

Prime Minister

To see note at end.

AT 23/12

MR TURNBULL

WHITE PAPER ON TRAINING

The Prime Minister has been sent the drafts of two parts of the proposed White Paper on Industrial Training.

Part I deals with all aspects of our proposals for training, except the changes to be made in the funding of NAFE. The contents of this part of the paper reflect decisions taken at E(A) on 13 December:

- The importance of the TVEI is stressed (paras. 21, 22).
- The YTS is to be retained, and its quality is to be consolidated (para. 29); the scheme is to remain voluntary (para. 32); age of entry to the scheme and length of course are to be flexible (para. 33); and there is no mention either of making the scheme permanent or of providing a guarantee of occupation for 17-year-olds.
- The YWS is to be focussed in 1984/5 on 17-year-old ex-YTS trainees (para. 30).
- In adult training, the possibility of a pilot loan scheme is to be considered (para. 46).

Nothing about entry in Para 33.

X We suggest that the Prime Minister should signify that she is content with this part of the draft.

Agree? Yes no

Part II of the paper deals with proposed changes in the funding of NAFE. The bulk of this part of the paper is satisfactory. There are, however, three points of importance:

- DES and DEm have not yet agreed how to interpret the transfer of £70 million in 1985/6 and £110 million in 1986/7 from the RSG to the MSC. DEm believes that the amounts should be transferred during the financial years concerned; DES believes that they should be transferred during the relevant academic years.

We suggest that the Prime Minister should settle this dispute by interpreting the transfer as follows:

Quis?

(a) £70 million to be notionally transferred during the financial year 1985/6, of which only £40 million should actually be spent, since the academic year runs only from September 1985.

(b) £110 million to be transferred during the financial year 1986/7, which can be wholly spent.

- DES and DEm also disagree about the extent to which we should constrain the subject areas funded by the MSC. DES suggest that the MSC should fund only named subject areas; DEm believe that the MSC should be left free to fund any part of vocational NAFE.

Agree?

We suggest that the Prime Minister should agree with the DEm, and should insist that MSC be left free to fund any part of vocational NAFE, subject only to the condition that MSC should undertake in general to continue to fund present NAFE courses during the first academic year of the new arrangements.

Yes no

Y

- Paragraph 7 of the draft suggests that staff should be seconded from LEAs to the MSC Area Manpower Boards.

We suggest that the Prime Minister should resist this move, on the grounds that we do not want to turn poachers into game-keepers. But the White Paper should also make plain that LEAs will be expected to reduce manpower in accordance with their reduced responsibilities for NAFE.

2.
I would not oppose this totally. MSC itself may be happy to make use of some LEA input.

We assume that the Prime Minister will have another chance to comment on the White Paper, once a draft has been agreed between Departments.

Prime Minister Yes no

Agree X and Y? On 2 I suggest

I sound out David Young to see precisely what he wants.

Yes no

On finance, I agree with Olive's proposal. If £70 million were transferred from RSG in 1985-86, ~~but~~ it would be spent at an annual rate of much more than that as spending does not start until September 1985.

OLIVER LETWIN

Looks very odd. If only 40m will be spent why should 70m be transferred?

AT 23/12

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20. *[Handwritten signature]*

- 1) Mr Turnbull or
- 2) pa

DEPARTMENT OF EDUCATION AND SCIENCE
 ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
 TELEPHONE 01-928 9222

[Handwritten initials]
24/12

FROM THE SECRETARY OF STATE

[Handwritten signature]

J B Shaw Esq
 Private Secretary to the
 Secretary of State for Employment
 Caxton House
 Tothill Street
 London
 SW1H 9NF

23 December 1983

Dear Barnaby,

WHITE PAPER "TRAINING FOR JOBS": MSC AND NAFE

with DB/AT

Your Secretary of State's letter of 22 December asked for comments on a draft of the White Paper by close of play on Friday 6 January.

As my Permanent Secretary explained at Michael Quinlan's meeting on 21 December, my Secretary of State has now left the office and only returns to this country on 6 January. It will not therefore be possible for you to receive our comments until close of play on Monday 9 January.

I am copying this to private secretaries to the recipients of your letter.

