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20 March 1981

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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

INDUSTRIAL TRAINING

Memorandum by the Secretary of State for Employment

I was invited to circulate a revised draft consultative document taking account of points made at our meeting on 24 February (E(81)8th Meeting).

#### MSC VIEWS

2. I understand that the Manpower Services Commissioners shared a number of my colleagues' reservations about the original draft. The TUC Commissioners also wanted more commitment of resources from Government and were concerned about signing up on a new initiative while still unclear about the industrial training structure to deliver it.

3. Colleagues' endorsement of the need for a voluntary approach reinforces the case for trying to get a joint initiative with the MSC which would bring with it support from TUC and CBI Commissioners. We will not get voluntarily the changes we require in apprenticeship, vocational preparation or in adult training without that support. The MSC Chairman is trying to bring the Commissioners along with what is now proposed. They meet again on 24 March and I will report the outcome when we meet to consider this paper.

#### THE REDRAFTED PROPOSALS

4. Against this background officials in MSC and my Department have produced the attached redraft of the consultative document. The key changes are - more weight is given to the economic arguments for improving training and for improving utilisation; greater prominence is given to the reform of skill training; there is more emphasis on the practical aspects of other training for the young; the objective of a target date for, and universal provision of, twelve month traineeships for young

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people is no longer mentioned; the role of the schools is stressed; the action that is being or can be taken immediately without further consultation is highlighted; issues for consultation are more clearly identified.

5. The objectives are now:-

(i) We must develop skill training including apprenticeship in such a way as to enable young people entering at different ages and with different educational attainments to acquire agreed standards of skill appropriate to the jobs available and to provide them with a basis for progression through further learning.

(ii) We must move towards a position where young people under the age of 18 have the opportunity either of continuing in full-time education or of entering a period of planned work experience combined with work-related training and education.

(iii) We must open up widespread opportunities for adults, whether employed, unemployed or returning to work to increase or update their skills and knowledge during the course of their working lives.

6. These differ slightly from the aim for young people set out in the summing up of the Committee's discussion in February. Then it was said that further work should be directed to the aim of offering all 16 year olds the choice of staying in full time education, or taking a job with or without a training scheme attached, or taking up a full-time training scheme; and that under this approach benefit should not be available to those who deliberately chose to remain unemployed.

7. The objectives in the document are, however, concerned not just with 16 year olds but with all school leavers, and those who become subsequently unemployed, under the age of 18. They are also concerned not only with reducing unemployment but primarily with improving training, in jobs and otherwise, to provide a solid foundation for an effective working life. While the eventual aim is to offer every unemployed young person an opportunity for training the approach is essentially voluntary. (The question of benefit is dealt with in my accompanying paper E(81)34.

## Resources

8. These objectives can be achieved only by convincing employers, employees and their organisations of their worth. What is required for this is a substantial effort by Government, the MSC, ITBs and voluntary training bodies to get the message across.

9. In the short term, the proposals in the document do not involve any new Government guarantees. The depth of the recession may, however, require further resources to maintain the existing Government guarantees on YOP and it may well prove necessary to provide further training support for apprentices, where recruitment is dropping significantly and increasing numbers are being made redundant in mid stream.

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10. The longer term aim of extending opportunities for vocational training to all young people not in full time education would require substantial additional resources. The document suggests that these costs should be met primarily by employers and trainees themselves. The Government would make a significant contribution in the form of increased provision for vocational education, a continuing responsibility for the unemployed and possibly some pump priming grants to industry. The document is, however, worded in such a way as to allow us to consider the nature of the training and the rate of progress in the light of available resources.

## Relationship with benefits and allowances to young people

11. This issue is dealt with in E(81)34. I am sure the employment and training of young people would benefit from their receiving lower relative pay - the document recognises this. YOP or in-work training could not, however, be maintained at present levels, let alone improved, if we try to impose an allowance below the present YOP rate.

## Drafting points

12. On a number of points I shall be seeking in consultation with the MSC further to improve the drafting of the document. The more important are:

- para 41: should draw a clearer distinction between the Government's continuing responsibilities for education and the unemployed, and other needs which are more contingent
- para 54: here and elsewhere the references to ITBs need to be consistent with our expectation that they will be replaced by voluntary arrangements in most sectors.
- para 59: this reference to the role of industry needs expansion to balance the extended treatment of the Government's role in preceding paragraphs.

## THE NEXT STEPS

13. Subject to the agreement of colleagues and the MSC to the revised document I envisage its publication jointly with the MSC in April. Consultations will conclude in September, in time for us to take them into account in designing further action to move towards the objectives.

14. By then the Employment and Training Bill will have revised the statutory position of Industrial Training Boards (ITBs), the MSC will have completed its current review of training arrangements in each sector of industry, and in the light of that we shall have decided, or be ready to decide, in which sectors training can in future be left to voluntary arrangements and in which statutory ITBs will continue to be needed for the operation of this new approach. Also we shall have available to us recommendations from officials for improving arrangements for consultation between education and training institutions and for clarifying financial responsibilities as I proposed in E(81)20.

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## CONCLUSION

15. I seek agreement to my

- (i) trying to agree with the MSC a consultative document with the objectives and on the lines of the attached draft;
- (ii) publishing such a document jointly with the MSC.

DEPARTMENT OF EMPLOYMENT  
20 March 1981

JP

## Introduction

1. Training is not given sufficient priority in Britain. It is costly. The pay-off may take a long time and people's perspectives are short. Not enough training is done and much that is done is misdirected and wasted. As a result many people will lose initiative and drive in a world which has moved from their work time. The

### A NEW TRAINING INITIATIVE

many examples of excellent training, but performance overall is patchy and our arrangements inflexible.

