



JV
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Prime Minister

Agree, subject to views of
colleagues, to publication of
White Paper on 15/12?

MS

PRIME MINISTER

We now have the
advice of the Policy Unit (at
page A). If you share their misgiving
about the White Paper's
proposals, would you like them to
suggest drafting amendments? MMS 4/12
AH 4xii

WHITE PAPER ON INDUSTRIAL TRAINING

I have now set out the details of our training proposals,
as agreed by E on 2 November and confirmed in the public expenditure
discussions, in the form of the attached draft White Paper.

2 The background and the main features of the White Paper are
summarised in its first four paragraphs. Our decisions accord
closely with the recommendations submitted to me by the MSC in
their report on the public consultations, of which I attach a copy
and which I intend should be published simultaneously with the
White Paper. The principles of the approach in that report were
discussed in NEDC last Wednesday and received the Council's full
support.

3 From that discussion and from my own soundings of industry it
is clear that we would be wise to emphasise a certain flexibility
in our approach, notably to the training of the young and on the
question of funding. There is of course good reason to find
ways of using the available public resources to get young people
into proper jobs with training rather than to attend to them only
when unemployed - provided we can maintain the training guarantee
for those who still cannot get jobs. And on funding, while it would
be wrong for us at this time to go too hard for a remissible tax -
to which the CBI have expressed opposition - there is a welcome
perception that we need to sort out respective responsibilities
for funding training.



4 Both strains of thought find expression in the MSC's proposals for further urgent study (paragraphs 18 and 41 of their report) and paragraphs 41 and 62 of the draft White Paper endorse these proposals. In particular, while we must present firmly our proposed scheme of training for the young unemployed if it is to be attainable by the autumn of 1983, the draft White Paper makes quite clear that the Government is very willing to consider and develop schemes to help more unemployed young people into employment with proper training, and would be willing to transfer resources proportionately from the scheme which I propose to such other schemes if they can be developed. I think it is very important that we should show ourselves flexible to that degree.

5 I propose to accompany publication of the White Paper with an oral statement to the House on its main features and on our recent decisions on special employment measures. I will circulate the proposed text of my statement later.

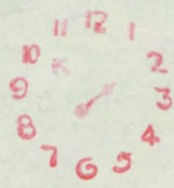
6 It is highly desirable now to make an early announcement following the Chancellor's statement on our overall spending plans in this area and the press speculation. It would be particularly helpful to publish by 15 December when the MSC meet to give further consideration to the drafting of their next Corporate Plan. So if colleagues are broadly content and will let me have any comments on points of detail of the draft White Paper by midday on Wednesday 9 December, I propose, subject to the Lord President's agreement, to arrange publication of the White Paper and to make my statement on Tuesday 15 December.

7 I am copying this minute to E Committee colleagues, the Secretaries of State for Scotland, Wales and Social Services, the Lord President, Sir Robert Armstrong and Mr Ibbs.

NT

N T

4 December 1981



CONFIDENTIAL

Rdy

Handwritten notes:
New powers
Special Employment



B/C Mr Ingham
Mr Duguid

10 DOWNING STREET

From the Private Secretary

14 December, 1981

White Paper on Industrial Training

The Prime Minister was grateful for your Secretary of State's minute of 4 December together with its attached draft White Paper.

The Prime Minister agrees to publication, and has commented that it would be very damaging to defer or cancel publication at this stage.

I am sending copies of this letter to the Private Secretaries to members of E Committee, Muir Russell (Scottish Office), John Craig (Welsh Office), Angela Lingwood (DHSS), David Heyhoe (Lord President's Office), Robin Ibbs (CPRS) and David Wright (Cabinet Office).

M. C. SCHOLAR

Richard Dykes, Esq
Department of Employment

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A NEW TRAINING INITIATIVE: AN AGENDA FOR ACTION

Report by the Manpower Services Commission

INTRODUCTION

1. "A New Training Initiative", the Commission's consultative document on training, was published in May. 79,000 copies have been distributed, and almost 1,000 written submissions received.
2. This document summarises the main points emerging and indicates what, in the light of these consultations, we consider to be the key areas for action. We must emphasise two points: first, there are some issues where we can already distinguish clearly the directions in which action should be moving (and the part which the Commission, the Government and others will need to play); whilst on others there is a good deal of further work still to be done before any precise plans can be drawn up. Secondly, progress depends for the most part not on measures taken by the Commission, but on what Government, employers, unions and the education service decide to do. We can hope to point the way, and that is clearly what those responding to the consultative document want and expect us to do. We can also strive to influence attitudes. Action however is largely for others. These considerations are reflected in this document.

SUMMARY OF COMMENTS MADE

3. Our consultative document proposed three major objectives for the nation. These were:

- 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 all 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 acquire, increase or update their skills and knowledge during the course of their working lives.

4. The comments we have had, which are summarised in the Annex show overwhelming support for these three objectives. The need for change is clearly accepted. There is widespread agreement that over the next decade British industry will need to adjust rapidly to continuing technological developments so as to compete effectively in changing and often difficult markets. Employers are anxious to embrace new technologies in order to survive the present world recession and become more competitive and more profitable. They are concerned that they will trail yet further behind their overseas competitors unless those they employ rapidly acquire the skills and knowledge which will be needed for the future. It is generally

accepted, too, that the pattern of skills is changing fast. Fewer unskilled or semi-skilled jobs are and will be available. Many traditional craft skilled jobs will be made obsolete or changed beyond recognition. There is a widespread expectation of continuing and growing demand for technicians and technologists and for a range of other professional and managerial skills. New jobs will be created in service industries and occupations and in commerce; manufacturing employment is unlikely to increase and the skills required by the workforce in manufacturing industry will change.

5. The responses also showed widespread concern about the impact such developments will have on individuals. People without skills, knowledge and experience or those with outmoded skills, will have less and less prospect of obtaining stable employment. Individuals will need to be able to adapt to the changing demands of industry, a process which is not once and for all but continuing. If nothing is done Britain faces the prospect of continuing high levels of unemployment alongside damaging skill shortages.

6. Whilst few challenged the needs defined in the document for priority action, some identified additional priorities. The most frequently mentioned was the need to give high priority to improving the competence of management, and this we accept. Competent managers at all levels are essential to our economic well-being and, indeed, to the achievement of our major objectives and there is undoubtedly a need for action in this area. We see this falling squarely within our third objective. Some thought we should have placed more emphasis on technician and technologist training, which we had always intended should fall within our first objective - to modernise skills training. Some called for special attention to be paid to the training needs of people at a disadvantage in the labour market, in

particular women, disabled people and members of ethnic minorities. We believed that our three basic objectives would bring very large benefits and greatly increased opportunities to such groups. Our fundamental aim is to serve economic recovery by opening up training and career progression opportunities to a far wider section of the population than at present.

7. Perhaps the single most important theme which emerges from the discussion is that Britain needs a flexible, adaptable workforce to cope with the uncertainties which cloud the future. The technological revolution and the need to become more competitive are not once and for all challenges. They will continue for as far ahead as we can see. Markets and prices for products, processes and services will continue to fluctuate. Firms and individuals must either adapt to change or become its victims.

8. Without exception, those who commented on our document saw a comprehensive training strategy as a crucial and integral part of Britain's overall strategy for economic recovery and sustained growth. Employers, unions, local education authorities and many other respondents stated repeatedly that our human resources are Britain's most valuable asset, that we need a new attitude to investment in those resources, that such investment needs to be maintained even when times are hard, and that cost-effectiveness is at least as important in the acquisition and use of skill as it is in the acquisition and use of plant and machinery.

9. Most important of all, there was general agreement that now is the right time to act. The consequences of the recession have been devastating but it is clearly seen also as offering an opportunity for advance. Many firms are finding conventional training practices inappropriate to their needs. Many, because of the recession, are finding it extremely difficult to maintain training intakes. There is therefore spare training capacity

in industry and in many training institutions. Young people and adults are turning to the public education and training services for help in gaining or retaining employment. There is, in short, a greater readiness and a wider scope than for many years to try out innovative approaches.