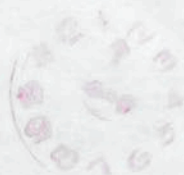
Yours,

[Handwritten signature: Elizabeth]

MISS C E HODKINSON
 Private Secretary

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29 DEC 1988





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se no

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6400

Switchboard 01-213 3000

The Rt Hon Sir Keith Joseph Bt MP
Department of Education and Science
Elizabeth House
York Road
LONDON SE1 7PH

22 December 1983

Dear Secretary of State

WHITE PAPER "TRAINING FOR JOBS": MSC AND NAFE

I am writing separately, under less restricted cover, to you and the other recipients of this letter seeking comments on a draft of the White Paper which E(A) Committee agreed that we, jointly with George Younger and Nicholas Edwards, should present after the House reassembles in January.

I now enclose a draft section, for eventual incorporation in that White Paper, concerning changes in the MSC's responsibilities for work-related training in the non-advanced further education sector, in accordance with the decisions reached at the Prime Minister's meeting on 20 December. This material would be added to what is already said in the general draft about delivery, involving some editing of the latter.

I am circulating this separately to enable you and other recipients the more easily to keep knowledge of the contents of this section to the few officials who necessarily need to know. I would emphasise this point particularly to Jim Prior whose Department has not previously been involved. Neither this section nor the White Paper generally extends to Northern Ireland, but he will no doubt wish to be aware of what is proposed in case it has any implications for Northern Ireland.

The attached draft has, I understand, been generally agreed between officials subject to two major outstanding points of difference, which I think we may need to meet to discuss at your earliest convenience.

First, I understand that you take the view that the agreement at the Prime Minister's meeting that in 1985/86 £70m of RSG resources should be transferred to MSC, and £110m in 1986/87 referred to academic years, rather than financial years, so that only some £40m should be transferred in the 1985/86 financial year, and only some £95m in 1986/87. My interpretation was that the figures of £70m and £110m themselves related to financial years and were the earliest that the changes could be made through the RSG system. I thought it was common ground that it was essential to get this going as soon as possible.



Secondly, we seem to be in difficulty over what should be said about the way in which we expect the Commission to use the money. It is, I think, common ground that the Commission will be required to use it exclusively for supporting work-related non-advanced further education to meet national and local labour market priorities. I think it also agreed that the preparation of a detailed plan should be consequent upon the Commission consulting with the LEAs and others concerned, submitting proposals to us, and our decisions on their proposals. We do however need to give both the Commission and the LEAs and others an indication in the White Paper of our thinking as to how the Commission should go about this.

My view on what should be said on this is set out in paragraph 6 of the attached draft. I understand that you would prefer the alternative version prepared by your officials, which I am also circulating for the convenience of our colleagues. I hope that we can quickly resolve this between ourselves, but I must say that I find it inconsistent with the whole purpose of this exercise that we should ourselves at this stage identify particular subject areas or client groups to which the MSC funding should be directed. That is something which can be determined only in the light of the Commission's consultations with employers as well as LEAs, and it will indeed vary over time. The figure of £110m in a full year was not arrived at as representing the current cost of particular courses, but as I understand it intended, taken together with the £90m which the Commission currently spends on NAFE, to give them adequate leverage - representing about a quarter of the total work-related NAFE spend, to effect necessary reforms.

I should be grateful for comments on this section as for the draft generally, by close of play on Friday 6 January, and suggest that we should arrange to meet as soon as possible thereafter.

I am copying this letter and enclosures to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry, Scotland, Wales and Northern Ireland, the Chief Secretary and Sir Robert Armstrong.

Yours sincerely

(Approved by the Secretary of State
and signed in his absence)

1 If the important developments described in this White Paper are to be carried through successfully, the Government believes that a more unified and coherent direction must be given to public sector provision for training and vocational education as a whole. It needs to be one that makes the whole system more responsive to employment needs, both at national and local level, improves co-ordination between public/sector and other sources of training and gives a greater incentive to the public sector to provide the best possible value for money and to link its offering more closely to the needs of the customer.

2 The Manpower Services Commission, which consists of representatives of employers, unions and local authority and education interests, is now the main agency through which the Government institutes action and monitors progress in training. Since its establishment - particularly in the last 3 years - the Commission has developed increasingly close relationships with the Education Departments and with local education authorities and their institutions at local level through implementation of the Technical and Vocational Education Initiative, the Youth Training Scheme and the Open Tech, as well as the Training Opportunities Programme.

3 The Government has now decided to give the Commission important new responsibilities relating to the purchase of a significant proportion of work-related Non-Advanced Further Education provided by Local Education Authorities in England and Wales. In Scotland with its somewhat different pattern of education provision current arrangements will [for the time being] remain unchanged.

