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PRIME MINISTER

NATIONAL TRAINING COMMISSION AND RELATED MATTERS

I have seen your Private Secretary's letter dated 2 November recording our discussion on the previous day.

2. The letter gives the impression that only one proposal was before your meeting. This is not the case. The documents before your meeting were those attached to my Private Secretary's letter of 28 October. They set out, for Ministers' consideration, two proposals, not one. The first was mine, known as Option A, which is to transfer to a single Department of Education, Training and Science the training functions of the MSC and to give that Department a grant- making power to achieve the Government's objectives for NAFE. The second, known as Option B, was Tom King's which is to create a National Training Commission and to transfer to it funds from the Rate Support Grant.

3. In the light of our discussion, I do not wish to persist in arguing the case for the creation of a Department of Education, Training and Science (although I do believe that this is the rational answer to the problem since all the other Options retain the artificial distinction between education and training).

4. Even so, I fear that Tom King's proposal would do damage to the Government's other education objectives; and it would not in my view be the best way of achieving our objectives for training and NAFE. I have therefore asked my Permanent Secretary to pursue, in the discussions to be organised by the Secretary of the Cabinet, my alternative proposal which is that set out in paragraph 6 of the note on Option A attached to my Private Secretary's letter of 28 October. This is to give the Department of Education and Science, as now constituted, a grant-making power which it would exercise after consultation with the Department of Employment, the DTI and the MSC. This

proposal has two advantages over Tom King's proposal:-

i. It would do a great deal to reduce the risk of damage to our policies for schools; and

ii. the grants envisaged would be more effective in reforming NAFE than the "proxy customer" arrangements proposed by Tom King.

5. I am sending copies of this letter to Norman Tebbit, Tom King, David Young and Sir Robert Armstrong.

KJ

4 November 1983