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*I am absolutely
horrified. This is a*

*Prime Minister!
Content with these*

PRIME MINISTER

*Quarrels to cut
all quarrels. It needs arrangements?
like the rejection of humanity
we have needed in 7 years! DOW*

THE PROPOSED NATIONAL COUNCIL FOR VOCATIONAL QUALIFICATIONS 19/6.

at Hay

1. The Working Group on the Review of Vocational Qualifications in England and Wales submitted its recommendations to Ministers on 23 April. Their report was published on 8 May. This minute seeks your agreement to the Group's proposal to set up a new body overseeing vocational qualifications and to the arrangements I have discussed with colleagues most immediately concerned for its accountability to Ministers. A detailed note of the way in which the arrangements will operate is provided in the Annex to this minute.

2. As you know we regard the Working Group as having a central role in helping us tackle the confusion surrounding vocational qualifications in this country - confusion which I am sure is holding back our ability to compete on equal terms with overseas economies.

3. The Working Group have not let us down; their recommendations are relevant, cogent and unanimous. They propose:-

- (a) a new framework of vocational qualifications to classify and streamline work-related qualifications into probably no more than 5 levels related to occupation;



- (b) a crash programme to have the new framework fully in place by 1991;
- (c) a National Council for Vocational Qualifications (NCVQ) which should be set up by this autumn. The National Council will provide a sharp national focus for reform of the present system and subsequently for maintenance of the new framework. It will be the mechanism by which the desired changes can be brought about.

We have a few reservations on points of detail and emphasis in the recommendations but none on the broad principles of the need for a new body and for the new framework.

4. I have discussed with colleagues what form the National Council should take, and we are all agreed that it should be a separate independent body. We have considered whether the creation of the NCVQ should result in the demise of any other body but we have concluded that it should not, for the present at least, although Kenneth Baker will be considering urgently the future position of the Further Education Unit. We have also considered whether the NCVQ should be established on a statutory basis. Our timetable would not allow this but in any event I am doubtful about the need to enshrine the body in statute, especially as we shall be aiming for it to becoming largely self supporting financially after its first 3 years. We therefore propose to establish the NCVQ as a company limited by guarantee, and we will keep under consideration, in the light of the way the NCVQ develops, its possible conversion to a statutory basis.



5. We are therefore agreed that the NCVQ should be a non-Departmental public body sponsored jointly by the Secretaries of State for Education and Science, Employment, Northern Ireland and Wales. Without prejudice to future arrangements, Malcolm Rifkind believes that, for the present, it is desirable for the Scots to complete their own vocational education and training developments before considering whether to seek a place under the national umbrella. In a number of ways they are ahead of us and we do not wish to impede their progress. We both recognise the need to maintain close working relationships between Scotland and elsewhere in the United Kingdom, and to this end we propose to have someone from Scotland on the Council and for there to be a close association between the Council itself and those Departments, including the Scottish Office, having a direct concern in its activities.

6. Although Northern Ireland was not formally included within the terms of reference of the Review Group, Northern Ireland officials were associated with it, and Tom King has said that he would wish its remit to extend also to Northern Ireland. We welcome this.

7. The National Council will consist of around 15 members, appointed by Ministers, and a staff of 65 to 70. Its basic annual expenditure will be in the region of £3m, but after an initial period of 3 years we expect it to be largely self-financing. The Council will be a company limited by guarantee and will charge for its services, levying a fee on those bodies to whose qualifications it awards its national seal of approval.



8. The Council will have a wide measure of autonomy. There will at the same time be a continuing Government concern with the influence of its work upon education, training, and employment policy, and an initial Government contribution on its funding. In reflecting these Government interests, it is proposed that the Secretary of State for Employment will as a matter of convenience have the lead responsibility for day to day financial and administrative matters and for issues spanning the functions of all the Secretaries of State.

7? 9. It has been agreed that, on behalf of the Secretary of State for Education and Science, the Minister of State (Mr Patten) will have a central role reflecting a special responsibility for considering the effects of the Council's work on the education system. The Council will also maintain close links with the Manpower Services Commission as the body responsible for the major Government programmes in the field of vocational training.

10. The Government's contribution to the Council's costs during its setting up and initial 3 years should, we believe, be made by annual grant in aid from the Secretary of State for Employment. To reflect their shared responsibilities, all the Secretaries of State concerned will contribute from their votes towards the grant in aid.