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## Introduction

1. Training is not given sufficient priority in Britain. It is costly. The pay off may take a long time and people's perspectives are short. Not enough training is done and much that is done is misdirected and wasted. As a result many people are less productive and derive less satisfaction and reward from their work than they might. Although there are many examples of excellent training, our performance overall is patchy and our arrangements inflexible.
2. The time has come when we need to draw up and agree objectives to which all of us - especially Government, employers, trade unions and the education service - can work in the 1980's. This paper is about why we need such a programme of action, why it is so urgent and what the objectives might be. It is also about what the Government, employers, unions, the education service and others are doing, particularly through the agency of the Manpower Services Commission.
3. The paper is addressed to everybody with an interest in training in Britain - to managers in industry, commerce and the public services; to trade union officials and members; to educationalists; to Industrial Training Boards and other training organisations and to many others. What we would like to know is whether you agree with what is said in this paper and how we should proceed.
4. Your views matter. Unless we choose the right objectives and everybody concerned with training is committed to doing something about them, nothing will change. Things are already on the move. We want to increase the momentum starting now. But we also have important decisions to take in the autumn about the way forward, about resources and priorities. Before then we need your views. Please send them by 30 September to:

## What the Problem Is

5. The growth of the British economy and the creation of new jobs for those who are looking for them now and who will be looking for them later in the 1980s depends on one thing above all - our ability to compete at home and abroad. We must have products and services people want at prices they will pay. We must exploit new and growing markets to replace those that are declining. All that we do must be at least as well done as it is by our competitors - and there are more competitors now than there used to be.
  
6. For prosperity and growth we need to invent, to innovate, to invest in and to exploit new technologies. There are and will be great opportunities in the 1980s. To take advantage of them we need to adopt the new technologies - micro-electronics, bio-technology, advanced chemicals, new materials, computer applications, energy and communications systems together with a host of lesser innovations affecting individual sectors, products and markets. We need to improve our sales, and after sales service and our maintenance must all be every bit as competent, efficient and reliable as those of our competitors.
  
7. All this can be done but it means change. Things will not come right if we simply continue as we are. The nature of the technological changes now being implemented throughout the world, the emergence of the newly industrialised countries, the redistribution of manufacturing capacity worldwide all mean that we have entered a period of rapid and far-reaching transition.
  
8. Its effects can be seen clearly in what has been happening to jobs. Those jobs that require very limited skills have been disappearing rapidly: 600,000 were lost between 1971 and 1978, and even more will disappear in the next 5 years. Blue-collar jobs are fewer; white collar jobs will outnumber them by 1985. There has been a sharp falling away in the numbers of traditional craft jobs and a marked increase in demand for technicians and technologists. Employment in manufacturing has fallen and jobs in the service sectors have increased. All these changes will continue in the 1980's. The more successfully we compete in world markets, the more rapid and far-reaching the changes will be.
  
9. These changes are being felt in individual enterprises. Once it was possible for a firm to survive and grow if it had a small nucleus of trained craftsmen, managers who had come up by that route, a relatively small amount of support from professionals and technicians and a force of ancillary workers or operatives who possessed the limited skills necessary for the immediate job. The new markets and technologies require a more highly skilled, better educated and more mobile workforce in which a much larger number of professional and technical

staff are supported by a range of more or less highly trained workers who perform a range of tasks and who are involved in a process rather than the repetitive assembly or manufacture of a part of a specific product.

10. Many firms are not finding it easy to cope with these changes. Even now, at a time of very high unemployment some lack key technical and professional skills, particularly in new growth sectors. There is a great risk that the ability to take advantage of an economic upturn will be severely constrained by such shortages and by the inability of firms to adapt swiftly enough. To do this many firms need to change or upgrade the skills of their existing workforce. Often they find they cannot easily do so. Sometimes facilities are not available; sometimes the investment is not thought worthwhile because artificial barriers prevent those who might be so trained from using their skills.

11. If firms are having difficulty in adapting, so too are people. At a time when the potential workforce is larger than ever and unemployment is exceptionally high the prospects for many are bleak. That is not only because of the recession. People with little skill to offer - and there are very many - have less and less chance of getting or retaining a job. Young people face special difficulties and youth unemployment has risen to the point where 1 in 6 of all those unemployed is under 19. Many older workers, even when they have opportunities, find the new requirements too demanding. In many parts of the country, local communities are in decline because they lack the skills required to attract inward investment or enable new local enterprises to flourish.

12. It is not surprising that we find ourselves in this position. Even apprenticeship, traditionally the heartland of Britain's training provision, is proving increasingly inadequate to present and future needs. The skills it covers are no longer those in most demand or always relevant to the jobs in which the new apprentices will be working. Those who choose to stay on in full time education after the age of 16 find when they leave school that they are too old to be admitted to apprenticeship. There are far too few opportunities for girls outside a very restricted range of jobs and occupations open to women. In localities where new skills are badly needed - those where old industries are in sharp decline - the number of training opportunities is dropping because some industries are closing or contracting and the struggle for survival means that those that remain are recruiting and training fewer young people.

13. For too long we have treated training and education as a once for all experience at the start of life - as if circumstances and requirements would remain unchanged. In consequence, there have been few chances for adults to

start afresh or add to what they have. Employers have too often taken or been forced into a short term view and relied heavily on being able to buy in the skills they need from the market place. Training has been seen as a dispensable overhead rather than an investment for the future. Too many unions and shop stewards have taken an equally short sighted view in the restrictions that have been placed on the acquisition of skills and their subsequent use.

14. Meanwhile, at school young people have been less well equipped than they should be for working life and less well advised about the choices open to them. Vocational education has been a poor relation. At the point of transition from full-time education to work training opportunities have been relatively few and confined to the small elite of any age who secure apprenticeship.

15. In all these respects our behaviour and attitudes contrast markedly with those of our competitors. In Britain for example 44 per cent of all young people completing compulsory schooling go into jobs where there is little or no systematically planned training or vocational education. The comparable percentage in France is 19 per cent; in Germany 7 per cent. This was documented in the Manpower Service Commission's publication "Outlook on Training". Annex 1 gives further details of arrangements in France and West Germany.

16. The fact is that, for all the excellent training that some firms offer and that unions sometimes seek, we now lack any assured system or clear framework for providing either the key skills the new technologies demand or the wide range of skills at many different levels which all firms increasingly need.