4 At present, total expenditure on the Non-Advanced Further Education (NAFE) sector is about £1.2 bn per annum, of which some £800m is devoted to provision that is work-related. The Manpower Services Commission itself currently provides about £90m as a customer, direct or indirect, for courses or services. About £60m comes from fees from individuals, employers, and other

institutions. The bulk of the expenditure is borne by local authorities, and attracts rate support grant in the same way as other local authority services. None of the rate support grant is hypothecated to particular services, but for local government expenditure as a whole rate support grant together with specific and supplementary grants will represent about 52% of estimated relevant expenditure in 1984-85. Thus it could be said the bulk of the expenditure on work-related NAFE is borne about equally by the rate-payer and the taxpayer, though no precise attribution is possible, and the proportions of expenditure supported by rates and grant will vary from authority to authority.

5 The Government has decided that an additional £70m should be provided to the MSC in 1985/6 and £110m in 1986/7 to spend on work-related NAFE. This would bring total MSC expenditure on work-related NAFE to £200m, approximately a quarter of total provision. The increase will be found by an offsetting reduction in the provision for local authority expenditure on this activity, and Ministers will take account of this reduction in setting the rate support grant total. These arrangements will be subject to consultation with the local authority associations through the normal consultative machinery that exists for the consideration of rate support grant issues.

6 The Commission will be required to devote these additional resources to supporting work-related further education to meet national and local/labour market priorities. The Commission will have to consider in consultation with local government^{employers} and other interested parties exactly how these additional resources will be deployed, and will be asked to make its proposals to Government. The Commission will be expected to secure the provision of occupational courses in line with labour market requirements, to ensure that emphasis is placed on providing skills which are likely to be most in demand and to seek to improve value for money to the taxpayer. It is envisaged that the great bulk of these resources, though not necessarily all, will continue to be spent within the local authority NAFE sector. The Commission will be required to manage as a coherent whole these and the vocational training resources for which it is already responsible; and to involve industry and commerce and the further education sector of local education authorities in planning and developing relevant and

co-ordinated provision at both local and national level.

7 The Commission is being asked as a matter of urgency to consider, consult and report to Government on appropriate machinery at both national and local level for the administration of its new responsibilities. The consultations will cover machinery at national level, and for local level, the functions, number, membership and geographical coverage of the Commission's Area Manpower Boards. The Commission's own staff will need to be strengthened, both at Head Office and in the field, by the addition of staff on secondment from the local education authorities and others with direct experience in this field.

8 The statutory composition of the Commission itself, which includes two members appointed after consultation with local authority associations and one after consultation with professional education interests will remain unchanged. Its members will continue to be appointed by the Secretary of State for Employment. In future appointments, however, the Secretary of State for Education will be responsible not only for the necessary consultations on the representation of professional education interests but also on the representation of local authority interests in England and Wales, as the Secretary of State for Scotland ^{already} is in respect of Scotland.

9 The Commission will continue to report on the whole of its activities to the Secretary of State for Employment and, in respect of programmes run in their countries, to the Secretaries of State for Scotland and Wales, but the Secretary of State for Education and Science will be fully involved in the consideration and approval of the Commission's Corporate Plan and in major changes in policy affecting the non-advanced further education field. Education Ministers will remain responsible for overall policy on further education and for educational standards through HMI.

10 The Commission is being asked to begin discussions with local authority associations and others concerned immediately, so that plans can be settled in good time for the beginning of the 1985/6 academic year (ie from the Autumn of 1985). It is the Government's intention that local education authorities and

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other appropriate educational interests and their representatives should be involved at every stage of the development of these important new arrangements.

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DES Outline of presentation in the January White Paper

1. The interface between education and training has been blurred for too long. The division of functions needs to be clearer and more effective.
2. The Government believes that certain areas of vocational education need to be commissioned either directly by employers or by a body whose function is to represent their needs - the MSC. It therefore wishes the LEAs to cease to regard it as their responsibility to finance courses in the following subject areas [and for the following client groups] and the MSC to take on that responsibility. The subject areas [and groups] are
3. The expenditure in question is currently of the order of £110m a year in England. The Government intends MSC to finance courses in this area to the tune of £110m in 1986/7 and to move towards this situation in 1985/6 by funding them to the tune of £70m. Local authority relevant expenditure will be reduced correspondingly.
4. The Government looks to the local authorities to continue to be responsible for the provision of other types of vocational education in their colleges (as well as their non-vocational work.)