11. We firmly believe that urgent action is necessary to achieve effective reform of our work-related qualifications system, and seek your agreement to our proposals for the new National Council. Subject to agreeing financial arrangements with the Chief Secretary and other colleagues, I hope to be

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able to announce our acceptance of the principle of a National Council in my forthcoming White Paper and to have the Council established in the Autumn of this year.

12. I am copying this minute to Willie Whitelaw, Kenneth Baker, Malcolm Rifkind, Tom King, Nicholas Edwards, Paul Channon, John MacGregor, Norman Tebbit and Richard Luce and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be "Y".

Y

9th June 1986

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ANNEX

NATIONAL COUNCIL FOR VOCATIONAL QUALIFICATIONS - MINISTERIAL ARRANGEMENTS

1 It has been agreed by Ministers with a direct interest in the operation of the National Council for Vocational qualifications that the Council should be jointly sponsored by their Departments; but that the Department of Employment should take the lead in day to day matters concerning the Council's operations and for the issues spanning the functions of all the Departments concerned and should provide a single point of accountability for the Council and its Chairman. The Annex indicated how these arrangements might operate in practice.

Inter-Departmental Liaison

2 The Departments directly concerned with the establishment of the NCVQ are the Department of Employment, Department of Education and Science, Welsh Office and Northern Ireland Office (at a later stage it is hoped that the Scottish Office will also become a sponsor of the National Council). It is proposed that Ministers from these four Departments should meet under the chairmanship of a DE Minister as needed (where issues cannot be settled by officials or by correspondence) to resolve any problems arising from the joint sponsorship arrangements for the Council and to agree the general thrust of the Government's policy, to be communicated to the Council by the Secretary of State for Employment.

3 The National Council's contact with Government on its operation as a whole will be via their Chairman to the Secretary of State for Employment. Other Ministers and their Departments will deal direct with the Council on matters which impinge primarily on those Ministers' responsibilities. The Chairman may also meet the Departmental Ministers together from time to time.

Appointments to the Council

4 All appointments to the National Council, including the Chairman, will be made by the Secretary of State for Employment explicitly after consultation with the other Secretaries of State directly concerned who will be responsible for suggesting names from their own fields.

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Grant in aid

5 The National Council will initially need Government financial support and this will be provided by a grant in aid from the Department of Employment - thus providing a direct line of financial accountability. A Financial Memorandum is being prepared which will set out the conditions under which the Council received funds from the Government. The grant in aid will be financed in part by Votes to DE from the other Departments concerned. The Council will be expected to submit annually to the Secretary of State for Employment, a review of the past year accounts, and a corporate plan supporting its expenditure proposals.

6 The Chief Executive of the NCVQ will be its Accounting Officer. The Permanent Secretary of the Department of Employment will be the Departmental Accounting Officer with responsibility for overseeing the presentation of, and adherence to, the Financial Memorandum and liaising with the Chief Executive on matters of joint concern to Accounting Officers eg NAO reports, PAC appearances.

Parliamentary Questions

7 Questions about the day to day activities of the National Council and its role in implementing the recommendations of the Review of Vocational Qualifications will be the responsibility of the Department of Employment. DE will consult with other Departments where elements of the Question or reply relate to Education, Wales or Northern Ireland (in practice close liaison will be maintained, particularly with DES, on all Questions). Where a Question relates exclusively to Northern Ireland or Wales it will be answered by the Northern Ireland Office or the Welsh Office Ministers. Where a Question seeks information about the policy of DES, Welsh Office or Northern Ireland Office in relation to the National Council or its activities, the Department concerned will take the lead, consulting as necessary. The same arrangements will apply, mutatis mutandis, for dealing with correspondence from Members of Parliament, although they will be encouraged to write direct to the Chairman of the Council on day to day issues.

Personnel and Administration

8. In general the National Council will not be subject to day to day supervision of its administration by any of the sponsoring Departments. However the Department of Employment, in pursuit of its Accounting Officer's responsibilities, will wish to be satisfied that the Council's administrative efficiency and personnel policy match up to the standards required of non-Departmental public bodies. In discharging this responsibility DE will be prepared to offer advice and support to the National Council, including, with the agreement of the Council, provision of financial and managerial expertise. Other Departments when required may be able to provide expertise to the National Council but such assistance should be co-ordinated through DE.

Department of Employment

June 1986

Abraham
Bond