17. In the schools and in the further education service already changes have taken place. More and more schools have been developing links with local employers to have taken part in schemes provided by the Schools Council, the CBI and others. The City and Guilds of London Institute has designed a foundation course for those intending to enter work directly after they reach minimum school leaving age. To outline the possibilities for the Industrial Skills Project is one in the next year. Colleges of further education have made considerable efforts

### What We Have Been Doing

17. Yet for all these weaknesses and urgent problems, significant developments have taken place in the last few years.

18. Many firms, supported by Industrial Training Boards have been moving towards a more systematic appraisal of their training needs, present and future. Some have replaced what they regard as outdated categories with new grading structures reflecting the wide spectrum of skills and different levels which a modern firm increasingly requires. More attention has been paid to technical training and to training for white-collar jobs. Some effort has been made to increase opportunities for girls in non-traditional occupations. In apprenticeship, there have been big improvements in quality in some key sectors. Many firms now provide a substantial period of off-the-job training followed by planned work experience. The object has been to give apprentices a wide range of skill based on a solid foundation of theoretical knowledge. In many firms and sectors and for many occupations the "modular" approach is gaining ground. Under this the employer can build steadily over time on an increasing body of skills, knowledge and experience which starts with basics and continues at more advanced levels. Yet for all this in the last few years the Manpower Services Commission has had to give financial support to no fewer than 165,000 apprentices and other young people training for technical skills in order to sustain a future supply of the key skills employers will need.

19. Since 1976, the experimental pilot programme of Unified Vocational Preparation has sought to test new approaches to providing a foundation of training and related further education for young people in jobs where little or no training would otherwise have been available. The evaluation of this experiment by the National Foundation for Educational Research makes it clear that the employers concerned, all of whom contribute to the costs, consider the improvement in the motivation and performance of their young employees well worth the effort and expenditure involved. At present there are 3500 young people on the Programme but it is being expanded. Even so, only a small proportion of those who could benefit are covered.

20. In the schools and in the further education service also many changes have taken place. More and more schools have been developing links with local employers or have taken part in schemes promoted by the Schools Council, the CBI and others. The City and Guilds of London Institute has designed a foundation course for those intending to enter jobs directly when they reach minimum school leaving age. In Scotland the "Education for the Industrial Society" project is now in its fourth year. Colleges of Further Education have made considerable efforts to

adjust to the changing requirements of employers, not least for technical skills. More attention has been paid to the training needs of those with few, if any, academic qualifications. The Further Education Curriculum Review and Development Unit has published several important reports including "A Basis for Choice" which shows the potential of pre-vocational courses. Yet, for all this, there is still a widespread feeling that much more could and should be done.

21. As youth unemployment has risen, particularly amongst school leavers and those with fewest qualifications, the Youth Opportunities Programme has been rapidly expanded to provide up to a year of training and work experience for unemployed teenagers. Since 1 April 1978, 720,000 young people have passed through the Programme. It has catered for an increasing proportion of school leavers: 1 in 8 in 1978/9, 1 in 4 in 1980/81. Employers have provided two thirds of the opportunities and both in this and their subsequent recruitment of many of those who have been through the Programme have shown that they regard the training and experience provided as relevant to their needs and the young people as better equipped and better motivated. Even so in the next decade some 3 million young people may be leaving school with few if any qualifications.

22. Opportunities for adults have been increasing. A recent report estimates that some 4 million people are pursuing some kind of vocational education, full or part time. Some firms have made much more systematic attempts to identify and meet needs for retraining and upgrading amongst their existing employees. Publicly funded opportunities have been expanded through the Manpower Services Commission's Training Opportunities Scheme. Over 350,000 adults have completed training of this kind in the last 5 years. The scheme is now planning for 60,000 course completions a year. For some this is a belated chance to get a first skill. For others it is a chance to update or retrain. The majority of trainees have found jobs readily and use what they have learned. Additionally the Manpower Services Commission's training services for which employers pay directly have been expanded and some 30,000 adults a year now have a chance to top up their skills or retrain by this means. Yet for all this, the potential demand far outstrips the opportunities that are available.

23. Taken together, these efforts are large in scale and their achievements substantial. The resources devoted to them by private and public sector are considerable. But they are patchy. Too often, they treat the symptoms rather than the disease. There are limits to how far or how long it is possible or sensible to repair or shore up a building when the foundations of the building itself are collapsing. The plain fact is that the scale and nature of events is running ahead of the capability of institutions, private or public, to deal with

them. We know what has to be done. The experience we have shows us how to do it. But a new approach is needed if we are to succeed.

objectives:

1. we must develop skill training including apprenticeship in such a way as to enable young people entering at different ages and with different educational attainments to acquire agreed standards of skill appropriate to the jobs available and to provide them with a basis for progression through further learning;
2. we must move towards a position where young people under the age of 16 have the opportunity either of continuing in full time education or of entering a period of planned work experience combined with work related training and education;
3. we must open up widespread opportunities for adults, whether employed, unemployed or returning to work in Britain, to update their skills and knowledge during the course of their working lives.

25. The following paragraphs explain what each of these three objectives implies.

#### First Objective: Developing Apprenticeship

26. At the heart of apprenticeship lies the concept of a foundation of skills and knowledge which will be relevant and useful to the apprentice in subsequent working life. This is agreed by the parties, especially by employers and unions. The foundation is acquired through a systematic programme including both off-the-job or classroom teaching and direct work experience and practice. The logic of the system is that once the acquisition of knowledge and competence in the necessary skills is demonstrated, the apprentice should qualify and be free to use them.