10. However, there is no such predominant view emerging on how to make progress. We may all be agreeing on the same objectives now - and that, in itself, is a milestone - but major issues remain. We deal with these later in this report. There were, however, some important major points for action on which those who commented did agree. They were:

- i. the need for a coherent approach to the reform of training, including rationalisation of the Commission's own present programmes;
- ii. a call for the Government and MSC to give strong support to industry in securing change;
- iii. the conviction that locally-based bodies must play a greater role in the planning and management of training;
- iv. universal agreement that all young people should receive good quality basic training as a foundation for work and for further training and re-training, and that for all young people this process must begin at school and end in work;
- v. agreement that the education service in all its manifestations needs to play a full part in developments.

11. Those who commented all agreed that it is important to keep in mind the scale and nature of the task we face, because it has major implications for the nature of the training arrangements we develop, their organisation, structure and funding. In particular:

- i. as the economy recovers employers will need to increase recruitment into occupations requiring relatively lengthy training, many of which will involve new skills;
- ii. whilst the numbers of school leavers entering the workforce are likely to decline, from the peak of over 630,000 in 1978/79 to 590,000 in 1984/85, the numbers of such young people becoming unemployed are likely to increase from 350,000 this year to nearly 400,000 by mid-decade, and unless action is taken now the numbers finding jobs but receiving little training in employment will also remain high;
- iii. necessary adaptation of the workforce cannot be achieved simply by training the inflow of new recruits. There will be an urgent need for the training and retraining of adults. In recent periods of economic recovery skill shortages have co-existed with high levels of unemployment amongst trainable adults. Without action now, this will happen again. An immediate concern - and one that is beginning to impinge on public consciousness - is the very large number of people, currently 750,000 and rising, who have been without work for a year or more.

12. In the remainder of this document we set out an agenda for action on the New Training Initiative. But first we describe the general framework which we believe is required if that action is to be effective.

13. We begin by restating three basic requirements we first set out in the Consultative Document itself. First there will have to be a significant increase in the resources devoted - whether by Government or industry or both - to training. Much can certainly be achieved by more efficient training methods; but our total national investment in training is not enough. Secondly, we must look to develop or re-inforce institutional arrangements which are robust and effective and in which all partners in industry can have confidence. We need machinery, for example, to set and monitor appropriate standards of skill achievement; to promote training practices which will ensure that high standards of skill are achieved; and to help the workforce adapt to changing demands. And thirdly we must have the statutory underpinning which is essential to ensure that adequate resources and machinery are available.

14. Following our consultations, there are a number of other provisional judgements we have reached about the right approach to achieve the NTI objectives. They are:

- i. the objectives are closely inter-related, and must be pursued together: advances in one area will only be fruitful if paralleled and re-inforced by progress in the other two;
- ii. market forces alone will not produce training of the quality or quantity required; partly because employers are unable to invest adequately if they cannot be reasonably sure of sufficient returns, and partly because of short-term financial constraints. Moreover, because many of the benefits - particularly of training for young people - are distributed widely across the community, it is neither practicable nor fair to place the total burden or cost on the individual employer, nor on the trainees themselves

(although their remuneration while training is likely to be lower than for fully productive workers). Public action and resources must therefore be brought to bear to re-inforce private initiatives and endeavours;

- iii. it is necessary to devise a means of funding which recognises the public and private benefits of training, and the need for substantial State support (whether by direct vocational education and training provision, by fiscal incentives, or in other ways);
- iv. much greater emphasis needs to be placed on training to standards which provide an objective measure of competence and offer an opportunity subsequently to progress to more demanding and responsible employment.

15. In the paragraphs which follow we comment further on the key questions of resources, standards, machinery and the scope for statutory arrangements; and indicate the action which needs to be set in hand immediately on these issues as well as the action concerned with the three specific objectives of the Initiative.

Resources

16. Those who commented on the consultative document were in no doubt about the need for public intervention (in some areas on a massive scale) if the New Training Initiative is to make headway. Most argued that it is impracticable and unfair to place the whole burden of training costs on individual employers. There were two reasons for this. Training - and in this it is unlike other forms of industrial investment - results in the acquisition of skills by the individual. It does not necessarily benefit the training employer. People are free to leave the firm which trained

them. Many join another firm which may offer more attractive terms precisely because it does less training itself. In these circumstances some employers may avoid investing because of the risks involved and, in the case of ^{the} skilled worker try to recruit an already-trained individual. Thus the actions of individual firms lead to under-investment in training from the point of view of industry nationally. This is especially true of skills which are costly to acquire. It is all the more likely in recession, when cash flow considerations add to the uncertainties.

17. Secondly, it was argued that it may well be in the interests of the community that individuals are trained beyond the needs of a specific job. Indeed, the economic prospect most people foresee leads clearly to the view that in future individuals will need to be prepared through education, training and work experience for a range of jobs. We cannot expect firms or individuals to invest in training to meet needs which they may not recognise or which offer no prospect of early returns. This is particularly true of the basic vocational preparation which young people need as they move from education into jobs.

18. We endorse this view. We believe that although industry's prime responsibility to define and meet its training needs must not be eroded, the obstacles which have prevented the market from achieving sufficient training in the past will prevent the attainment of the Initiative's objectives in the future. This points to an important conclusion: new means of funding must be devised which recognise the public and private benefits of training and the need for substantial State involvement. Perhaps the most urgent resource questions are those raised by movement towards a comprehensive programme of vocational preparation for employed

and unemployed young people. This will be a priority item on the agenda of the Commission's planned task group (see paragraphs ⁴⁰~~41~~ and ⁴¹~~42~~ below). But the issue is wider than that and requires further study urgently. We intend therefore to establish a more general parallel study of the funding of industrial training as a whole and to carry this out in close co-operation with the Government.

Standards

19. At the heart of the Initiative lie standards of a new kind. Such standards are essential for the following reasons:

- i. modernisation of skills training including apprenticeship can only be achieved if we can replace time serving by standards of training achievement and ensure that all those who reach such standards, by whatever route and at whatever age, are recognised and accepted as competent;
- ii. if all young people are to have access to basic training, they and employers will want to have a recognised record of skills, knowledge and experience gained;
- iii. if there is to be wider access to opportunities for adults, there must be a recognised system which allows the individual to build on what he already has and secure recognition for what he has gained to date.

20. Few addressed these issues in responding to the consultative document. Perhaps this was because there is already a large number of experienced standard-setting bodies. But it is quite clear that while a range of educational standards have^s been developed for a broad spectrum of

jobs, far less has been done to develop standards of practical competence and associated terminal tests. In too many occupations it is the form of training and not the level of terminal achievement which determines access to jobs. ^{Also} And standards and syllabuses are in constant need of review because of technological and market changes.

21. In our view, standards need to be based firmly on the skills, knowledge and experience actually required in the performance of a job or range of jobs. This implies a system in which there is much greater flexibility in the way training is done, but greater uniformity in the levels of competence of those completing training. The system must show what an individual can do and not where he has failed. So standards will need to be:

- i. explicit: so that firms and individuals know what they are, and where information about them can be obtained;
- ii. agreed: so that there can be no doubt about them and their standing;
- iii. widely accessible: to young people and to adults, and through a variety of forms of provision (eg education, full-time and part-time training);
- iv. flexible: in response to the changing (and sometimes different needs) of individuals and localities;
- v. progressive: so that people with a "portfolio" of skills, knowledge and experience can build on that as they seek to adapt to technological and market changes, to improve their prospects or to explore their potential;
- vi. testable: so that they embody an agreed, appropriate and common standard of training achievement which can be certified as such.

