training schemes will be less.

Mr. Dave Nellist (Coventry, South-East): You have overspent this year.

Mr. King: The White Paper deals frankly with the issue. We have made it clear already that, for this year, we believe that it is not unreasonable to ask trainees in these schemes—which provide excellent training and work experience—to make some contribution to the costs of training through a restrained training allowance.

Mr. Nellist: Twelve pounds 50 pence a week.

Mr. King: It is sadly true that a great deal fewer apprenticeships are currently involved. That is due partly to the change in the industrial pattern in Britain, and partly due to the fact that in the new and emerging industries traditional apprenticeships do not apply—for example in electronics or microelectronics. However, we want to ensure that throughout training we obtain the most effective use of available resources.

Mr. Jeremy Hanley (Richmond and Barnes): I thank my right hon. Friend for his welcome and constructive statement, which contrasts so starkly with the unconstructive and sterile attitude of the Opposition. What will be the long-term implications of his statement for British industry?

Mr. King: We are all aware of the concern of British industry that, when unemployment is far too high, there is yet a shortage of skilled workers in certain key areas.

We are also concerned about how the new industries, as they develop, can sustain their position in the market, given the lack of those with necessary skills. I hope that our determination to ensure that the training we provide is effectively directed to the real needs of Britain will be welcomed.

Mr. Nellist: I am sure that it is a coincidence that this anaemic statement has been produced on the same day as my private Member's Bill, which offers a real alternative for training.

If the Secretary of State is prepared to announce today that there are changes in budgetary allowances for training spread over the next three years, why will he not give similar figures about the date when he intends to increase the YTS allowance from 25 quid a week, which represents a theft of £12.50 from the YTS allowance during the life of this Government, to a level more closely related to trade union rates for apprentices, which represent a decent training allowance?

As the White Paper refers in paragraph 29 to health and safety, will the right hon. Gentleman respond to the requests that have been made to his Department—[HON. MEMBERS: "Too long."]—that trainees be given a proper—

Mr. Speaker: Order. I am anxious to call as many hon. Members as possible, but long supplementary questions make that very difficult.

Mr. Nellist:—that trainees be given a proper contract of employment so that they are covered by all industrial legislation? Finally, will the right hon. Gentleman ensure—[HON. MEMBERS: "Too long."]—that every workplace in which YTS trainees go is first inspected by a qualified health and safety inspector to prevent serious and fatal accidents, which are running at 300 a year under his leadership of that Department?

Mr. King: Every time I hear the hon. Gentleman speak I get the impression that he is more interested in making political capital out of any problems that he can dredge up from individual circumstances than directing himself to the real importance of providing an effective training scheme for this country. His never-ending attempts to denigrate the youth training scheme do great damage to the opportunities and possibilities for hundreds of thousands of young people in Britain.

Mr. Richard Needham (Wiltshire, North): Does my right hon. Friend agree that, regardless of the resource problem, a proposal which for the first time involves both the employers and trade unions, through the area boards, in non-advanced further education should be welcomed as a constructive step forward by Opposition Members, who may not yet have received their proper briefing from the TUC?

Mr. King: I am grateful to my hon. Friend for those comments, because I have been extremely surprised at the reaction of Labour Members. Perhaps they thought that they were obliged by being in opposition to oppose rather than to look at the serious and constructive proposals which have been set out, which I think will be widely welcomed by both sides of industry.

Several Hon. Members rose—

Mr. Speaker: Order. We have two important Scottish debates to follow and a ten-minute Bill. I propose to allow questions to run until 4.15, but I ask hon. Members to be brief in their supplementary questions.

Mr. Ian Wrigglesworth (Stockton, South): Although one welcomes any new training initiatives, will the Minister make clear the answer to the question that has been posed to him by other hon. Members? Is any new money, any further funds, being put in as a result of his statement? Secondly, if he is interested in cost effectiveness, does he not consider that the time has come to have one Department responsible for training and education, rather than two, at national and local level, where there is a dual track of training and education development and public funds are squandered?

Mr. King: The answer to the last point is that training under the present structure is closely linked to employment, and I think that is the right approach. There is obviously an argument about which way it should go, but that is the way in which it has been structured. It is the way in which previous Governments have operated it and I believe that it is the right line to follow.