27. If the future supply of key skills is to be secured, the present apprenticeship system must be modernised so as to preserve what matters, discard what is out of date and meet the needs of employers and individuals alike. This means specifically that

1. the basic concept of a systematic planned programme of off-the-job training and work experience and practice needs to be extended to a wider range of skills, particularly key growth skills and to a wider range of young people;
2. employers and trade unions need to focus on the range of skills and knowledge to be covered and the level of performance required and to specify these in "standards" which employers and individuals alike will recognise and accept;

## What Needs to Be Done

24. As a country, we must now set ourselves three major and inter-related objectives:

1. we must develop skill training including apprenticeship in such a way as to enable young people entering at different ages and with different educational attainments to acquire agreed standards of skill appropriate to the jobs available and to provide them with a basis for progression through further learning;
2. we must move towards a position where young people under the age of 18 have the opportunity either of continuing in full time education or of entering a period of planned work experience combined with work related training and education;
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1. the basic concept of a systematic planned programme of off-the-job training and work experience and practice needs to be extended to a wider range of skills, particularly key growth skills and to a wider range of young people;
2. employers and trade unions need to focus on the range of skills and knowledge to be covered and the level of performance required and to embody these in "standards" which employers and individuals alike will recognise and accept;

3. opportunities need to be opened up in appropriate forms to young people who choose to stay on in full-time education until the age of 18 or 19;
4. opportunities need also to be made available in an appropriate form to adults, recognising the experience and skills which they have already acquired;
5. the arrangements agreed need to recognise that different individuals have different learning speeds and that what matters is the competence an individual can demonstrate;
6. individuals who can demonstrate competence in the agreed range of skills and knowledge should be free to practice them and should be rewarded for them;
7. payments to those in training, especially young people, need to reflect that whilst they are training they are learning and not able to contribute fully to the enterprise.

10. Moreover employers know that an individual is much more valuable and is much more able to adapt to change if he or she has acquired age-appropriate competence and practical experience in a range of related jobs or skills rather than being limited to the ability to perform one task in one context. This is the lesson of recent developments in apprenticeship and technical training and, at a different level, of the pilot British Vocational Preparation Programme. It is a lesson our competitors learned some time ago (see Annex 2 already given) and those firms who have studied the methods and performance of their competitors in Japan, Europe and North America are impressed by the way they have extended this principle and practice to many different levels within their enterprises.

11. We are beginning to do the same here. Annex 2 gives some examples in both the private and public sector. But progress has been very slow. There has been some talk but much less action. To increase the productivity and adaptability of firms and to reduce the vulnerability of individuals to unemployment we must make progress rapidly. Young people under 16 must receive the essential foundation in school or at work or both. The schools and colleges can do more, and need to concentrate on practical applications of knowledge and not just knowledge for its own sake. But many work skills are best acquired in the context of work.

Second Objective: Preparation for and Entry to Working Life

28. The situation facing us and the experience we have gained in the last two or three years make it clear that we cannot and must not rest there. In the modern world, an employer needs people who have both a foundation of skills, knowledge and experience they can apply to practical problems and familiarity with and some knowledge of a range of tasks, activities or processes in which he is, or may be, engaged. This foundation of training and planned work experience is, or should be, an integral part of the essential developments for apprenticeship. But in a world from which unskilled jobs are disappearing, it is more and more an essential for all young people if they are to get and retain jobs in the 1980s. The Youth Opportunities Programme has demonstrated that.

29. Much effort has been expended - here, in Europe, in North America - to identify that broad foundation of generic skills and knowledge essential for individuals if they are to make opportunities for themselves today. The Schools Council, the Further Education Curriculum Development Unit and a number of studies carried out by Industrial Training Boards and the Manpower Services Commission have produced lists. Most are not academic but severely practical. When academic knowledge is involved, it is familiarity with and some competence in the practical applications of that knowledge that employers seek.

30. Moreover employers know that an individual is much more valuable and is much more able to adapt to change if he or she has acquired some competence and practical experience in a range of related jobs or skills rather than being limited to the ability to perform one task in one context. This is the lesson of recent developments in apprenticeship and technical training and, at a different level, of the pilot Unified Vocational Preparation Programme. It is a lesson our competitors learned some time ago (as Annex 1 clearly shows) and those firms who have studied the methods and performance of their competitors in Japan, Europe and North America are impressed by the way they have extended this principle and practice to many different levels within their enterprises.

31. We are beginning to do the same here. Annex 2 gives some examples in both the private and public sector. But progress has been very slow. There has been some talk but much less action. To increase the productivity and adaptability of firms and to reduce the vulnerability of individuals to unemployment we must make progress rapidly. Young people under 18 must acquire the essential foundation in school or at work or both. The schools and colleges can do more, and need to concentrate on practical applications of knowledge and not just knowledge for its own sake. But many work skills are best acquired in the context of work.

The Youth Opportunities Programme has demonstrated that work is the mainspring for motivating many young people towards learning and that learning takes place through a combination of work and work related training and education. It is not a question of choosing between providing the foundation in school or at work. We must build a bridge between the two, starting, for all young people, in school or full-time education and ending, for all, in work.

18. There are, however, at least four kinds of need that will not be met in their own right. Growing numbers of adults with relatively few skills or with skills restricted to a narrow range of manual operations or office tasks are needing a chance to take a fresh start through accelerated training for jobs in growth sectors. The Training Opportunities Scheme shows what can be done here but is, in itself, insufficient to meet the scale and range of requirements, not least because it is restricted to unemployed people. Next, growing numbers of those with competences which have become outdated as a result of lack of practice are seeking refreshing or refresher courses. They include large numbers of ex-armed forces returning to work. Thirdly, growing numbers of skilled people are looking for progression to more demanding or responsible work. For example, skilled technicians are looking for upgrading to technical or supervisory posts. All too often there is no way forward. Finally firms and individuals alike are seeking means of responding rapidly to new demands. For example, firms in the mechanical and electrical engineering sectors are needing rapidly to acquire new electronic skills; clerks are needing rapidly to learn computer skills. In most cases, adults need additional modules of skill and knowledge to graft on to existing competences. It is not easy for them to find that.

19. For all these reasons, much wider opportunities for adults are needed - at the workplace and in the home, full or part-time, narrowly job-related or very much broader in scope. Moreover, modern technology itself, including distance learning and computer assisted learning, is making all this increasingly possible if only the need for opportunities is recognised and the will to provide them is there.

Third Objective: Wider Opportunities for Adults

32. The first two objectives alone do not meet all the requirements. Modernising skill training including apprenticeship may open up some opportunities for adults, particularly those in their late teens or twenties and particularly those who missed their chance or never had one when they left school. In time, a new foundation of training and planned work experience for young people under 18 will equip growing numbers of the working population with a base on which they can build as circumstances change or requirements dictate.