22. Working through and with existing educational, training and professional institutions, including Industry Training Boards, and in close liaison with employers and unions we intend to examine for key occupations:

- the tasks which the job actually entails;
- the skills, knowledge and experience which will equip people to perform those tasks;
- the structure and content of training programmes available to enable people to enter the occupation;
- the mechanisms for testing the terminal competence of trainees;
- the means by which terminal training achievement is certified and recorded;
- any gaps which need to be filled.

We have more to say on this subject at paragraphs ³⁸~~39~~ and ⁴⁸~~49~~ below.

Machinery

23. An effective framework for delivery is essential to ensure that resources are properly and cost-effectively used. We need means of jointly establishing priority for action; of allocating resources at various levels; of monitoring progress; of setting standards; of designing model schemes; of identifying specific skills need and the most cost-effective way of helping employers meet them; and of organising training opportunities for the unemployed. Machinery is needed at national, sector and local levels. At each level employers and unions, as well as the education and training services, will need to be fully involved if the Initiative is to succeed.

24. Amongst the main instruments for change must be collective agreement and consultation both at industry level and within individual firms. What we are seeking is not simply an improvement in the quantity and quality of training. We need a change in attitude towards investment in training and the acquisition of the skills, knowledge and experience needed at work. We need, for example, greater readiness amongst employers and individuals to invest in training beyond their immediate needs and to continue that investment, as necessary, throughout life rather than rely on a concentrated period of initial training immediately following school. Such changes cannot be imposed from above; we have to proceed by agreement.

25. In general the approach must be to build on existing institutions and secure change where needed as quickly and smoothly as possible. At national level the Commission itself brings together the key interests involved in training and other manpower decisions. The Special Programmes Board advises the Commission on the operation of the Youth Opportunities Programme and the Community Enterprise Programme. There is also the Training and Further Education Consultative Group which has served as a means of bringing practitioners of the worlds of training and education together to discuss developments of mutual interest, including the New Initiative. New institutions may be required to support the Commission. In particular, we shall be discussing with all the interested parties the best arrangements for forging firm links between the education and training services. Both must be deeply involved in developments.

26. At sector level, although a narrow majority of the Commission considered that no Board should be abolished, the Government has announced that statutory Industry Training Boards should be abolished and replaced by voluntary arrangements in 16 sectors. The Commission's main concern now

must be to ensure that in every sector there is an effective body, adequately staffed, and funded, which provides for the support and involvement of employers, unions and educational representatives and which is capable of drawing up and delivering a strategy for implementation of the New Training Initiative in its sector. Where Training Boards exist we shall continue to work through them, as we shall through sector bodies. We shall maintain close links with each sector and shall arrange regularly to review progress with each.

27. There is a widely held view that local machinery must play a key role in the planning of training in the future and that our present arrangements need to be built upon and improved. The Commission's staff are now examining the most effective form which such machinery might take if the objectives of the Initiative are to be achieved. They will be consulting fully about this. Any such machinery must secure maximum involvement and commitment of employers, unions, the education service and other interested parties. In due course, we shall need to consider the relationship of such machinery to existing local bodies notably the Special Programmes Area Boards and District Manpower Committees.

28. We remain keen to encourage the development of informal arrangements at even more local levels. Many such arrangements already exist, notably for promoting help for unemployed people through the special programmes. We already have a number of new proposals as a result of our consultations. We plan to encourage these.

29. An immediate step we are taking is to move towards the early amalgamation of our own Training Services and Special Programmes Divisions. This is a prerequisite if we are to carry out fully our own

responsibilities in the New Initiative. Our aim in the amalgamation will be to create a slim organisation capable of rapid adaptation to changing tasks and a changing environment. This will not be secured without the maximum possible delegation of responsibilities to local levels.

30. We shall aim to announce our proposals for organisational changes at national and local levels not later than July 1982 and between now and then to consult as widely as possible about them.

Scope for Statutory Arrangements

31. Most of our major European competitors have found it necessary to give statutory underpinning to their industrial training arrangements. There are a number of areas in which legislation could conceivably play a part in securing better training provision here. One such area is funding. We have already stated that it would be inequitable to place the entire cost of basic youth training on those employers who recruit school leavers. One possibility is a remissible tax on employers who do not contribute fully to training needs. It would, of course, be necessary to consider the relationship of such a tax to the levies raised by the remaining Industrial Training Boards.

32. A number of countries have gone further than this and adopted a "rights and obligations" approach to training, whereby all employees (or employees meeting certain criteria) have a statutory right to leave for training or further education during the course of their working week, year or career. Provision is also made for supporting employees financially during their training leave. Alternatively rights may be given by requiring the terms of the contract of employment to include an obligation on the part of the employer to provide specific forms of training.

33. We have already stated (para ¹³14) that we must have the statutory underpinning which is essential to ensure that adequate resources and machinery are available. Further examination of all the options is necessary before conclusions can be reached. Our aim is to ensure that early decisions are taken. We intend to make an examination in close co-operation with the Government.

The Three Objectives

34. A great deal can be achieved by building on - and improving - existing programmes and approaches: both within the traditional apprenticeship system and under the publicly provided or supported Youth Opportunities (YOP), Unified Vocational Preparation (UVP), Training for Skills (TSPA) and Training Opportunities (TOPS) programmes. Though some issues need further consideration, it would be wrong to delay advancing towards our objectives until every last detail is worked out. We have sufficient experience to move ahead, and we must capitalise on this experience and on the acceptance of the need for change. We can do this by building on present programmes and by instituting a wide range of development schemes on an experimental basis.

Objective 1: Developing Skill Training

35. There is a serious risk that in an economic upturn recovery might be jeopardised by the re-emergence of skill shortages. We therefore think it right for industry and the Commission working together to aim by 1986 for an annual recruitment of at least 120,000 young people into occupations calling for an extended period of training (including apprenticeships). Such a level of recruitment would be higher than has been achieved in recent years, and around 20 per cent more than the intake into

apprenticeship in 1981/2. It would thus represent both a major contribution to meeting industry's skill needs, and a significant widening of long-term training opportunities for young people.

36. The division of responsibilities between the Commission and employers will depend on decisions not yet taken on this New Training Initiative. But in the short term at least it is realistic to expect that a significant proportion of the intake will need to be sponsored by the Commission under its various youth training programmes. Our immediate intention is to support 35,000 apprentices (including redundant apprentices) in 1982/3. Beyond that, there are uncertainties. We do not have a clear view of the development of the economy; we must encourage employers to bear their responsibilities for training rather than relying on an increasing level of public support to which we could not of course be committed; and we expect progress towards an integrated approach to the training of all young people (see objective 2 below) but in ways which are not yet clear. Our proposals on resources after 1982/3 will be revised in the light of developments in the coming year.

37. At the same time we must devise a strategy for the reform of skill training arrangements. Modernising skill training including apprenticeships and replacing traditional approaches to skill training as rapidly as possible with training to agreed standards of skill appropriate to the jobs available should open up opportunities for adults, particularly those in their late teens or twenties and those who missed their chance or never had one when they left school. The new arrangements will need to include greater commitment from both employers and unions to accept ex-trainees into employment for which they have achieved agreed standards of performance.

38. What we ourselves do is much less important than what others do. Whilst much has been achieved by the education service, by both statutory and voluntary training bodies, by the professional standard-setting institutions and in individual sectors and firms, much remains to be done. We suggest it is right that employers and unions should accept with us the objective that by 1985 training should be to standards without regard to age and that this should be accepted and implemented in both national agreements and local practice by that date. To this end we shall look to Industry Training Boards and other sector training bodies to put forward during 1982 clear plans for progress towards training to standards and the removal of any unnecessary time-serving conditions. Our own support for industry's skill training efforts will be increasingly confined to training which matches the requirements we have specified. By 1985 we expect our financial support to be restricted to schemes of this kind. We shall monitor overall progress carefully, help where we can and aim to report progress annually. More immediately we shall want to be clear how any new funding mechanisms for training (see especially paragraph 42 below) applies to those undergoing an extended period of training, including apprenticeships.