Outline of
DES alternative
to para 5 of
DE draft

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5. To ease the effect which the change of funding will have on the LEAs' management of their colleges, the MSC intend during 1985/6 to use the transferred £70m to fund in the areas in question broadly that provision already planned or envisaged by the LEAs; and to consult the LEAs at local level about changes in provision which the MSC will require for 1986/7 in time to enable the LEAs to make the necessary adjustments.

This was agreed
at your meeting
(i) it gives LEAs
time to adapt
(ii) it gives MSC
time to assess
what is good
and what is bad.

✓ FM



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6400
Switchboard 01-213 3000

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education and
Science
Elizabeth House
York Road
LONDON
SE1 7PH

22 December 1983

De Reite

WHITE PAPER ON VOCATIONAL EDUCATION AND TRAINING

We agreed at E(A) on 13 December that a White Paper on vocational education and training should be published soon after the House reassembles in January, to be presented jointly by you and me and the Secretaries of State for Scotland and Wales. I attach a draft which is still subject to presentational and stylistic editing, but I would be grateful for comments on points of substance by close of play on 6 January.

Copies of this letter go to the Prime Minister, the Chancellor, the Chief Secretary, the Secretaries of State for Northern Ireland, Environment, Scotland, Wales and Trade and Industry and to Sir Robert Armstrong.

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DRAFT WHITE PAPER

TRAINING FOR JOBS

1. Britain lives by the skill of its people. A well trained work force is essential to our economic survival, and to everything we want to achieve by way of a better and a fuller life for everyone.

2. But training is not an end in itself. Training is a means to doing a job of work for an employer or on one's own account. Training must therefore be firmly work based, work orientated, and lead to jobs.

THE OBJECTIVES

3. In the December 1981 White Paper "A New Training Initiative: A Programme for Action" (Cmnd 8455), the Government set out its objectives, based on recommendations it had received from the Manpower Services Commission. The Government's objectives may be summarised as:

- (a) better preparation for working life in schools and better arrangements for the transition from full-time education to work
- (b) modernisation of skill training, particularly to replace out-dated age limits and time serving with training to agreed standards of skill appropriate to the jobs available
- (c) to open up wider opportunities for adults to acquire increase or up-date their skills.

4. A great deal has been achieved in the two years since the White Paper was published. Important steps have been taken to improve the preparation of young people for their working lives while they are still in full time education. In particular the Technical and Vocational Education Initiative is piloting experimental courses covering the four years from age 14 to 18, linking vocational education with work experience.

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5. The Youth Training Scheme is now fully under way offering those who leave school at 16 or 17 the opportunity of a year of planned work experience and training, the great majority of places being provided and sponsored by employers. Progress has been made towards modernising skill training in a number of sectors of industry and commerce.

6. For adults, the Open Tech Programme for opening access to training and re-training opportunities has been introduced and the Manpower Services Commission have put forward recommendations to give new impetus for adult training generally, including a major re-structuring of their own programmes.

7. It is therefore timely to take stock of the position. In this White Paper the Government reviews what has been achieved in each of the three main areas: preparation for working life; skill training; and adults. It then draws conclusions as to the need for further improvement in the means of delivery of its objectives, and the next steps.

8. But first the next section of this White Paper sets out the conclusions the Government has drawn from all this experience as to responsibilities for training, and in particular the respected roles of employers, Government, and trainees themselves.

RESPONSIBILITIES FOR VOCATIONAL EDUCATION AND TRAINING

9. If as a country we are to achieve these necessary improvements in vocational education and training it is essential that everyone concerned should work together with a clear understanding of what their own responsibilities are and what part others are expected to play.

10. Employers were estimated in 1980 to be spending around £2½ billion a year on training. The state funds educational provision, to the extent of £4 billion a year for post 16 education outside schools, which directly or indirectly prepares young people for employment. Over the last two decades, the Government has been drawn more and more into financing actual training, from under £10 million in 1960 (at constant 1982 prices) to some £450 million

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in 1980 and (with the advent of the Youth Training Scheme) nearly £1 billion this year. Yet we may face shortages of skill in quality and quantity.

11. Training ought to equip people with the skills required to produce the goods and services that customers are prepared to buy. Unless it is geared to meet the needs of the market, training will not be seen as a worthwhile investment. In the Government's view the route to success lies, not in yet more central intervention, but in maximising the extent to which employers and trainees themselves determine who is trained and in what skills.

