



8

10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M11/83

SECRETARY OF STATE FOR EDUCATION AND SCIENCENATIONAL TRAINING COMMISSION

In your minute to me of 4 November you argued that work being undertaken by Sir Robert Armstrong should include the option of giving DES a grant-making power which it would use to finance training courses in colleges of further education.

I think both the sense of the meeting on 1 November and the record of it were clear. In summing up the meeting, I said that there was a strong case for the establishment of a National Training Commission, though further work was needed to determine the resources it should be given, what the arrangements for reporting to the different Departments should be, and how far the proposal could be developed within existing legislation. By NTC, I meant an organisation developed out of the MSC, and reporting principally to the Secretary of State for Employment as the MSC does now. The reference to reporting arrangements was to ensure that your Department's interests in education were adequately covered. It should have been clear that I did not envisage Sir Robert Armstrong's work including the option of either an enlarged Department of Education Training and Science or the option set out in your minute.

I am copying this minute to the Secretary of State for Employment, the Secretary of State for Trade and Industry, David Young and to Sir Robert Armstrong. This minute should be shown only to those officials working directly on these proposals.

Margaret Thatcher

8 November, 1983



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Prime Minister ①

You asked for a minute
to be drafted for you
to send to Sir Keele
Joseph

—
AP

7/11

M 11/83

PRIME MINISTER

NATIONAL TRAINING COMMISSION

My record of the meeting - copy attached - has been criticised by both sides as being unfair. Mr. King thinks it was not firm enough in ruling out an enlarged Department of Education and Training, and in making clear that an NTC would report to him in the first instance.

Sir Keith Joseph thinks I have not treated sufficiently sympathetically his proposals which take two forms - see his minute of 4 November.

- (i) A full-blown DETS, which he has now withdrawn;
- (ii) A change under which it would disburse directly to training colleges the money at present provided through RSG. This would establish the customer/contractor relationship but instead of MSC, the DES would be the proxy customer. The DES would be advised by a panel of employers and would consult with other Departments.

No

His minute asks that this lesser option should be considered in Sir Robert Armstrong's work.

I think the sense of the meeting was clear enough. I recorded that a case had been made out for establishing an NTC which I would have thought clearly implied rejection of Sir Keith's two options. The only questions to be resolved were how much RSG should be diverted to the NTC, how DES could be associated with its work and how much could be achieved within existing legislation.

/ Should Sir Keith's

Should Sir Keith's lesser option continue to be worked upon, even in the knowledge that it is unlikely to be proceeded with, or should Sir Robert Armstrong be told to concentrate on the NTC, reporting principally to the Secretary of State for Employment?

AT

4 November 1983

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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

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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

SECRET AND PERSONAL

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Subst

cc Master



lie

RM

cc Mr Mount 5
Mr Letwin

10 DOWNING STREET

From the Private Secretary

2 November, 1983

B/F

Dear Elizabeth

NATIONAL TRAINING COMMISSION

The Prime Minister held a meeting yesterday to discuss the proposal for a National Training Commission. Also present were the Secretaries of State for Trade and Industry and Employment, Mr. David Young, and Sir Robert Armstrong.

Under the proposal there would be a transfer of a substantial proportion of £450 million at present available for non-advanced further education (NAFE) in the RSG to the MSC. The MSC could divest itself of the employment services to become an NTC and use these funds to finance training mainly in the colleges of further education, but also in the private sector.

This proposal was argued to have a number of advantages. The customer/contractor principle would be introduced, providing an extra discipline on LEAs which was currently lacking; the NTC would be more responsive to national and local training needs; and would improve co-ordination with other sources of training such as skill centres.

Against this it was argued that a large part of NAFE was not relevant to the MSC e.g. the 25% or so devoted to re-sits of 'O' and 'A' levels. Much of the rest of NAFE was represented by vocational training in hairdressing, catering, bakery etc., where the present arrangements were working satisfactorily and where employers were taking up the full output of the colleges. The NTC idea was most relevant in areas such as engineering, electronics and construction but these were a relatively small part of the total of NAFE. A more limited proposal, embodying the customer/contractor principle, could be devised in those areas which would avoid disturbing the arrangements which were satisfactory and which would avoid dispute with the local authorities.

/In further

In further discussion, it was argued that even in those areas where the output of the colleges was being taken up in full there would be benefits from an external stimulus to reduce costs. As the Audit Commission was likely to show, there was substantial inefficiency and poor working practice in the FE sector.

The meeting then discussed the need to revise the structure of the MSC in order to reduce its tripartite nature. This could be achieved not by cutting down CBI and TUC representation but by increasing the number of independent members.

It was argued that there would be advantages in incorporating the announcement of an NTC in the White Paper which was anyway required on the future of the YTS. This was due to appear around the turn of the year. Another possibility was to link the announcement with the Audit Commission disclosures on inefficiency in the FE colleges.

The meeting then considered whether legislation was required. It was argued that the NTC proposal could be largely achieved within existing legislation, the exceptions being changes in MSC structure and in its name. If legislation were introduced, it would delay implementation. It would not be feasible to introduce legislation in say the autumn of 1984 with Royal Assent in the spring of 1985 and then launch the scheme immediately. It would be impossible to conduct the RSG negotiations on the basis of a proposal still going through Parliament. If a start were to be made in April 1985 the proposal would need to be announced in the spring of 1984 before RSG negotiations started.

The discussion then turned to the reporting arrangements. It was argued that the NTC should not report exclusively to an enlarged Department of Education and Training as this would weaken emphasis on training and remove the positive element of the work of the Department of Employment.

Summing up, the Prime Minister said that there was a strong case for the establishment of a National Training Commission. More work was needed to refine the proposal; to determine how extensive the transfer of resources to the NTC should be; and to clarify the reporting arrangements. It was also necessary to establish how much could be achieved within existing legislation. Sir Robert Armstrong agreed to take on co-ordination of this work.

I am copying this letter to Callum McCarthy (Department of Trade and Industry), Barnaby Shaw (Department of Employment) and to David Vere (Manpower Services Commission) and Richard Hatfield (Cabinet Office). This letter should be shown only to those officials most closely concerned with development of those proposals.

*Yours sincerely
Andrew Turnbull*

(A. Turnbull)

Miss C.E. Hodkinson,
Department of Education and Science

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10 DOWNING STREET

From the Private Secretary

3 November 1983

NATIONAL TRAINING COMMISSION

I would be grateful if you could amend the fifth paragraph on the second page of my letter of 2 November to read:-

doubted rather
"The meeting ~~took~~ the view that the idea of an enlarged Department of Education and Training should ~~not~~ be pursued. *It was argued that* The NTC should, like the MSC, report to the Secretary of State for Employment but the Secretary of State for Education would need to be involved appropriately in the education aspects".

I am copying this letter to Callum McCarthy (Department of Trade and Industry), Barnaby Shaw (Department of Employment), David Vere (Manpower Services Commission) and Richard Hatfield (Cabinet Office) for the same limited distribution.

ANDREW TURNBULL

Miss Elizabeth Hodkinson
Department of Education and Science.

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