Objective 2: Equipping All Young People for Work

39. For many people this was the objective to which most attention was paid. In our view, one of the most important outcomes of the consultations on "A New Training Initiative" is that for the first time there is agreement amongst employers, unions, the education and training services and other interests that all young people entering employment need good quality basic training as a foundation for work and for further training or retraining, and acknowledgement too that, for the majority of young people, those needs are not currently being met.

40. The Commission very much welcomes this agreement. We believe it to be an important milestone. We believe that as rapid steps as possible should be taken to establish vocational preparation arrangements covering all young people entering the labour market, and not just those without work. We are agreed that the process must begin at school, building on the considerable progress which has already been made. We agree also that for this objective in particular the benefits are widely distributed across the community, and that this must be recognised by some means of State support.

41. We propose as the next step to establish a high level task group to include the CBI, TUC, education interests and others to report by April 1982 on the following:

- i. guidelines for the structure, scope and content of a general scheme of vocational preparation for young people, and the scope within such a scheme for variations;
- ii. the allocation of costs between the employer and the State;
- iii. the timetable for introducing the scheme;
- iv. the nature and level of income of young people participating in the scheme recognising that the wages of employees will usually be determined by collective bargaining.

We hope that this will enable Government to support the implementation of such a comprehensive scheme as soon as possible thereafter, preferably during 1983.

42. There are two immediate major tasks. The first is to develop the Youth Opportunities Programme as soon as practicable into a programme

which, facilities and resources permitting, would provide up to a year of good quality training, for planned work experience combining work-related training and education for all young people not in full-time education or work. This would represent a massive undertaking for the education service and for statutory and voluntary training organisations, but above all for employers and for unions. It is not only massive in scale improving the quality of our offerings to unemployed young people will involve considerable development work and experimentation. We intend to press ahead with model schemes of higher quality training; to create as many "new style" opportunities, as quickly as possible, (our target is 100,000 places during 1982/3); to assist sponsors to convert as many as possible of existing YOP projects to meet the new standards; and to press on with key development work, for example on profiling and basic skills. Our aim is to make it possible for such a programme to be available for all unemployed school leavers no later than September 1983.

43. But we must encourage employers to expand provision for employed young people too. We therefore propose to increase our support for the training of young people in employment, in addition to the support we give specifically for those entering craft and technician occupations. So far the main means of encouraging more and better vocational preparation for such young employees has been the Unified Vocational Preparation programme, but there are other similar and often original developments by industrial firms and organisations and we wish to encourage them too. We propose therefore to expand our help for employers to provide training for young people in jobs between now and the development of a more comprehensive scheme and shall be making provision for that in the Corporate Plan.

44. In these ways YOP and UVP would both serve as major testing grounds for the comprehensive scheme for all young people envisaged as paragraph 42 above.

Objective 3: Widening Opportunities for Adults

45. We have already drawn attention to the widespread agreement on the need for employers to equip and re-equip adults in the course of their working lives if firms are to adjust to the changes they are now facing and will continue to face. In addition, some 7 to 8 million people change jobs each year. In 1980 at least 500,000 people lost jobs through redundancy. For the future, work by the Warwick University Manpower Research Group suggests that the sharp decline in manual jobs will continue. Many of those displaced can be expected to require some form of retraining. The growth of long-term unemployment represents a particularly acute waste of resources as well as a cause of personal deprivation. All these are people who will bear the brunt of the necessity for change, and our economic prospects will be threatened if we do not provide means for them to contribute to Britain's recovery to the maximum possible extent.

46. The achievement of the third NTI objective presents a great challenge for a number of reasons. First, adults have a wide range of diverse training needs which it is not easy to monitor and to which it is not easy to respond. Secondly, in meeting these needs heavy reliance must be placed on employers and unions in the local environment since it is at the level of individual company and establishment that training needs arise and can most effectively be assessed and met. Thirdly, there are complex institutional and pay structure problems to be overcome. Finally, though it seems right for the State to play a major role in this field, programmes of speculative training off the job, such as the Training Opportunities Scheme (TOPS) are bound to achieve low placement results as long as labour market conditions remain difficult.

47. In the medium and long term, the retraining of unemployed people can represent only one strand of policy. Employed individuals must also be able to improve their position by drawing on further training which is not necessarily available to them through their employers. A wide variety of opportunities for training exists through public and private educational institutions and we must capitalise on this as well as removing restrictions on occupational promotion and transfers.

48. We have already described in this agenda action which will directly benefit very large numbers of adults, particularly those in employment. If the action we proposed is carried out they will have access to more and better opportunities than ever before. Training to standards without regard to age (see objective 1) is especially beneficial and far reaching. And what we have said about resources is as relevant to this objective as to all others in the New Initiative (paragraphs 14, 15 and 17 to 19).

49. So far as the Commission's own programmes are concerned there is an immediate question of future provision under TOPS. Because of its concentration on intensive full time off-the-job training, with income support for trainees, TOPS is an expensive form of provision. It has concentrated on the middle range of craft and office occupations, where the mix of practical and theoretical skills enables them to be learned off-the-job, and the level is sufficiently high and general to enable them to be transferable from one job to another. These skills have, in general, been much less in demand during the current recession - with the consequences that the placing rate of TOPS trainees has fallen markedly, and the cost-effectiveness of TOPS training has correspondingly diminished. But the

demand for craft and office skills is likely to recover in the economic upturn - at which point the present severe cutback in training provision by employers may again cause skill bottlenecks in some areas and in certain occupations. It is against this background that the Commission has to make plans for the future.

50. The proper level of provision for the next two years depends partly on the prospects for some degree of recovery in employment (bearing in mind that a turn in the cycle can rapidly produce localised shortages in the skills produced by the TOPS scheme), and partly on the view taken of the need to continue with some kind of credible provision to meet the persistent and currently increasing demand from well-motivated unemployed people even in circumstances where subsequent placing prospects are not good.

51. A further issue is the question of the proper balance between the needs of young first entrants to industry; of those who may be rather older but who have still not settled down; and of mature adults whose employment experience both qualifies and entitles them to upgrading training where this is necessary to enable them to maintain their economic position - and who can often make the best and quickest use of any additional skills or knowledge they receive. In this agenda we have seen the provision of adequate initial training and work preparation for young people as the foundation for later progression. The present balance of our training programmes is governed by the pressing need to give priority to the young at a time of rising unemployment, though there is no certainty that, even with our proposed improvements they will find jobs unless there is a general recovery in employment. In the longer term we believe it would be wrong to neglect the claims of adults and those unemployed people in their early 20s who, in many other countries, receive an equivalent degree of attention.

52. This leads us to the view that, in the immediate future, the Training Opportunities Programme must be maintained at least at the levels currently planned, and that the present progressive shift of opportunities towards training for the skills in greatest demand in the labour market should continue. We believe also that the "Open Tech" approach to distance learning has great potential for widening access to training for adults, whether employed or unemployed.

53. Earlier this year (in May) we issued a consultative document on the idea of an "Open Tech". The replies we had convince us there is widespread support for such a programme. We therefore intend to make a start as soon as possible. We shall shortly establish a Steering Group for the programme, including representatives of key education, industry and training interests as well as of Government. We shall take the first steps towards setting up a central Open Tech Unit early in 1982. The primary task will be to start a range of projects designed to widen the application of distance learning techniques throughout industry and commerce, particularly in managerial and technical occupations. We intend that the first such projects should be started in 1982. We hope that by 1985 significant progress will have been made in developing training provision especially in new skills not currently well served by conventional training approaches, and in improving access to training and retraining particularly for employed adults.