12. If they are to do this then important changes need to be made. First, investment in training needs to be made more attractive financially. It must be carried out as cost effectively as possible. That means keeping costs down, including the willingness of trainees to accept levels of maintenance which recognise the value of the training given. It also means getting rid of artificial restrictions on the time taken to complete training and put the skills required to use. It requires the development of effective methods of training, and of assessing competence. It requires wide availability of information about the likely supply and demand of skilled labour and training opportunities, in particular localities.

13. Most of these improvements are obtainable only through action within industry and commerce. Much depends on the decisions of individual employers but there is also a lot to be done by employers acting collectively through employers organisations or in association with others concerned in voluntary industrial training organisations, or statutory Industrial Training Boards. Such bodies have an important part to play in setting standards, developing techniques and offering advice on a consultancy basis.

14. It is for the Government, on behalf of the community at large, to provide basic education, both general and vocational; to ensure that the Education Service responds to changing needs in the world of work and to help to improve provision for the transition from education to work. It is also the Government's role, exercised largely through the Manpower Services Commission to put employers, trainees and providers of training in touch with one

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another, especially at local level; to encourage the development of nationally recognised standards of competence; to fund experimental courses in new technologies and new techniques; and to provide special help for training the disabled, the long term unemployed and other disadvantaged groups. In all this, however, the Government will seek to maximise the extent to which the costs are borne by those who benefit commercially, and to use public funds in ways which support, and do not undermine, normal market forces.

15. It is for trainees themselves to recognise the benefits of training, to accept that the costs of training must be taken into account in determining the level of pay or allowances. It also for trainees to show individual enterprise in the use they make of new opportunities, such as those offered by the Open Tech programme to train, possibly with a view to self-employment. In some circumstances they may wish to consider financing their own training by means of a loan - a possibility which is referred to later in this White Paper.

16. These conclusions on the allocation of responsibility are reflected in the proposals set out in the following paragraphs for developing specific areas of vocational education and training. The Government has been assisted in reaching them by the advice received from the Manpower Services Commission in developing the programmes both for young people and adults.

17. In making the proposals below the Government is acting in accord with its commitments in the European Community. In particular, it will base the scale and speed of implementation of its proposals, where appropriate, on its expectations of continuing and expanded aid from the European Social Fund.

THE TRANSITION FROM FULL TIME EDUCATION TO WORK

18. The Government, with the Education Service, is developing the effectiveness of the contribution which schools and colleges make to the necessary preparation of children and young people for working life. The measures taken are designed to be compatible with what the Youth Training scheme does for those young people who have entered working life, so that either route will serve to lay the foundation for more specific training at work.

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Developments within education

19. Central and local government has the dominant responsibility for educational provision, and especially for the period of compulsory education. Nearly one-third of young people aged 16-19 continue their full-time education at school or college. Full-time education during and after the compulsory period is one of the main routes into work.

20. Since the 1981 White Paper, the education service has made substantial progress in developing a school curriculum which fosters the personal qualities, competence and understanding of pupils, so as to equip them for the world into which they are growing up and the challenges and opportunities which will face them in their working life. Among the many initiatives are the formulation of objectives for mathematics and science teaching, the preparation of national criteria for the improvement of the 16 plus examinations and their syllabuses, the development of records of achievement to be available eventually to all school leavers, and the programmes for microelectronics education and for pupils for whom the 16 plus examinations are not designed.

21. The Government wishes to offer young people of all abilities coherent programmes for 14-18 with a strong technical and vocational component. The Technical and Vocational Education Initiative (TVEI) began in September with pilot projects in 14 local authorities. Its coverage will be extended very widely this year and applications to take part have now been received from the great majority of local education authorities in England and Wales. The initiative is being monitored and evaluated in order to derive the educational lessons enabling it to be applied readily and cost-effectively in other localities and to other groups within the age range. An important aspect of the TVEI is that the concepts, techniques and equipment involved can be made more widely available to pupils not formally covered by the Initiative. This process has begun.

22. Important improvements are being made in the provision of vocational education for those continuing in full-time education or being released by

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employers for part-time education after compulsory school leaving age. In England and Wales, the Certificate of Pre-Vocational Education (CPVE) has been introduced for those who stay on full-time for one year without precise employment objectives. The formation in 1983 of the Business and Technician Education Council (BTEC) has created a single national body dealing with the vital area of technicians (and equivalents in the professions and commerce). BTEC and the City and Guilds of London Institute have stated their intention to develop their existing provision into a more coherent system of pre-vocational education. A useful step has been taken towards a co-ordinated system for recognising competence across the training and education aspects of technician formation as a result of the recent agreement between BTEC and the Engineering Industries Training Board.