Mr. Nellist: What about money?

Mr. King: Opposition Members keep talking about money, and claim that I have said nothing about money. I said in my statement, and I repeat, that in 1983-84 we expect to spend £960 million and that in 1984-85 we plan to increase it to £1,100 million. If that is not clear to them, I will try to make it even clearer later.

Mr. Michael Carttiss (Great Yarmouth): Does my right hon. Friend agree that, in contrast to the carping criticism of Opposition Members, many young people will welcome the opportunity that is being provided, not least the young people in the six high schools and two colleges in my constituency, for whom £1.6 million has just been announced under the technical and vocational education initiative?

Mr. King: I am grateful to my hon. Friend for his positive response. I believe that his is much more the proper reaction to my statement than the extremely carping criticisms by Labour Members, who show themselves out of touch with the fact that much of what I have announced is the sum of a great deal of co-operation between industry, trade unions, educational interests, colleges—a whole range, across the board. Despite the living anachronism that we see before us—Labour Members living in a world of their own, a world in which they have increasingly little influence—the rest of the country will, I hope, welcome what we have announced.

Ms. Clare Short (Birmingham, Ladywood): Is the right hon. Gentleman aware that those of us who have been concerned for many years to see the expansion and modernisation of adult training are very concerned indeed that the Government are taking resources from local government and handing them to the MSC which, despite Government rhetoric, is floundering in its attempts to provide high quality training for young people? Is he further aware that the youth training scheme in practice is often cheap labour getting very low-level training? Now that the MSC is to be handed another chunk of education money, we are likely to see more that is worse, and certainly no improvement.

Mr. King: The hon. Lady specialises, on every occasion that she can find, in destructive comments about the efforts of an enormous number of people who are playing their part in making the youth training scheme the success that it undoubtedly is. I accept, of course, that with a scheme of this size—300,000 and more are already on it—there will be problems, but I take this opportunity to express my gratitude to the TUC for the part that it has played. That is representative of the feelings of many more people than the hon. Lady might pretend to represent.

Mr. Alan Haselhurst (Saffron Walden): With skill shortages already appearing in parts of the economy, is not the main objective to get the relevant training to the right places as quickly as possible? Does my right hon. Friend agree that the virtue of his scheme is that it will enhance that prospect?

Mr. King: It is absolutely vital to ensure that we get the most effective use of the training funds. [HON. MEMBERS: "What funds?"] We hear from Opposition Members the same parrot cry on every statement—"new money" or "more money"—but the first requirement, the first responsibility, of every Member of Parliament and Minister is to ensure that we get value for money. The truth is that in the present training situation we are spending a great deal of money training people for the wrong courses, for which there are not jobs, whereas, as my hon. Friend points out, in other areas there are skill shortages, and that is a national disgrace.

Mr. Martin J. O'Neill (Clackmannan): May I draw the right hon. Gentleman's attention to paragraph 19 of the White Paper concerning Scotland? Will the Scottish participation in the TVEI, which has been grudging so far, take place along with new money? Will any of the schemes which will be involved in the Scottish participation be subject to the kind of local scrutiny and control to which the right hon. Gentleman referred in the statement? In other words, will the Minister ensure that the Scottish committee of the MSC has a larger role in the control of these schemes and that it is not given to Sheffield, which is, to all intents and purposes, an alien education experience if it has the say-so in the new set-up?

Mr. King: The hon. Gentleman may have misunderstood the position; the announcement on the new arrangement; within vocational education is not applicable to Scotland, which has recently introduced new arrangements for 16 to 18-year-olds, and my right hon. Friend the Secretary of State for Scotland wants to give that time to settle down before taking a view on any changes that might be made. The more technical details of the Scottish arrangements I shall leave as a bilateral matter between the hon. Gentleman and my right hon. Friend.

Sir Kenneth Lewis (Stamford and Spalding): Does my right hon. Friend agree that the progressive statement which he has made today is in addition to all that the Government have achieved in this sphere since coming to office? With regard to apprenticeships, is he aware that employers are saying that, after 18 months, there are many youngsters whom they would like to keep in apprenticeships but whom they might not be able to afford to keep without some support or assistance from the Government or the MCS? Will my right hon. Friend take that on board, since apprenticeships are a vital part of training?

