

Prime Minister

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David Wolfson offers a rather more defensive presentation of the NTI which you may find useful.

10 DOWNING STREET

MUS 14/12

14 December 1981

PRIME MINISTER

NTI PRESENTATION RATHER THAN POLICY

The flavour of the New Training Initiative is very much that all school leavers should have a year's training. It is close to suggesting that they should not be allowed to get jobs which provide no training, through such jobs almost don't exist by definition. Within this flavour, we want them to receive only about £15 a week. And we are taking away their right to Supplementary Benefit, to force them to take these training places.

Could the flavour not be turned? Start off by saying that we want youngsters to stay on for further education if they can. If not, we want them to take up skill training at technical colleges etc, or apprenticeships in Industry. But for those who cannot attain the required standard, or have not the inclination for further education, we are trying to create job opportunities, witness the Job Release Scheme etc. So that where a youngster cannot get a job presently available, we are encouraging employers to create more jobs for the young with the Young Workers Scheme. Where a youngster cannot obtain further education, find a normal job or a "subsidised" Young Workers job, we are creating a fall-back of YOP-type places, to last for a year instead of only six months. The young person will receive, on this scheme of training, on average*what he would have received in further education, which of course it is to a great extent. And if no further education, no job, and no training scheme is available, he will be able to claim Supplementary Benefit. (But not, of course, if he or she refuses a scheme.)

needs more facts

* (i.e. asked)

D/Emp for some figures

to support

this argument

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Finally, today's Guardian (attached). Language like Jim Prior's note. But then an interesting idea. Allow employers to enhance the YOP payment. In recognition of the fact that real work is in fact being done. (Some employers do this, illegally, now.) This turns the whole scheme into a variation of Walters, real work paid for with a training element subsidy, rather than pretend work experience. Unions would scream substitution, but would employers make more jobs available as a result? That's the key to anything non-cosmetic.

* Varies greatly.



10 DOWNING STREET

My commitment was to "about the time of the year."

My impression of Employment was that their worry on timing was your committment to December 14, so that there was time for a rethink of the whole scheme. Not to change the training part of it, but to make that a fall back to real jobs or partly subsidised jobs (at low rates) for the young. Not an objective in itself for all school leavers, with the Unions insisting that no real work be done on the training scheme.

This is all rather off the cuff, but would provide a basis for discussion with Norman Tebbit et al if soundings showed that there are greater problems than we think in Parliament.

Of course, I think that a Walters type scheme, with YOP type fallback, would in fact do much more to create jobs than the other way round. The Economist seems to agree.

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Tebbit faces Tory revolt

By Ian Aitken,
Political Editor

Tory backbench rebels who believe that they have forced the Chancellor into retreat over his proposed 2 per cent cut in unemployment benefit are now turning their guns on Mr Norman Tebbit's plan to pay teenage trainees £16 a week.

The group of rebel "wets," 12 of whom abstained in last week's Commons vote on Sir Geoffrey Howe's mini-Budget, are now convinced that the Cabinet will decide after all to uprate short-term benefits by the full amount of inflation.

For the Government the alternative was a much larger revolt over the orders increasing benefits by less than the full amount. The rebels informed the Tory Whips last week that they would be prepared to vote against them, thus threatening a humiliating defeat in the Commons.

But many members of the same group — who are now known among their colleagues as "the Bolshies" — are pressing ministers to revise the plan to introduce a substantial new training scheme for young people which is to be unveiled by the Employment Secretary, Mr Norman Tebbit, tomorrow.

The critics accept that Mr Tebbit's new scheme, which is likely to add more than £800 million to the £700 million already being spent on youth unemployment programmes, represents a substantial advance on anything which has gone before.

They regard it as a big step towards genuine training, as opposed to the cosmetic provision of work.

But they fear that the Government is about to jeopardise an otherwise admirable idea by cutting the payments to young people who participate from the present level of £23.50 a week in the youth opportunities scheme to £16 a week on the new scheme.

A blizzard of memoranda, letters and papers has descended on ministers urging them to reconsider this feature of the plan. One proposal being strongly canvassed is a move to persuade employers who take on trainees to make up the money by £8 or £10 a week on top of the Government's contribution.

Critics insist that employers could afford to make up the money, in their own interests as well as the Government's.

So far, ministers have taken the view that employers are more likely to refuse cooperation if they have to pay part of the cost themselves. They appear to have been encouraged in this view by some of the employers' organisations, including the CBI.

But the critics insist that most managers who take on young trainees will be aware that they are getting one or two days of work a week out of each teenage recruit, and will be well able to afford a modest supplementary payment.

They believe that the alternative could deprive the Government of the credit for a valuable advance.

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A NEW TRAINING INITIATIVE: A PROGRAMME FOR ACTION

1. On 15 December the Government published a White Paper on the New Training Initiative, described by the Secretary of State for Employment as "the most far reaching and ambitious set of proposals for industrial training ever put before Parliament".