23. Links between schools and colleges and employers, particularly locally, are being strengthened. The Department of Education and Science is establishing pilot College-Employer Links projects (CELP) with local education authorities in order to identify and disseminate good practice.

Scotland

24. In Scotland for 14-16 year olds, new courses and an improved system of assessment are being introduced in the Scottish Certificate of Education (SCE) Standard grade progressively from 1984/85. Courses with a particular vocational or technological emphasis will provide pupils with more relevant experience in schools for later working life. Performance-based assessment will provide better recognition of attainment of pupils of all abilities.

25. For 16-18s, major changes were announced in the Government's Action Plan of January 1983. A more flexible system of modular courses is to be introduced leading to a single new vocational certificate which will absorb the Scottish Certificate of Vocational Studies and other non-advanced further education qualifications as agreement is reached with examining bodies and employers. A close relationship will be developed with YTS certification. General and specialist modules may be combined in different ways to provide full-time and part-time courses in schools and further education colleges to

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suit the needs of individual students and the requirements of employers. Although primarily designed for young people the new courses will also meet the needs of many adults entering training or returning to education. The new framework for 14 to 18 developments, together with other initiatives such as the Scottish Micro-electronics Development Programme, will encourage closer links between schools and non-advanced further education and between education, training and work. It will also complement the aims of TVEI in England and Wales.

The Youth Training Scheme

26. [Over 300,000] young people have so far commenced training under the Youth Training Scheme. The Scheme offers those who leave full-time education at 16 or 17 a 12 month course of planned work-experience integrated with off-the-job training. It is open to all 16 and 17 year old leavers who are unemployed, and to some employed 16 year olds. It is also open to disabled young people leaving school up to age 21.

27. The Scheme is work based. The great majority of places are sponsored by employers and are centred on the factory, office or other place of work (Mode A). Some training places are also provided by a variety of organisations on community projects, in training workshops etc (Mode B). The Scheme is administered by the Manpower Services Commission with advice from the Youth Training Boards and local Area Manpower Boards.

28. The Government announced the Scheme in June 1982. It was launched in April 1983 and came fully into operation in September. Take up is so far about 20% less than planned, mainly because more young people than expected have entered employment outside the Scheme.

29. The next year will be essentially as a period of consolidation, with particular attention to improving the quality of training given, both on and off the job. The Scheme will cater for much the same groups of young people as now. However, to encourage employers to bring more of their 16 year old employees within the Scheme, and to help more 17 year olds find jobs, the Government has decided that the alternative Young Workers Scheme will in 1984-85 be available for 17 year old employees only.

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30. The Young Workers Scheme is designed to encourage the creation of real jobs for young people at realistic rates of pay. From 1 April 1984 it will offer employers a subsidy of £15 a week for young people earning £50 or less a week who are in their first year after leaving school at 17, or have been out of school for a year after leaving at 16, including those who have had a year on the YTS. The two schemes will then complement one another, and avoid the present degree of overlap.

31. Employers who take part in the YTS as Mode A managing agents will continue to receive a grant, subject to annual review, of £1,950 a year for each trainee taken on. This comprises £100 managing agent's fee, £1,300 to cover the trainee allowance of £25 per week, and £550 contribution towards the cost of training. This grant is in recognition of the extent to which the young people concerned might otherwise be unemployed, and of the degree of general benefit to the community of the training given.

32. Participation in the YTS remains entirely voluntary, both for employers and for young people. Employers who take part may engage the young people as trainees or employees as they wish. Any young person who refuses an offer of a suitable opportunity under this Scheme risks a similar reduction in entitlement to social security benefit as applies under any other approved training.

33. The period of training is normally 1 year. But it may be shorter, and the content tailored as far as possible, to take account of any relevant further education, training or work experience already received by the trainee. Any training beyond this first year is a matter for the employer, with the exception of the slightly longer courses which are currently provided within the Scheme for the disabled.

34. The Scheme will continue to cover the first year of skill training for young people (including apprenticeships) provided that the initial year is broadly based, and that the training as a whole is in line with the Government's objectives for the modernisation of skill training.