33. There are, however, at least four kinds of need that will not be met in these ways. Growing numbers of adults with relatively few skills or with skills restricted to a narrow range of manual operations or office tasks are needing a chance to make a fresh start through accelerated training for jobs in growth sectors. The Training Opportunities Scheme shows what can be done here but is, in itself, insufficient to meet the scale and range of requirements, not least because it is restricted to unemployed people. Next, growing numbers of those with competences which have become outdated or rusty through lack of practice are seeking retraining or refresher courses. They include large numbers of married women returning to work. Thirdly, growing numbers of skilled people are looking for progression to more demanding or responsible work. For example, skilled craftsmen are looking for upgrading to technical or supervisory posts. All too often there is no way forward. Finally firms and individuals alike are seeking means of responding rapidly to new demands. For example, firms in the mechanical and electrical engineering sectors are needing rapidly to acquire new electronic skills; clerks are needing rapidly to learn computer skills. In such cases, adults need additional modules of skill and knowledge to graft on to existing competences. It is not easy for them to find them.

34. For all these reasons, much wider opportunities for adults are needed - at the workplace and in the home, full to part-time, narrowly job-related or very much broader in scope. Moreover, modern technology itself, including distance learning and computer assisted learning, is making all this increasingly possible if only the need for opportunities is recognised and the will to provide them is there.

### The Three Objectives: General

35. The three objectives offer great advantages but also require much:

1. To employers they offer a much more assured supply of key skills; a more versatile, more readily adaptable, more highly motivated and therefore more productive workforce; better utilisation of skills and more cost effective expenditure on training. At the same time they require a new attitude to investment in training, a willingness to do more for more people and a readiness to make the resources of the workplace available for learning and work experience, especially for young people.
2. To unions they offer a better start in working life for all young people, greatly increased opportunities for career progression in later life and full involvement in decisions about content and standards. At the same time they require removal of outdated barriers to entry particularly in key areas of skill training, access to jobs for all who can demonstrate agreed standards of competence and modification of insistence on time serving as a qualification.
3. To the Education Service they offer a realisation of many hopes and aspirations for young people and a key role, in partnership with employers and unions, in implementation. At the same time they require that some traditional approaches and values be modified or abandoned, that new techniques be adopted, that there be better use of resources and that the need for in-service training and retraining be met as the requirements make new demands of many teachers and staff.

36. To achieve all three objectives will call for sustained effort over a considerable period. They require commitment by all parties. That commitment can only come from the conviction that they are not only desirable but also practical. The following section deals with some of the major questions that will need to be considered.

Achieving the Objectives: the Framework

37. There are three major questions to be resolved: who should bear the costs; what organisation is required; and by what means should we seek to make progress? There are no simple and obvious answers to any of these questions.
38. Achievement of the objectives will benefit employer, individual and society alike. Individual employers will benefit from improved motivation and performance of their employees. Employers <sup>both, individually and</sup> collectively will benefit from having a more adaptable workforce capable of more rapid development and change. Individuals will benefit from increased skills, increased capacity and less vulnerability to change. Society will benefit from improved industrial performance and hence increased wealth.
39. It seems reasonable therefore to expect all the beneficiaries to contribute to the costs. Employers already spend several billion pounds each year on training. What is proposed here may perhaps increase those costs. It will most certainly provide a much greater return on the investment. It is right that the employer should remain a major contributor.
40. But the trainee also must recognise that the investment benefits him, especially in the longer term. There is no doubt that a major disincentive to employers providing more training for young people has been the diminished differential between their rate of pay and those of fully trained and fully competent adult workers. In other countries (see again Annex 1) young people often receive a trainee wage or allowance and have a trainee status (much as they do under the Youth Opportunities Programme). Thus in a sense they contribute indirectly to the cost of a foundation which is a recognised passport to employment and subsequent progression. Might the same be done here?
41. At the same time an investment in training is an investment in a stock of skills, knowledge and experience on which the community as a whole can draw, just as it does on its investment in education. It is right that the Government should pay for what is provided in full-time education, should look after the training needs of unemployed people, should inject public money in support of desirable developments, should contribute to meeting key needs for which provision will otherwise be inadequate and should fund countercyclical training when employers' immediate resources are clearly inadequate to meet further requirements.
42. Next there is the question of organisation. The key requirements are for machinery to secure agreement on standards, some means of planning developments and securing progress at both sector level and locally, and some means of monitoring progress and quality.

43. The main instrument for change must be collective agreement at the level of the sector and the company. Progress depends on positive steps being taken by individual employers and trade unions. They are best placed to work out the kind of arrangements which fit their own circumstances. Unless employers recognise the critical importance to their own competitiveness of enabling managers, specialist staff and employees in general - whether white collar or manual - to develop their abilities through further training, there will be no progress. Equally unless unions recognise the force of the arguments developed in this paper any initiative will quickly founder. We already have a network of sector bodies in the Industrial Training Boards and the other industry level training organisations. They are currently under review by the Manpower Services Commission. A key question in this review must therefore be whether the arrangements in any particular sector are, or are likely to be, sufficient to ensure progress towards the objectives described in this paper and, if not, what form they should take.

44. It is of prime importance to the achievement of the objectives that the country now has training institutions with considerable experience of setting standards and developing courses to meet the needs of employers. In the further education service, such bodies as the City and Guilds of London Institute, the Royal Society of Arts and the Councils for Technician Education and Business Education and their Scottish counterparts, and the Industrial Training Boards the country possesses skilled professional resources well able to make effective a new approach to training, once there is national commitment to it. The objectives may well, however, require a new approach to profiling the achievements of trainees of all ages. It is clearly of the greatest importance to employers that they should know what each person can do and to the individual that his competence is recognised.

45. Finally, needs arise and people are trained in localities. Some local organisation is required. There are models and possibilities already in existence. The Manpower Services Commission's Special Programmes Area Boards have considerable relevant experience and provide a means of achieving, the full involvement of Local Education Authorities, local employers and trade union representatives. Other possibilities include a developed role for the Manpower Services Commission's District Manpower Committees or some new Local Education Authority machinery.