54. There is a range of other potential new developments which could substantially assist employers and individuals in widening opportunities for adult learning. These include Channel 4, with its huge potential audience for vocational programmes; new approaches to access to information and advice to individuals made possible by the new technologies; and computer-based learning techniques. We are exploring these and will publish the results.

55. These developments, taken together with many others of which we are aware in further and adult education, place within reach the potential for

- i. increasing the quantity of training provision for all age groups;
- ii. providing opportunities which vary in style, level and length so that individuals and employers can select what is most appropriate to their needs;
- iii. improving access to training for both the employed and unemployed;
- iv. with the help of standards of performance devising ladders of progression so that firms can develop their manpower resources to the limits of their workers' capacity and their own needs;
- v. keeping access to training and retraining open throughout people's working lives.

56. Most of these developments are, however, very new. They have not been considered together nor has an overall strategy been agreed. It is important that we do this soon as this will be one of the major requirements for the 1980s and the opportunities are considerable, if we can seize them. We therefore plan to submit recommendations to the Government in the first half of 1982. Government decisions will then be reflected in the Commission's programmes and activities in subsequent years.

Other Action: Development Schemes

57. As we have already said, we see the three objectives of the New Initiative as three facets of an integrated training strategy. We have already had a number of approaches from employers, trade unions and others who have developed joint proposals for new types of training in line with

the Initiative which do not fit tidily or neatly into any of the proposals we have set out above. We wish to encourage promising schemes which serve all three objectives. We therefore intend that in addition to everything we have proposed above £6 million should be made available in 1982/3 and £10 million in 1983/4 for such development schemes in particular localities or sectors. These would enable approaches to the Initiative to be tested which could not otherwise be funded. We shall also use our existing budgets wherever possible for experimenting with new training programmes which meet the criteria and objectives of the Initiative.

Conclusion

58. The preceding paragraphs have set out a very full agenda for action. There is a great deal for employers, for unions, for the education and training services and for ourselves to be doing. We regard the agenda as a stepping stone along the way - a start. We shall review and report on progress regularly. Meantime, if the targets we set in this first agenda can be achieved, we shall be well on the way to a fundamental reform of training in this country and a widening of opportunities to very large numbers of people who do not have them now.

MANPOWER SERVICES COMMISSION

December 1981

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DRAFT WHITE PAPER

A NEW TRAINING INITIATIVE: AGENDA FOR ACTION

A NEW TRAINING INITIATIVE

1. Last May the Government endorsed the Manpower Services Commission's consultative document "A New Training Initiative". This set out three major national objectives for the future of industrial training:

- i to 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 progress through further learning;
- ii to move towards a position where all 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 to open widespread opportunities for adults, whether employed, or returning to work; to acquire, increase or update their skills and knowledge during the course of their working lives.

2. Annexed to this White Paper is the Commission's report on the response. There has been overwhelming support for these three objectives from employers, unions, educational and training bodies - all who have a part to play - and general agreement on the need for urgent action. The time has now come for the Government to give a lead. We therefore set out in this White Paper our decisions on immediate action and proposals for longer term.

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AGENDA FOR ACTION

3. The Government's ten-point agenda for action comprises:

- i a new £1 billion a year programme for young unemployed, offering from September 1983 a full year's foundation training for all those leaving school at the minimum age without jobs;
- ii increased incentives for employers to provide better training for young people in jobs;
- iii development of an "Open Tech" programme to make technical training more accessible to those who have the necessary ability;
- iv a task group to report by April 1982 on ways of developing the scheme of foundation training to cover employed as well as unemployed young people, within available resources;
- v setting a target date of 1985 for recognised standards for all the main craft, technical and professional skills to replace time-serving and age-restricted apprenticeships;
- vi better preparation for working life in the last years of compulsory schooling;
- vii more work-related courses for those staying on in full time education;
- viii closer co-ordination of training and vocational education provision nationally and at local level;
- ix a £16m fund for development schemes in particular localities or sectors;
- x examination of longer-term possibilities for more effective, rational and equitable sharing of the costs of training between trainees themselves, employers of trained people and the general taxpayer.

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4. This agenda is developed in greater detail under the following main headings:

- The need for action
- The transition from school to work
- A new training programme for young unemployed
- Training for craft, technical and professional skills
- Institutions
- Funding

THE NEED FOR ACTION

5. People create wealth. They create machines and equipment as tools of wealth creation. People are our pre-eminent resource and that is why they have to be given the best backing that the nation can afford. New technology offers us the chance to become more productive, and to create new and better jobs selling goods and services to the rest of the world. But we need a better educated, better trained and more adaptable workforce if we are to take that opportunity.

6. Our major competitors lay much greater emphasis on training young people than we do. In France 80%, and in Germany 90%, of young people reaching minimum school leaving age receive further education or training. In Britain in 1979 on the most favourable interpretation the figure was less than two-thirds, of whom most were receiving further general education rather than training.

7. In Britain the training provided is mainly apprenticeship in traditional craft skills, for many of which there is declining demand. Opportunities for day release to Colleges of Further Education are also limited and sometimes lack co-ordination between the college and where young people work. Full time college courses often seem financially unattractive to many young people compared with the immediate rewards of an unskilled job.

8. Training for adults is also inadequate. We have until now assumed that the training given in a person's first job is all he will need for the rest of his working life. Entry to some craft and other occupations is so restricted that there is little point in providing training for adults or for adults to seek it.

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9. Who has the responsibility to train? At the moment the position is muddled. Individual employers, local education authorities, joint negotiating bodies, the Manpower Services Commission and the Education Departments are all involved. The cost of training is basically a matter for the individual employer but a wide variety of grants, subsidies and courses is provided at the taxpayers' expense or from Industrial Training Board levies on particular industries.

10. We must have clearer goals, better means of delivery, a fairer allocation of financial responsibilities and, above all, a will to work together and to get on with it.

THE TRANSITION FROM SCHOOL TO WORK

11. To get a better trained and more flexible workforce we need to start with better preparation for working life in schools, and better opportunities for continuing education and personal development in the early years at work.

The years of compulsory education

12. The last two years of compulsory education are particularly important for forming an approach to the world of work. Every pupil needs to be helped to reach his or her full potential, not only for personal development but to prepare for the whole range of demands which employment will make. The Government is seeking better progress in getting the school curriculum to develop the personal skills and qualities as well as knowledge needed for working life; and to give studies a more practical emphasis. Better links between schools and employment can meet the urgent need to give pupils and teachers a closer understanding of the industrial, commercial and economic base of our society.

Staying in full-time education

13. Nearly one-third of young people between 16 and 19 are still at school or in other full-time education. The Government has made available for 1982-83 additional public expenditure resources, totalling £60 million, to enable more to do so. Larger sums have been included in our plans for later years, and their adequacy will be kept under review in relation to the number of young people choosing this option.

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14. Some employers are critical of the emphasis they see on academic distinction at the expense of practical abilities. Nevertheless good academic results are prized by many who recruit direct from school. They can earn entry to technical and professional courses with appropriate exemptions. They also constitute the principal route to degrees and full professional qualifications.

15. Increasing numbers of students are taking full-time vocational courses, combining the theory and practice of particular occupational skills with general education in subjects which have hitherto been studied mainly part-time.

16. There is also a need for vocationally-orientated courses of a more general kind. The Government intend to secure development of a new pre-vocational examination for young people aged 17+ in schools and colleges in England and Wales. This will be designed particularly for those with modest examination achievements at 16+ who are not looking towards higher education but are not yet ready for specific vocational education or training, perhaps because they have not yet formed a clear idea of the sort of work they might do. In Scotland there are proposals designed to meet the same need for a one year course leading to the award of a "Scottish Certificate in Vocational Studies".

The first year in employment

17. However well schools and colleges prepare young people for working life we must improve their training when they start work. Young people need to be equipped not merely to do the immediate task required by the job, but with a basic competence and flexibility which they can build on as they change jobs.