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35. The standard of training required under the Scheme will be integrated more closely with vocational courses in schools and further education. The Government will seek to develop a comprehensive system of standards and certification which is inter-changeable between school, further education and training at work. In this the Manpower Services Commission will have a leading role.

36. Looking further ahead the Government see a continuing need for better and more co-ordinated provision to help young people progress from education to work as smoothly and effectively as possible. This is as much in the interests of the nation as it is of the young people themselves.

MODERNISATION OF SKILL TRAINING

37. Beyond foundation training lies skill training, which must be the responsibility of employers and individual trainees. The second of the national training objectives in paragraph 3 above relates to the modernisation of skill training, including apprenticeship and here progress has been less dramatic.

38. In the early 1970s, employers recruited over 100,000 apprentices a year. The figure for 1983/84 will be less than 40,000 and in recent years not all the assistance offered by Government has been taken up by employers. To some extent this dramatic fall reflects a long-term decline in employment in major industries that have traditionally provided apprenticeships. But there is clear evidence that current levels of recruitment in some industries will not be adequate to meet employers' continuing needs for skilled people. The shift towards more full-time courses in colleges of further education will not wholly remedy this.

39. The government has continued to provide financial support for first year apprentice training through the Youth Training Scheme. It does not make sense, however, for either industry or Government to train people who will have no foreseeable opportunity to practice their skills. This emphasises again the critical need to modernise the arrangements for access to provision

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of and use of skill training, so that the system can respond flexibly to emerging needs for skill. This applies both to initial skill training and to the subsequent acquisition of new or continued skills or updating old ones. In each case the aim is training which is rapid, flexible and cost-effective, which can respond to signals of skill needs from the market place and so forestall possible skill shortages, particularly where there are new skill requirements in industries and occupations which at present lack proper training arrangements.

40. Some industries have made substantial progress towards reforming their training arrangements. In engineering, agreement has been reached to replace time serving by agreed standards; in electrical contracting a standards-based and modular system has been established with no age restrictions on entry; important advances have also been made in other areas including printing, construction and office skills. But much still needs to be done to secure the target adopted in the 1981 White Paper of training based on achievement of agreed standards rather than time serving for all key occupations by 1985.

41. Progress in this areas is a matter for employers and trade unions, with technical support and assistance from industrial training and validating bodies. MSC will, however, play a key role in stimulating action to achieve the 1985 target and to open up access to training and jobs. The Commission has made acceptance of progress a condition of continued support of initial skill training through the Youth Training Scheme. A similar condition will be applied to schemes of adult training.

ADULT TRAINING

42. The third national training objective - to open up improved opportunities for training and re-training of adults - has had less attention than the other two. Nonetheless, there has been progress. The Open Tech programme, now has in train 40 projects to provide open and distance learning in technician and supervisory skills. On current plans, about 50,000 people will benefit from courses supported by Open Tech in 1985-86. The Department of Education and Sciences' PICKUP project is also encouraging colleges to

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undertake similar developments in relation to a wider range of occupations. And the Government has taken a number of initiatives to encourage Colleges of Further Education to develop more flexible and relevant provision in response to employers' needs.

43. Earlier this year, the MSC undertook extensive consultations on the basis of a discussion document entitled "Towards an Adult Training Strategy" and published in November its recommendations to the Government for a major initiative to improve adult training. The recommendations include mounting a major national campaign to raise awareness of the need for adult training amongst employers, potential trainees and providers of training; action at national level to secure greater coherence and responsiveness in the machinery for providing adult training and education; strengthening of some important features of the training and labour markets; and restructuring the Commission's own adult training programmes so as to contribute more cost-effectively to meeting industry's needs. A major objective of this strategy is to secure an adequate supply of people with up-to-date skills to meet the demands of new technologies upon which economic growth must be based, and the capacity to cope with continuing change. We cannot rely simply on training young people: we need to upgrade skills of those already in the labour force, employed and unemployed, and to enable them generally to adapt to change.

44. The Commission's recommendations are of two kinds. First, it intends to act as a catalyst for action by others, by such means as improving information on local training needs and sources of provision and encouraging collaboration between employers and training providers, including local education authorities. The proposed national awareness campaign will help substantially here. Secondly, the Commission proposes to restructure its own substantial training provision into two main programmes:

- (a) An industry-focused programme for both employed and unemployed people of job related training directed to known employment needs and to helping the creation and growth of businesses. Under this programme the MSC would offer help to employers to train or upgrade the skills of their employees in key areas. It would also relate

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the supply of skill training of unemployed people more closely to identified local employment needs and continue to support demonstration and pump-priming projects, including training packages to help employees facing redundancy, and training for self-employment and small businesses.