Mr. King: I am aware of my hon. Friend's close interest in this matter and I assure him that we are aware of the importance of the point he makes. He will be aware of the changing needs of industry and the fact that the relevance of apprenticeships is changing in a number of areas, in particular with the new industries and with the new technologies applicable in the old industries. Having said that, I assure him that I shall take note of what he said.

Mr. Robert Parry (Liverpool, Riverside): The Secretary of State has received representations from me concerning a large number of people on MSC projects who are getting into financial distress through the use of bank cards. Will he advise all young people on these projects of the dangers and temptations of getting into debt, particularly in view of the low payments that are being made?

Mr. King: I am not aware of the details, but I will look into the matter and write to the hon. Gentleman.

Mr. Bowen Wells (Hertford and Stortford): Is my right hon. Friend aware of the enormous enthusiasm which the YTS—no doubt this will be the response to the new scheme that he has announced—generated among schoolmasters, lecturers, businessmen, parents and all those in the local community? We have had much experience of this, and I am sure that his statement will be welcomed. Has he made any announcement on the pioneering technical and vocational education initiative, which was taken a year ago? Does that initiative need a further extension? We must begin training for industry right back into schools, and not only at the stage when 16-year-olds leave them. Will he make arrangements also for the colleges of higher education to be able to keep the money that they earn from co-operating with local firms and local education institutes in offering their services as consultants so that they may go ahead and provide more training in the local area?

Mr. King: I am well aware of the enthusiasm for the youth training scheme among a considerable number of employers. There is no doubt that it is starting to have a major impact on the induction training that they offer their normal employees. That is a major improvement that will provide lasting benefit.

The technical and vocational education initiative started as a pilot scheme, but it will not build up very quickly. There are 14 local education authorities involved and I have invited another 46 to join the scheme. Those authorities have responded to my invitation and proposals have been offered to them. As we move from the 14 authorities to the full-capacity scheme, about 60,000 children will be part of it.

Dr. John Marek (Wrexham): The White Paper states: "The new Skillcentre Training Agency established by the Commission will ensure that Skillcentres adopt a commercial approach in identifying and supplying the training that the commission and employers want." Will the Minister give an assurance that no more skillcentres will be closed in future and that it will be his aim to ensure that present facilities are fully used?

Mr. King: Obviously, we want the present facilities to be fully used, but if the courses for which the skillcentres are equipped are not appropriate to the needs of the market in the area, it may be difficult to ensure that they are fully used. I have sought to explain—I hope that the White Paper makes this clear—that we must ensure that money

for training is used for training people and not for providing subsidies for unfilled places. The moneys must be directed to the training of people if we are to ensure the best use of the funds available. We must try to take an intelligent and constructive approach in the interests of those who need training. Our job is to ensure that the maximum funds are applied where they are really needed.

Mr. Richard Holt (Langbaugh): Does my right hon. Friend agree that for a long time there has been an artificial divide between education and training and that we now have an opportunity to grasp the nettle and close the divide, especially in relation to apprenticeships, so as to allow City and Guilds and other examinations to be undertaken within the education system and carried on into training, thereby allowing full apprenticeships to take place and giving encouragement to the youngsters who will embrace the various skills in future?

Mr. King: The White Paper is supported by my right hon. Friends the Secretaries of State for Wales and Scotland and jointly presented by my right hon. Friend the Secretary of State for Education and Science and myself. That shows that it is the Government's view that there must be the closest co-operation. The initiative recognises exactly the force of what my hon. Friend stresses—the need to break down the barriers between the tradition of technical education and the tradition of training in employment. I hope that we can combine the traditions effectively. My right hon. Friend the Secretary of State for Education and Science and I will seek to give a lead in that respect. I hope and believe that we shall have the support of many in the education and industrial sectors.

Mr. Robin Corbett (Birmingham, Erdington): Labour Members welcome real training and real jobs, but we do not understand why the right hon. Gentleman is crowing about the failure of the Government when set against the three objectives which he set. Does he recognise that he has sawn through the bridge between school and work, because there are no jobs, that he has presided over a decrease in the number of apprenticeships, and that wider training opportunities are no more than a mirage as there are no jobs for people to go to when they have completed their training?