18. The best way of providing this training is through arrangements made by employers for their own young employees. Yet in 1979 nearly 40% of the 700,000 school-leavers who found jobs received no training at all. About another 20% were receiving training for only 8 weeks or less. Our efforts must therefore be directed ^{not only} to creating jobs for young people but also to ensuring they are properly trained for them.

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19. We announced last July the introduction from 4 January of the Young Workers' Scheme, which provides grants to employers who take on young people under 18 in the first year of employment earning less than £45 a week. That scheme is intended to encourage employers to take on more young people at wage levels they can afford, and could enable them to provide the training required.

20. To encourage proper training we are now expanding the scheme of grants to employers who co-operate in providing integrated training, further education and work experience (the Unified Vocational Preparation scheme) so as to cater for some 50,000 young people by 1984/85. We also intend to extend to the 1982/83 training year the higher level of support for wkill training - some 35,000 places - announced last July for the current year.

21. The Manpower Services Commission has now proposed to establish a high level working group, including representatives of industry and education, to report urgently on the possibilities of a wider and more general scheme of foundation training for all young people, whether employed or unemployed. Priority must be given to the young unemployed. Nonetheless we welcome this proposal and shall be fully prepared to consider re-allocating resources available for young people in any way which may contribute more effectively to their futures.

22. Meanwhile, we must continue to plan on the basis that over the next few years many young people may have difficulty in finding jobs on leaving school. So special provision will continue to be needed for them in order to achieve our major aim of reaching the position where all young people, on leaving school, either move on to further education, find a job or are given the chance of training or community service.

A NEW TRAINING PROGRAMME FOR YOUNG UNEMPLOYED

23. The young unemployed will remain a priority group in terms of new training arrangements. The Youth Opportunities Programme was introduced in 1978 especially to help the minority of young people who were unemployed and quite unprepared or ill equipped for working life by means of a relatively short period of work experience or work preparation. Since then it has become clear

CONFIDENTIAL

that we need a full scale training programme that provides for an increasing number and range of unemployed young people, and YOP has begun to develop in this direction. The Government now proposes to ask the MSC to introduce a new and better training programme to cover all unemployed minimum age school-leavers by September 1983.

Training content

24. The new programme will build on the experience gained from the Youth Opportunities Programme and the Unified Vocational Preparation programme. It will aim to equip unemployed young people to adapt successfully to the demands of employment; to have a fuller appreciation of the world of industry, business and technology in which they will be working; and to develop basic and recognised skills which employers will require in the future.

25. These aims require an effective integration of skills, knowledge and experience through planned and supervised work experience and properly designed opportunities for off-the-job training or further education. Young people have different abilities and learning aptitudes and local labour market needs also differ. Both will have to be taken into account in designing and operating the programme, but for young people with no experience of work a training programme of up to a year will generally be needed.

26. There will be five main elements:

Induction and assessment. Individuals will receive a proper induction to the programme and to each element of it. Their skills and attainments will be assessed. This may include opportunities to sample different skills or jobs in order to establish aptitudes.

Basic skills. The programme will aim to ensure that basic skills like numeracy and literacy have been acquired; to develop some practical competence in the use of tools and machinery and in some basic office operations; and to foster skills in communication (in interview for example).

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Occupationally relevant education and training. This will provide opportunity for personal development and use of the basic skills in a variety of working contexts, adapted to the needs of the local labour market. It will be integrated with planned work experience, with young people being given a minimum of three months off-the-job training or relevant further education. Arrangements will be flexible, so that the training can be given in the form of day or block release and can take place in a company training school or at a college.

Guidance and Counselling. Young people will receive advice and support throughout the programme under arrangements agreed with their sponsors.

Record and Review of Progress. Each young person's progress will be recorded, reviewed and assessed as he or she goes through the programme. A document of progress will be given to the young person on leaving the programme and will record standards achieved in a way which is recognisable both to the young person and to potential employers.

27. A programme of this quality and scale will require the whole-hearted co-operation of many sections of the community - employers, trade unions, local authorities, local education authorities, voluntary bodies and not least the trainees themselves. Its success will depend on engaging the assistance of all these interests at the local as well as national level. The Government are therefore asking the MSC to organise the delivery of the programme in such a way as to provide for full local involvement.

28. Large numbers of sponsors will be needed for the different elements within the programme, which must be carried out within industry and commerce if it is to be fully effective. So the full cooperation of employers is vital. Provision will be made within the programme towards assisting sponsors with their overhead costs and they will be able to contribute to the local input to the design of the training programme.

29. Colleges of further education and their maintaining Local Education Authorities will have an important role in the new programme. It will mean for them a major expansion in provision for this age group, the equivalent of perhaps 80,000 full time places a year. They will also be asked increasingly

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to relate what is taught to what the young trainees will be doing at the work place and to arrange courses flexibly through the year.

30. The Careers Service in recent years has had to switch resources from its more traditional roles to help a large number of unemployed young people. It has been very substantially aided in this work by direct Government funding of nearly 1100 additional posts for this purpose. It will now have to meet a new challenge, especially in counselling the trainees who are on the new programme for a year, and in working with people employed on the programme, whether in colleges or in schemes, to see that all young people receive necessary advice and support.

Coverage

31 Under the new training programme, the Government intends to guarantee an early offer of training to all minimum age school leavers who are unemployed during their first year after leaving school. Unemployed school-leavers will be offered a full year's training course; those who become unemployed after some experience of work will be offered shorter courses which may average 6 months.

32. Other young people under 18 who leave school or further education after the minimum age and cannot find a job and others under 18 who have had a job but become unemployed within 12 months of leaving school will be eligible for places. The resources made available for the programme are intended to be sufficient to provide enough places for these two categories on the same basis as for minimum age leavers, ie unemployed school-leavers will be offered a full year's training, and other young people who have had some experience of work will be offered shorter courses. There will not, however, at this stage be an absolute guarantee of such places. Within the resources available it seems right to accord priority to minimum age school leavers who find themselves unemployed during their first year after leaving school.

33. Community Industry at present provides disadvantaged 16 to 18 year olds with temporary employment lasting up to a year. The Government recently welcomed a report which examined the role and objectives of this programme and concluded that it should in future make greater provision for 18 year olds.

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Community Industry will need to consider carefully where its contribution can best be made in a way that is consistent with the new arrangements. One way forward would be for it, while continuing as a temporary employment programme offering additional help to disadvantaged young people, to provide exclusively for young people - mainly for those aged 17 and 18 - who are outside the target group of the new arrangements.

Training allowances and benefit arrangements

34. The new programme is first and last a training programme. This is reflected in its structure, its delivery and the terms and conditions for the young trainees. The young people catered for by the programme will benefit from having a wider range of skills and experience. As trainees, it seems right that they should receive allowances that reflect their learning role. That is how they will make their contribution to the cost of a foundation training which improves their prospects of employment.

35. The level of the training allowance will reflect not only the benefit of training, but also a change in the provision of supplementary benefit to young people. The provision of guaranteed training places on the new programme for those who leave school at the minimum age and cannot find jobs brings them into a situation akin to those who go on at that age to further education. For the latter it is accepted that they should continue to be dependent on their parents and that they should not have access to supplementary benefit in their own right. The same will apply to unemployed minimum aged school leavers from the time in 1983 when they are guaranteed a place on this new programme. Legislation will be introduced accordingly. They will then, in general, cease to be eligible for supplementary benefit in their own right until 1 September in the year after that in which they leave school. For example, those who leave school at the minimum age in the summer of 1983 will not become eligible for benefit in their own right until 1 September 1984. Scottish leavers at Christmas 1983 will become eligible on 1 September 1984.

36. So, from the date when the new training programme is fully introduced in 1983, parents will be expected to provide any necessary financial support to these trainees and child benefit will continue to be paid to parents so long as the young person is neither in work nor on the training programme. In

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addition, parents' entitlement to benefit will take account of their responsibility for young people who will no longer be receiving benefit in their own right.