- (b) A programme of further help for unemployed people who need training at a more basic level, particularly to restore employability after long periods of unemployment. Such training might be provided through the short work-preparation courses already provided under TOPS or in conjunction with the Community Programme and the existing Voluntary Project Programme.

The Commission proposes to start implementing these proposals experimentally in 1984-85 and to begin the main restructuring of its own programmes in 1985-86.

45. The Government endorses this approach as entirely in line with the market-orientated approach to training that is now required. It will enable many more people to be trained and improve their prospects of employment by placing greater emphasis on equipping them with skills that are actually required. The total number trained would be in excess of 250,000 (including some 125,000 unemployed) compared with some 110,000 (80,000 unemployed) under existing programmes. As a result of tailoring provision to meet specific needs this would be achieved within the £250 million currently allocated to support adult training.

46. The Government will consider the Commission's proposals to incorporate training into some part of the Community Programme when it considers the results of evaluation of the Programme early in 1984. The Commission has also proposed that an investigation should be made of the possibility of a pilot scheme under which the Government would guarantee repayment of loans for training purposes made by banks mainly to employed people, possibly with an element of subsidy. The Government intends to examine this proposal, in collaboration with the Manpower Services Commission.

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DELIVERY

47. The 1981 White Paper said the Manpower Services Commission, which includes representatives of employers, unions and local authorities, would continue to be the main agency through which the Government instituted action and monitored developments in industrial training. Since 1981 the Commission has developed much closer relationships with the Education Departments and local education authorities. This will continue in order to ensure the necessary coherence in the development of vocational education and training policy.

48. It is vital also to involve local employers closely with the work of the education and training services. Much is being done through the network of Area Manpower Boards which are advising the Commission on setting up and monitoring the Youth Training Scheme in their areas. Boards will increasingly need to extend their focus to bring in local initiatives on adult training and in this area a key message of the PICKUP initiative is that education establishments must collaborate with employers to ensure that the training they offer is closely geared to the needs of industry and commerce. This collaboration may be achieved in various ways from involvement of employers in the management of institutions or joint developments of up dating programmes, to appointments of industrial liaison officers or informal links with local employers built up by college staff. Employers may also be able to provide financial or material support, for example by offering the use of premises, equipment or staff to help local schemes, as under the Technical and Vocational Education Initiative, where employers are also participating in local management of projects. In the longer term, the Government believes that employers should be prepared to take greater responsibility for the local development (and possibly even the administration) of training schemes.

49. Both commercial training providers and State-funded institutions, including skillcentres and Colleges of Further Education, must be geared to delivering training efficiently and cost effectively. In particular, the new Skillcentre Training Agency established by the MSC will ensure that skillcentres adopt a more commercial approach to identifying the training they should supply and marketing it both to the Commission and employers.

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CONCLUSIONS: THE NEXT STEPS

50. In the two years since the publication of the 1981 White Paper an encouraging start has been made towards realising the objectives which the Government then set out for modernising and developing the system of training in Great Britain. The need now is to build upon these foundations, so that every part of the structure is adequate for its purpose and fits with, and reinforces, every other part.

51. In schools and further education:

- (i) there should be continued systematic improvement of full-time education as a preparation for working life, with close co-operation between the Education Service and employers
- (ii) the Technical and Vocational Education Initiative will be developed and the outcome of this experiment closely monitored.

52. For young people starting work:

- (iii) the Youth Training Scheme will continue to provide foundation training, complementing what went before and leading on to more specific skill training as required subsequently
- (iv) the arrangements for skill training must be modernised, with all remaining restrictions removed as quickly as possible and access to skill training opened more widely

53. For adults:

- (v) employers and others concerned must be made more aware of the need to offer more opportunities for adults to acquire improve or up-date their skills

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- (vi) the Manpower Services Commission's own programme will be re-structured to provide more job related training as well as training more specifically geared to the needs of long term unemployed
- (vii) the Open Tech programme will continue to be developed
- (viii) the Government will examine, in collaboration with the Manpower Services Commission and others, the possibility of establishing a loan scheme for training

54. The means of delivery:

- (ix) the Government's plans will ensure better co-ordination of effort, both nationally and locally
- (x) in particular the Government will seek to ensure the development of inter-changeability of standards and certification.