Mr. King: That was a rather laboured intervention. It appears that the hon. Gentleman has been infected by the rather sour odour that is floating up to him from the Opposition Front Bench instead of considering the Government's proposals in a constructive spirit.

Mr. Bill Walker (Tayside, North): My right hon. Friend will be aware that in Scotland we have many jobs in high technology and that some trade unions have refused to co-operate with the Government's training scheme. Can he assure the House that the trade unions are being persuaded to accept the scheme and that the change in training is essential, especially for occupational skills in view of the fundamental changes in attitude, particularly towards training for new industries?

Mr. King: I am sorry to hear that. I am not aware that there has been a refusal to co-operate in some instances, and I shall look into that. Otherwise, a feature of the launch of the YTS has been the tremendous efforts made by the trade unions in organising conferences and meetings to explain to their members and officers the importance of getting the scheme off the ground. The attitude of those

trade unions is a pleasant contrast to some of the sour comments that have come from one or two Labour Members.

Mr. Giles Radice (Durham, North): Will the Minister now admit to the House that his White Paper proposals involve no new money? Is he aware that at the beginning of the year the Secretary of State for Education and Science made a speech in Sheffield calling for a new partnership? Does he believe that the best way to create the new consensus is to keep local authorities, teachers and colleges completely in the dark while a secret Government committee plans the future of non-advanced further education? Does he realise that the proposals for further education represent yet another example of central Government interference in how democratically elected local authorities spend their money — for example, penalties, rate capping, the educational support grants and now the MSC takeover of work-related further education and a consequent loss of rate support grant? Where will it end?

Finally, does the Minister accept that the MSC takeover of responsibilities means that, as with the TVEI, the Secretary of State for Education and Science loses out in the Whitehall power battle, educational needs take second place and once again education gets a bloody nose?

Mr. Albert McQuarrie (Banff and Buchan): So dramatic.

Mr. King: If I thought that the hon. Gentleman believed what he has just said, I should be even more convinced of the death wish of the Labour party. He made an appalling contribution. I have been asked about the amazing secrecy surrounding this matter. For once, a White Paper has not been leaked in toto in advance of publication. That appears to be the major example of Government secrecy. We have made it clear in the White Paper that there will be the fullest consultation on the vocational education proposals. It is right that that should be so. I believe, from my discussions and from the comments that have been made to me over the years by those in the education service as well as those in industry,

that there will be a much better understanding of the reasons that lie behind the proposals that we are making, which we are putting forward in a constructive sense.

The Secretary of State for Education and Science (Sir Keith Joseph): Hear, hear.

Mr. King: My right hon. Friend is joining me in this approach, which is much more constructive than the hon. Member for Durham, North suggests.

Mr. Speaker: Ten-minute Bill—

Mr. Martin J. O'Neill (Clackmannan): On a point of Order, Mr. Speaker. I recognise, Mr. Speaker, that you are not responsible for the answering of questions by Secretaries of State. However, I should like your guidance on a point which has arisen from the recent exchanges. The Secretary of State for Employment was answering questions on behalf of Departments in addition to his own. When he was asked a question of a specific nature which was pertinent to the document that is being introduced, he relegated the question to the level of bilateral discussions between the questioner and the appropriate Secretary of State. Is this not an entirely inadequate system of briefing? In this instance, the needs of Scotland are being ignored.

Mr. Speaker: As the hon. Member has correctly stated, I am not responsible for ministerial answers.

Mr. Tam Dalyell (Linlithgow): Further to the point of order, Mr. Speaker. This is an issue for Parliament. The matter of the department of pharmacy at Heriot Watt university is the responsibility not of the Secretary of State for Scotland but of the Secretary of State for Education and Science. The effects of its closure, if educational needs are to be tailored or attuned to the needs of the nation, as the Secretary of State for Employment puts it, is a matter for the Department of Employment. My hon. Friend the Member for Clackmannan (Mr. O'Neill) made a valid point. Will you, Mr. Speaker, consider it and give a ruling tomorrow?

Mr. Speaker: I say again that I am not responsible for which Minister of State the Government decide should answer questions or make statements. That is not a matter for the Chair, but is entirely one for the Government to decide.