46. Then there is the question of how best to make progress. It is worth repeating that no progress will be made unless people believe the objectives are worthwhile and can and must be achieved and unless employers and unions,

individually and collectively, determine to move forward using the machinery of collective bargaining and agreement. Is it necessary to underpin these actions with some kind of legislation? There are arguments both ways. Some would say that legislation is at best an irrelevance and that for progress to be made and results to be achieved there can be no substitute for the voluntary approach at all levels. They would argue that we should rely on the imperatives facing employers and workpeople and on the experience we have gained in the last few years through some of the initiatives described above. Others would argue that the objectives are too urgent and important for that. They would say that many employers, on whose initiative so much depends, are dissuaded from investing in training by the knowledge or fear that their competitors will not do so. They point to the statutory underpinning that has proved necessary to secure developments in Europe and elsewhere. Both partners might agree that there is no point in legislation that seeks to enforce requirements employers, unions or the education service regard as unworkable.

47. These, then, are major questions about the framework for securing objectives. We cannot take decisions on them until we have the views of all the parties involved. There is, however, plenty of progress that can be made in the interval necessary to allow discussion. In the next section we describe the action we are setting in hand and what we hope others will begin to do.

## Who Does What Now

48. First, the Government and the Manpower Services Commission. We are fully convinced that we must act now within the resources available to us, to set in train three essential initiatives.

49. The first is to secure more and better skill training for young people. The Commission will shortly be entering into discussions with employers and unions in key sectors with a view to stimulating agreement on modernisation of arrangements for apprenticeship along the lines described in this paper (paragraph 27), and particularly the agreement of recognised standards of competence. Additionally there is likely to be a major shortfall this year in recruitment to both traditional and key modern cross-sector technical skills including computing. The Commission will use the funds it has available selectively for the support of additional training opportunities. It hopes that the support it will provide can be accompanied by agreement by the employers and unions concerned to movement in the directions indicated which, as a first step, can begin to open up opportunities for 18 and 19 year olds.

50. Next, the Commission is setting in train immediately significant developments in improved vocational preparation for young people. In the Youth Opportunities Programme it is our intention, as resources permit, to work towards the point where every 16 and 17 year old not in education or a job will be assured of vocational preparation lasting as necessary up to his or her eighteenth birthday. This year there will be a major expansion of the Programme. The present target is to provide 440,000 young people with opportunities in 1981/2. Quite as important as the scale of the Programme is our firm intention that it shall be developed as a programme of good quality training for work lasting up to a year or more for those young people who need it.

51. The Commission has also embarked on important initiatives to secure better and more relevant further education opportunities for trainees in the Youth Opportunities Programme. For example, 12 Local Education Authorities are taking part in exemplary projects to explore ways of securing one hundred per cent coverage of young trainees and to draw lessons which can be applied elsewhere. Basic skill teaching materials are being designed and promoted and training for sponsors' staff still further improved.

52. By 1983/4, the Unified Vocational Preparation programme will be expanded to cover 20,000 young people in employment, a six-fold increase. So far the Programme has been small and confined to a few sectors and localities. Our intention is to use it now as a test bed for foundation training and further education for

young people in employment who are not apprentices or trainees in other schemes and to publicise its achievements so that employers, the education service and employees can see the value of such preparation and take it up more widely.

53. The two Programmes - the Youth Opportunities Programme and Unified Vocational Preparation - will be planned and developed together in order to provide experience and a foundation on which provision for all young people in the age group can eventually be built along the lines of the second objective.

54. The third major thrust is to begin significantly to widen opportunities for adults. The Commission, through the Industrial Training Boards, will explain the urgent need for this to employers and will encourage them to take new initiatives. Meanwhile the Commission's direct training services will be further expanded on demand from employers, thus providing more opportunities for updating and retraining those at work. The Training Opportunities Scheme will concentrate increasingly on key skills which are in greatest demand, particularly those in the field of micro-electronics and computers. This will mean more emphasis on updating and adding to skills, not least for unemployed craftsmen, as well as on providing second chances for those with little to offer in transferable skills. The scheme will also participate in discussions with key industrial sectors (see paragraph 49) with a view to opening up opportunities for older people to train to agreed standards.

55. Additionally, the Government and Manpower Services Commission believe that there is a need for a new spur to innovation in this field through increasing opportunities for "open learning" to improve access to training for all. They intend to do this by establishing an "Open Tech" programme, on which they will shortly be publishing a separate consultative document. Such a programme will use the latest technology to make training much more widely available, particularly to those in full-time employment. It will enable adults to shape and develop their careers and to progress to higher levels of skill and responsibility. It will build on many recent developments such as the increasing flexibility and accessibility of telecommunications and the educational programmes developed by the broadcasting authorities.

56. There is a growing need for this kind of training at technician and junior managerial levels, where there is a significant, and often rapidly changing, requirement for technical knowledge and where training provision for adults at least is relatively under-developed or under-utilised. We expect that initially at least the resources of an "Open Tech" programme will concentrate (though not exclusively) on meeting this need.

57. So far as action within the education service is concerned, the Government has recently published a discussion document, "Examinations 16-18", which announced its intention to develop and implement a system of pre-vocational courses and examinations for young people who wish to enter employment at 17+ without taking 'A' levels. This work is being set in hand. In Scotland, the Government's curriculum and assessment development programme, designed to lead to the replacement of the SCE 'O' grade (the Scottish 16 plus examination) in 1986, is devising foundation level multi-disciplinary courses for pupils who are less academically inclined. In these and other ways the Government is seeking to promote improvements in the preparation young people receive in school for the transition to working life.

58. The Government is itself the largest employer in the country. It intends to set in hand an urgent review of its own training arrangements to see what further steps it should take to meet the three objectives within its own direct sphere of influence. It will also seek to influence directly and indirectly the behaviour of other <sup>public sector bodies,</sup> including the nationalised industries.