37. The benefit needs of special groups among young people will continue to be met. The intention will be to follow broadly the categories at present allowed to claim supplementary benefit while still at school, and the new arrangements will not affect existing provision such as mobility allowances and non-contributory invalidity pension. All handicapped young people who are within the coverage of the new training programme and who are able to benefit from participation in it will be encouraged and enabled to take part.

38. Under these new arrangements the training allowance for those who leave school at the minimum age will be set at a level intended mainly to cover travel and other expenses, probably around £16 a week when the new programme is fully introduced in 1983. Those young people who join (or are on) the programme after 1 September in the year following their minimum school leaving age will be paid a higher training allowance which might be around £25 a week when the programme is fully operational in 1983 as, when unemployed, they will be eligible for supplementary benefit. Those who unreasonably refuse a suitable training place would, like adults who unreasonably refuse training offers, have their benefit reduced for 6 weeks.

Progress towards the programme

39. The present youth opportunities programme is already evolving in the direction now planned and will continue to do so in 1982-83. The Government is asking the Manpower Services Commission to develop the Youth Opportunities Programme so as to provide around 100,000 of the new 12 month training places in that year and to be in a position to provide such places for all school leaver entrants after Easter 1983. The new training programme will then replace YOP. Meanwhile, the Government will continue the YOP allowance on its present basis, raising it to £25 a week from January 1982 to maintain a differential above Supplementary Benefit.

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Future development

40. To provide places for 300,000 young people throughout the year, which may be necessary in 1983-84 and 1984-85, is expected to cost around £1 billion in a full year. That is a cost of nearly £70 a week for each trainee. This compares with an estimated cost for YOP in the current financial year of £400m. This immense increase in the resources deployed towards training unemployed young people is some measure of the importance that the Government attaches to replacing the existing programmes by a comprehensive and well founded training programme.

41 Our ultimate objective must of course be to provide proper training on a comprehensive basis, not only for the unemployed but for all young people in employment too; and to do so in a way which gets many more of the young unemployed into jobs with proper training. The study to be undertaken by the Manpower Services Commission working group (referred to in paragraph 21 above) will be particularly helpful in identifying any fresh ways in which to move towards this objective. It is imperative that the scheme outlined above for unemployed young people should go ahead quickly in order to give them a far better start to working life. But the Government is very willing to consider and develop schemes to help more unemployed young people into jobs with proper training and would be prepared to transfer resources proportionately from the above scheme to such other schemes if they can be developed.

TRAINING FOR CRAFT, TECHNICAL AND PROFESSIONAL SKILLS

42. Better vocational preparation in school and in the first year of working life will lay the foundation for a more flexible work force. But urgent reform is also needed of the arrangements for training in craft, technical and professional skills, both of young people and of adults. We must also remove obstacles to the full and efficient use of the skills acquired.

43. No one can predict the precise composition of the skilled labour force which will be needed over the coming years. What is clear is that we will require a higher proportion of people able to handle jobs at technician level and above and that there will be fewer opportunities at semi-skilled level and below. Technological and market changes will impose major demands on firms and individuals, and not least on managers in industry and commerce.

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44. Uncertainty puts a premium on flexibility and mobility within the workforce. The key to this should be a training system embodying a wide range of recognised standards of achievement. Access to skilled work, or training to higher levels, should depend not on the form and structure of previous training but on proven ability.

Standards

45. We already have a number of institutions with considerable experience in defining and testing standards of individual competence in theoretical or practical skills. These include the City and Guilds of London Institute, the Royal Society of Arts, the Councils of Technician Education and Business Education and their Scottish counterparts, the new Engineering Council, some employer organisations and research associations, voluntary training bodies and Industrial Training Boards.

46. Standards of competence have, however, been seen as optional rather than basic equipment. We therefore endorse the commitment by the Manpower Services Commission to 1985 as the date by which relevant standards of competence, with associated courses and certificates, should be available for all significant skilled occupations. We know that many of those engaged in collective bargaining, nationally and locally, want to replace agreements based on time-serving and age restrictions with arrangements based on such standards. We urge them to do so as soon as possible, and by 1985 at the latest.

47. The Government will make financial support for skill training in industry at the enhanced levels referred to in paragraph 20 above increasingly conditional upon steps towards implementation of these necessary reforms.

Adults

48. The skill shortages which have held back our economic progress in the past could reappear when the economy recovers. They cannot be met solely by training the new intake of young people but will require considerable readaptation of the existing labour force. Skill needs will continue to change and require updating. Wider opportunities for training and retraining of people in their twenties, thirties and later in life are bound to be required in the future.

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49. This is primarily a matter for industry. It will, however, in some cases require quite new arrangements and facilities. The Government therefore intends that the resources of the Training Opportunities Programme, currently running at some £250 million a year, should increasingly be directed to encouraging the necessary provision in industry.

Open Tech

50. There are gaps in the availability of training facilities to firms and to individuals seeking training, particularly at technician level. These might be filled by making existing facilities and new courses more accessible through the use of "open learning" and "distance learning" methods, and exploiting the potential of new information technology. The Government is therefore providing resources for an "Open Tech" programme. This is being organised by a Manpower Services Commission Steering Group representing industry, education and training interests. Participants will typically use a range of printed and audio-visual learning materials, work independently, either in college or at home, but with access to tutorial and practical help and facilities. The first project will start in 1982.

INSTITUTIONS

51. The Manpower Services Commission, which includes representatives of employers, unions and local authorities, is (and will remain) the main agency through which the Government initiates action and monitors progress over the whole field of industrial training. The concerns of training and education policy are, increasingly, closely linked. The Government will ensure that the education Departments and other education interests are fully involved in the development of training programmes and that there is effective consultation when new training and educational initiatives are devised. There will be appropriate arrangements for Scotland and Wales.

52. The Government will rely to the fullest possible extent on the voluntary arrangements already existing or being developed in particular industries, and on the statutory Industrial Training Boards which are being retained. In all sectors the Government looks to those concerned to play their part in pressing forward the plans set out in this White Paper in the fullest co-operation with

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Commission. This will mean devising syllabuses and standards of training at all levels to meet the specific needs of their sectors, providing advisory services to individual firms, encouraging the formation of group training schemes where appropriate and providing centralised training facilities where necessary. Industry bodies will also have an important role in encouraging the modernisation and revision through the appropriate negotiating machinery of out-dated agreements and practices which at present impede progress.

53. Success or failure ultimately depends on what happens locally. Many have called for local arrangements to bring industry more closely in touch with the education and training services to identify and meet local training needs. There have been several interesting local initiatives of this kind, as well as the establishment by the Manpower Service Commission of representative Area Boards to oversee local implementation of its special programmes including the YOP. The Government is therefore asking the Commission to encourage the development of suitable local arrangements and to play its full part in them. A first priority will be to ensure that there is effective machinery involving local industry and education interests in the delivery of the new training programme for unemployed young people.

54. There have already been interesting proposals for joint initiatives for new types of training scheme coming forward from employers, unions and others in particular localities or sectors. The Government will be making available to the Commission additional funds of £6m in 1982/83 and £10m in 1983/84 for the assistance of such developments.

FUNDING

55. On a broad estimate the UK has in recent years invested some 2.5% of GDP in vocational education and training. Roughly half was direct expenditure by firms, the biggest single item being trainees' wages. Most of the rest was expenditure by local education authorities, channelled through the Exchequer or the local rating system, the main items being teachers' and instructors' salaries, buildings and equipment. Manpower Services Commission programmes are a smaller but increasing element.

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56. In the current recessions individual firms have cut back on their contribution. In particular the number of apprentices and other long-term trainees taken on by firms fell from around 100,000 a year in the late 1970s to 90,000 in 1980/81 with another sharp fall expected in the current year, despite larger numbers in the relevant age groups.