59. Substantial though these developments and their effect will be, however, at the end we come back to employers, the unions and the education service and to all those to whom this document is addressed. Though there are important issues yet to be resolved there is much that can be done now:

1. by employers: who can review their arrangements now and open discussion with their unions about these matters; with a view to action;
2. by unions: who can determine to respond positively to proposals put to them for reviewing existing agreements and arrangements in the light of this document;
3. by the education service: where all concerned with teaching and planning whether in schools or in colleges can consider immediately what changes they need to make and how they can contribute to development - local, sectoral or national - along the lines we propose.

## Conclusion

60. These then are the actions we are already setting in hand and which others can also set in hand. This autumn, however, we must take other important decisions about the way forward, about resources and about priorities.

61. We have set out the 3 major objectives (paragraph 24). We have explained why we think them essential. We have described the actions we have been taking and will be taking over the next 2 years. But if we are to change attitudes to training in the way we believe essential for the future prosperity of this country and those who live and work in it, we must all have the will to move and agreement about what we should seek to achieve. That means that many other organisations, large and small, must do things too, and <sup>must</sup> be involved in the design as well as its implementation.

62. That is why we need your views on what we have said in this paper. In particular

1. do you agree that the needs are as we have described them (paras 5-16)?
2. do you agree with the three objectives (para 24)?
3. what do you regard as the priorities for action?
4. what are you already doing to improve matters and what further actions can you set in hand?
5. how should developments be financed (paras 38-41)?
6. how can the organisational requirements best be met (paras 42-45)?
7. should we proceed by legislation or on an entirely voluntary basis (para 46)?

63. We need your views by 30 September so that we can take them into account in designing further action. In the meantime, the Government and the Manpower Services Commission intend to press ahead in the ways we have described. The needs are growing. They are becoming more urgent. The time for debate is over. What is needed now - at all levels - is action.

ALTERNATIVE APPROACHES TO INITIAL OCCUPATIONAL TRAINING - FRANCE AND WEST GERMANYFRANCE

In France there is a national responsibility for the vocational training system, including the initial and subsequent training of young people and adults entering or already established in the employment field. The content and organisation of training are laid down by the national Government, much of it by law, but with considerable involvement of the social partners at regional and local level and reflecting agreements reached at national level between employer and trade union federations. Under laws of 1971 and 1978 all employees in France have the right to paid leave for education and training purposes.

Provision for 16-18 year old school leavers who have not yet found work and all unemployed workers over 18 is the responsibility of the State both in terms of facilities and finance. All other vocational training is financed jointly by the state and employers - the latter contribute through mandatory payroll taxes, one for training in general and the other specifically for apprentice training. In both cases the employer may be exempted from paying the tax if certain criteria are satisfied.

Much vocational education and training for young people is provided through the French school system. In 1978, 67% of young people eligible to leave school continued in full-time education - 27% receiving general education and 40% obtaining vocational education. A further 14% of young people entered apprenticeships, during which indenture, registration, day or block release at state run and financed training centres and final examinations are all compulsory. Only 19% of school leavers went directly into work or unemployment.

The French Government is particularly concerned to extend provision of vocational training to those young people who leave school with poor qualifications and little vocational orientation. Recent measures for this group (and some older workers) include state funded vocational preparation courses, 90% state funded periods of practical in-firm training and state subsidised "contracts of employment with training". Trainees under the first two measures above are not granted employee status during training.

The French Government has recently introduced legislation which will be fully implemented from 1 January 1982, for a system of vocational training for young persons up to the age of 23 and for other workers who have been employed for less than two years in the preceding five years. The aim is to provide systematic training at various levels in occupations by progressing through alternating periods of education/study and work training/experience, hence the title of the scheme "Alternance". Participants will include both employees and job seekers, (the latter financed by the State) and the scheme will be funded by government grants and revenue from increased taxes on employers.

### WEST GERMANY

The national training system in West Germany demonstrates an effective combination of legislative provision and public co-operation.

The normal route to employment in West Germany is provided through the extensive apprenticeship system which is controlled through the Vocational Training Act 1969. Official Government policy is to make apprenticeships, normally lasting around 3 years, available to all young people seeking them, and in 1980, 50% of school leavers entered apprenticeships on finishing compulsory schooling. Apprenticeships are available in a wide range of occupations, and since 1969 the German Minister of Education has published an annual list of occupations (currently some 450) where apprentice registration and indenture are compulsory. The content of apprenticeship is prescribed by the Federal Government, and Chambers of Industry and Commerce (ie employers) are responsible for monitoring arrangements for apprentice training. Apprenticeships must include day or block release to general and vocational education provided by the provincial governments, and final examinations, conducted by employers and trade unions jointly. The Federal Government provides practical and financial assistance for apprenticeships, by subsidising group training centres, providing equipment etc, but the greater costs are paid by employers. (Apprentice wages are agreed in collective bargaining; apprentice rates are less than half those of a skilled worker and are based on the stage of training reached.) Under the Training Place Promotion Law (1976), the Government is empowered to impose a levy on employers if the supply of training places is deemed insufficient; money raised through the levy would be used to provide the additional training

places required, but so far this mechanism has not been applied, and the Government, in consultation with the social partners and training authorities, are considering amendments to the existing provisions.

A substantial amount of vocational training and education is provided for young people through the school system. In 1980, over 40% of young people elected to remain in full-time education after completing the minimum compulsory school period. (Young people may leave school at 15 in West Germany). This included 25% who stayed in a full-time general education, and 18% who continued in full-time vocational education. This latter figure includes those 15 and 16 year olds undertaking the Basic Vocational Training Year (BVTY), which combines practical training and education related to one of 13 broad occupational fields.

In 1980, only 7% of young people failed to receive some further training or education after compulsory schooling by going directly into unskilled employment or becoming unemployed. The Federal Government has declared its aim of achieving full coverage of school leavers in the vocational training system, and intends, as a first step, to extend present provisions so that by 1982 only 3% of school leavers will not receive post-compulsory school training or education.

The training effort in West Germany continues beyond skilled worker level, and due to the extent of the apprentice system much subsequent training is dependent upon successful completion of an apprenticeship. Figures from the official Vocational Training Report show the effects of the German training effort - in 1979, 61.2% of the active labour force (Germans only) held some vocational training qualification.

Summary of activities of young people after compulsory

school period

Year	Full time general education	Full time vocational education	Apprenticeship	Work or unemployment	Other or unknown
1978	27	40	14	19	-
1980	25	18*	50	7	-
1977	32	10	14	44	-

Including pupils in first year basic vocational training in schools.

EXAMPLES OF SCHEMES OF IMPROVED VOCATIONAL PREPARATION FOR YOUNG PEOPLE

1. This annex contains case studies of schemes introduced into industry and commerce in the last 3 years at the initiative of employers and unions and with their full support.

- A. "Bridge" Scheme of the Chemical and Allied Products Industry Training Board
- B. The New Entrant Scheme of the International Freight Forwarding Training Council
- C. The Post Office Cadetship Scheme
- D. Vocational Training for Young People in the Travel Industry

A. "Bridge" Scheme of the Chemical and Allied Products ITB

2. This scheme is designed to prepare young people for work in the chemical and allied industries. It starts in the last three years of their schooling (13 to 16 years) continues with a period of off-the-job basic skill training, personal development and further education followed by planned work experience, and ends in full adult employment at the age of 18.

3. The basic components are:

- a. Careers information aimed at (i) choice of science subjects and (ii) jobs in the Chemical Industries. A tape/slide package has been produced for (i) and a 22 minute colour film "Formula for the Future" for (ii). Work sampling is also provided at a number of firms.
- b. Basic Training and Personal Development - This is done through courses of off-the-job basic skill training and further education run at four technical colleges in Manchester and two in East London. It includes opportunities to develop personalities and attitudes, e.g. two weeks training at selected Lake District Youth Centres, taking a first-aid course, a two-day course in helping trainees present themselves for job interviews. Training packages and business games help trainees understand how the various functions of a business are inter-related.
- c. Planned Work Experience - During their one year off-the-job training the trainees spend a period in a firm to provide direct experience of different kinds of work and the disciplines of industrial life.

4. At present schemes cover the following courses:

- Applied biologists
- Chemical laboratory technicians
- Commercial workers
- Instrument technicians
- Process plant operators.

5. Few entrants have the three or four 'O' levels usually required for entry to jobs yet approximately 80% find full-time employment. Although school leavers with few academic qualifications are recruited, the scheme is clearly intended for those who will eventually seek employment at technician level or above. There is every sign that the young people concerned will make the grade.

6. The trainees are not employed while crossing the 'Bridge'. This results in a generalised approach to the education and training elements of the scheme leading to transferable qualifications.

#### B. The New Entrant Trainee Scheme of the International Freight Forwarding Training Council (IFFTC)

7. This scheme began on a pilot basis with the objective of demonstrating to the industry the value of formalised new-entrant training. It provides for two years of combined induction, vocational preparation and day release for education and training purposes. The whole scheme is monitored through a Training Log Book kept for each registered trainee and a written final examination is set. Successful trainees are then admitted to the basic membership of the industry's professional body, the Institute of Freight Forwarders (IFF).

8. The scheme has no age or entry restrictions. All trainees are indentured employees of their companies and are paid wages while under training. It is estimated that 30% of course completers will progress through more advanced training to managerial posts.

9. If the pilot is successful - and there is every sign it will be - it is the aim that all entrants to the industry should pass through the scheme before being employed at a variety of different levels including those from which they are likely to progress to senior management posts.

#### C. The Post Office Cadetship Scheme

10. The aim of this scheme is to create a steady and reliable stream of postmen and postwomen, both at basic and higher grade, and future managers. It started in the summer of 1980 and is now the only entry to postal grades open to young people. All junior postmen and women already in the service are being absorbed into cadetships.

11. The scheme is open to young people between 16 and 17 who pass an aptitude test and interview; no educational qualifications are needed. At 18 Cadets automatically become either Postmen or Postwomen in the basic or higher grade with prospects of promotion to Supervisor at the age of 22.

- 12 All cadets receive
- a one week induction course
  - a one week personal development course
  - the opportunity of day release for further education
  - 6 one week modules of job training, each module followed by the appropriate work experience.

13. The scheme is funded entirely by the GPO who regard it as an investment which provides an attractive entry to a career in the post service for 16 year old school leavers. The scheme is large (eventually there will be 5000 postal cadets) and includes every postal district. There are therefore wide variations in training and work experience but none in standards and quality.

#### D. Vocational Training for Young People in the Travel Industry

14. This training is for young entrants aged over 16 but under 19. It consists of two periods of off-the-job training (each lasting two weeks) separated by a period of 2 to 3 months which combines work with a number of work-based training projects. No formal qualifications are required for entry to the training.

15. The training contains the following elements:

- introduction to working life
- life and social skills training
- planned work experience
- occupationally based training
- further education.

The following paragraphs describe each in turn.

16. In addition to the trainees introduction to the company each learns about the industry, the Air Transport and Travel Industry Training Board and the Association of British Travel Agents. Trainees are also given an appreciation of technology in travel.

17. For life and social skills training, each young person learns about
1. Personal development - self-assessment, key areas for personal development, objectives and action plans.
  2. Relationships - responsibility to self and others, importance of personal relations, dealing with people, relating to workmates.
  3. Personal finance - simple arithmetic calculations, planning and forecasting.
  4. Communications - speaking articulately, discussions with individuals and groups, oral presentations.

18. As part of planned work experience each trainee is introduced to different aspects of work including the job of the tour operator, organising package holidays, car hire, work at railway and coach stations and international airports and a hoverport and work at a British resort.

19. For occupationally based training all the tasks and learning centre on the trainee's own occupation. Project reports have to be produced covering package holidays, window display, local market research, brochure research and travel geography. In addition there are training sessions to re-inforce the learning from these projects and from the planned work experience described above. There are also sessions covering the various types of tickets, their completion and use.

20. Further education includes company finance, consumer legislation and advertising.

21. Each course ends with a presentation by the trainees covering the course content. On completion of the training each trainee is provided with a certificate issued by the Air Transport and Travel Industry Training Board. Trainees may go on to obtain the Certificate of Travel Agency Competence awarded jointly by the City and Guilds of London Institute and the Association of British Travel Agents.