57. In these circumstances the Government has stepped up the contribution channelled through public funds. Substantial additional sums have already been allocated to increase the numbers continuing in full time education, support apprentice training, vocational preparation schemes, and especially, the YOP. When the proposals in this White Paper are fully implemented in 1984/85 public expenditure on Manpower Services Commission training programmes alone will exceed £1.5 billion, including more than £1 billion for the young unemployed, some £280 million for the Training Opportunities Scheme and £100 million for apprentices and vocational preparation for those in jobs. In addition, some £4 billion will be spent on post-16 year olds through the education system, including about £1 billion on non-advanced further education, a considerable proportion of which will be of a vocational nature.

58. For the immediate future the Government sees an increase of public expenditure on this scale as the only way of plugging the gap in training provision required if we are to be ready to meet the skill needs of the economy as trading conditions improve and to offer adequate opportunities to the current generation of young people. It is applying these extra resources to help secure longer term reforms in the quality of training and bring about a change in the attitudes of young people to the value of training and acceptance of relatively lower wages for trainees.

59. Nevertheless this does nothing to alter fundamentally the present somewhat haphazard and often illogical apportioning of costs between the public and private sectors, and between individual undertakings. In occupations as diverse as medicine and hairdressing virtually the whole cost is borne by the tax and rate payer (with some contribution by the trainee). In others,

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particularly the heavier manual skills, virtually the whole cost is borne by the individual firm. Yet the individual firm has absolutely no guarantee of a return on this investment since, with the breakdown of former systems of indentures, the trainee is under no legal obligation to stay once his training is complete. Attempts to even out costs between employers in particular industries through the ITB levy/grant system foundered under the weight of bureaucracy involved and its inability to deal with the problem in respect of cross-sector skills where much of the difficulty lies.

60. In the longer term the financial responsibility for training must lie mainly with employers, as it does in most other major industrial countries. It is only in this way that we can ensure that training meets industry's real needs. There is however some danger that individual firms may become more and more reluctant to spend money for uncertain return, and a higher and higher proportion of funding will be sought from the public sector. This would be undesirable in principle and inefficient in practice.

61. What would be needed is a mechanism that would not only reflect the national interest in securing an adequate supply of trained manpower but would influence employers' calculations about the relative costs and returns of investing in training. Expenditure on training is currently allowable against Corporation Tax but some financial inducement of wider application would be required.

62. A remissible tax on the lines of the French system has been suggested as one possibility or, if this were too cumbersome, a system of training grants to firms financed out of general taxation. Either would, however, involve some measure of bureaucratic intervention. Yet the alternative of providing more training through the public sector, as is done for education, seems even more objectionable. There are many issues here, which will need to be examined. The Manpower Services Commission have proposed to establish, in co-operation with the Government, a general study of the funding of industrial training as a whole. The Government will give further consideration to the matter in the light of that study.

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CONCLUSION

63. For many years now our system of training has failed to produce the numbers of skilled people required by a modern competitive economy. This paper sets out a framework within which employers, employees, unions, educationists and Government can more clearly see what they need to do for the system to work. Not all the questions are resolved and the Government is setting further work in hand. But lines of needed advance are clear and the Government invites everyone concerned to play their part.



10 DOWNING STREET

MAP

Mr Tebbit told me the PM
had agreed during a private talk
in the House to his 1 T White
Paper. I put the pp's in the "book"
again last night (the first time)
asking if this was so. No reply.
I deal in or get me to deal.

MUS 20/12



①

10 DOWNING STREET

Prime Minister

I understand you
discussed with Mr Tessit
yesterday evening.

Agree - notwithstanding
the Policy Unit's observations - ^{Floja} A+S
to publication as proposed?

Mes 9/12

Yes - we cannot
stop it now - the
effect of trying to do so
would be very damaging
not



(1)

10 DOWNING STREET

Prime Minister

Industrial Training White Paper

You saw this over the weekend. Would you wish the Policy Unit to suggest drafting amendments?

(You are seeing Norman Tebbit on Wednesday).

MUS 7/12

A handwritten signature, possibly 'MUS', written in dark ink.

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. B AU
7 December 1981

Policy Unit

PRIME MINISTER

INDUSTRIAL TRAINING

1. Norman Tebbit's draft White Paper is excellent in many respects. The plans for breaking down the rigidities of the old apprentice system are long overdue. The Open Tech looks imaginative. The whole document strikes the right positive note.
2. But the central proposal - one year's training for all unemployed school-leavers - may fall flat on its face. For many of these youngsters, lengthy training is neither welcome nor necessary. What they want is a job. To learn to operate a cash-till takes a couple of weeks. To become a good sales assistant at Marks and Spencer takes 6 weeks; a copy typist, 3 months; a first-class secretary, a year. Does it make sense to attempt a year's training for everyone?
3. For many companies, one year training will be almost impossible to provide. Youngsters' hostility and the small allowance will make things worse. The unions will jump on the bandwagon of criticism. We may end up with a scheme that everyone condemns. Our approach will look half-baked and the most likely immediate result will be the early collapse of co-operation over YOP (already over-strained).
4. This is not just our opinion. The MSC Chairman has written privately to Norman Tebbit to tell him, in effect, that he does not believe the scheme can be delivered.
5. At the moment, paragraphs 23-41 outline a new training programme for young people. They explain the rationale, stress the training nature of the programme, spell out the size of the allowance and the coverage. The section ends by saying that the Government is very willing to consider alternatives - ie ways of helping people into jobs-with-training.
6. It is just possible that MSC will be able to salvage some order out of the ensuing chaos and secure agreement on a scheme for subsidising people in real jobs instead. But it would be very much better if we proposed this ourselves in the first place. As matters stand, a re-run of the referendum debacle is quite possible. The storm

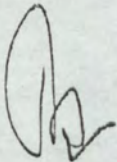
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will not be centred on Parliament: unions, youngsters, parents and companies will all be involved.

7. We therefore think it is a mistake to publish a White Paper which presses so hard for this scheme - even though it admits the possibility of alternatives.
8. Before going ahead, we suggest you ask Norman Tebbit how confident he is that the reaction of the CBI and unions will not be wholly negative; and whether, if he had another month, he might be able to come up with a better approach - possibly job-based - with a better chance of support from both employers and youngsters themselves.

I am copying this minute to Geoffrey Howe, Robin Ibbs and to Sir Robert Armstrong.



JOHN HOSKYNs

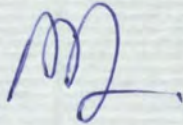
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MR. SCHOLAR

WHITE PAPER ON INDUSTRIAL TRAINING

1. Norman Tebbit's minute of 4 December says that the draft White Paper makes it quite clear that the Government is willing to consider schemes to help more unemployed young people into jobs-with-training - transferring resources accordingly.
2. This represents a fall-back position, in case the main proposal for replacing YOP with a one year foundation training year and a very low basic allowance meets with strong opposition. John Hoskyns and David Wolfson are very concerned that these proposals will meet with some hostility and, in the event, prove very difficult to implement on the scale required. Although the draft White Paper does, as Mr. Tebbit says, say that the Government is willing to consider alternatives, it still runs the risk of strong initial hostile reaction. We may appear to be forced to depart from our original proposals.
3. If the Prime Minister shares our concern about this, we will offer some drafting changes which would place rather less emphasis on the foundation training scheme. In particular, we would propose qualifying the suggestion in paragraph 40 that the new scheme will be able to provide for as many as 300,000 young people. We still think it possible that quite large numbers of young people - and employers - might prefer to have a subsidised job, with a training element built into their programme - rather than pure "training". This would mean more emphasis on the Young Workers Scheme, at the expense of the present emphasis on the comprehensive youth training approach.

4 December 1981


ANDREW DUGUID