2. The consultations on the MSC document "A New Training Initiative" published last May showed overwhelming support for three objectives: skill training to standards without restrictions of time or age, enabling all young people under 18 to be able to work in further education or receive training, and wider opportunities for adults to acquire, increase or update their skills during their working lives.

3. The White Paper now sets a framework for action by everyone concerned - employers, unions, employees themselves, local education authorities, the Careers Service - and gives the lead by the Government that so many asked for in the consultations. It includes a ten point programme for action (attached) which draws substantially on unanimous recommendations from the MSC, which comprises employer, union, local authority and education members. In all, the Government will be spending nearly £4 billion on improving training between now and 1985.

4. There is no doubt of the need for early action. Our major competitors have given much greater emphasis to training young people. In France 80%, and in Germany 90% of young people

reaching minimum school leaving age receive further education 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.

NEW YOUTH TRAINING SCHEME

5. This ambitious new Scheme will guarantee a full year's foundation training for all those leaving school at the minimum age and without jobs. Over the next eighteen months the Scheme will progressively replace the Youth Opportunities Programme to give unemployed school-leavers 12 months training in the basic skills that employers will need in the future. The Manpower Services Commission will be asked to ensure that the Scheme is in operation by the autumn of 1983. Meanwhile the Youth Opportunities Programme will continue to be developed as announced by the Prime Minister in July.

6. When the new Youth Training Scheme is in operation no 16 year old need remain unemployed. He or she can be in a job, in further education or have the opportunity of the training scheme. Those guaranteed training under the new scheme will have a new "trainee" status and will be treated for supplementary benefit like those who remain in further education. They will thus have no eligibility of their own for supplementary benefit (except for the special groups), though if the parents are on supplementary benefit they will be able to claim for the trainee as they can for a 16 year old in further education. Unlike those in full-time education, young people on the Youth Training Scheme will receive

training allowance. Its level will reflect the value of the training they receive and their learning role and be intended mainly to cover travel and other expenses. For older entrants, who remain eligible for supplementary benefit, the allowance will be higher.

7. The precise level of the allowances will be decided nearer the time, but is likely to be something over £750 a year for those trainees who are unemployed in the first year after leaving school at 16 and around £1,250 a year for older trainees. These allowances will not apply before 1983 when the new Scheme comes into full operation and the MSC are being asked to advise, as they now work out the detailed implementation of the Scheme, on the level of allowances appropriate within the resources available for the Scheme as set out in the White Paper.

8. The new Scheme is directed to young unemployed people as the first priority. But the ultimate objective is proper training for all young people, whether employed or unemployed, and to bring more of the young unemployed into jobs with proper training. For those in jobs, the financial encouragement given to employers to provide foundation training and release for education/ for their young employees will be increased so as to cover some 50,000 trainees in 1984/85 (possibly one-third of those who will stand to benefit).

9. The new Scheme will go ahead quickly to ensure that there will be universal provision for unemployed school leavers in 1983. But the MSC is undertaking a further study on the possibility of developing foundation training for all young people, employed

or unemployed. The Government hopes that this study will identify fresh ways in which to help get many more of the young unemployed into paid jobs with proper training.

The Government has made clear that to the extent that the training needs of the young unemployed can be met in such ways they would be willing to transfer resources proportionately to such schemes.

10. The Scheme's success will depend on enthusiastic involvement of local communities and flexible adaptation to local employment and training needs. The Government is therefore asking the MSC to organise delivery of the new Scheme in such a way as to provide for full local involvement.

SKILL TRAINING

11. The Government has expressed wholehearted support for the MSC proposal that employers and unions should accept, and implement, the objective that by 1985 all training should be to standards without regard to age. The higher level of support for apprentice training announced for the present year last July, giving continued support to some 35,000 trainees, will be continued into 1982/83. Government assistance for skill training will however be made increasingly conditional upon steps towards implementing training to standards and the removal of any unnecessary restrictions in accordance with the 1985 objective.

ADULT TRAINING

12. The Manpower Services Commission will be developing an Open Tech programme to make technical training more accessible to all with the necessary ability. 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. This will be organised by an MSC steering group representing industry, education and training interests and the first project will start in 1982.

FUNDING

13. Despite restraints on public expenditure we are providing resources totally nearly £4 billion over the next three years to bring our training arrangements up to date. This is additional to spending on special employment measures, such as the Temporary Short Time Working Scheme. In pursuit of the commitments described above the Government has, during the course of this year, made provision for spending an extra £399m in 1982/83, an extra £517m in 1983/84 and a further £648m in 1984/85. This will bring the total spending in 1982/83 to over £1.1 billion; in 1983/84 to nearly £1.3 billion and in 1984/85 to nearly £1.5 billion, including over £1 billion on the new Youth Training Scheme.

14. The White Paper draws attention to the present "somewhat haphazard and often illogical apportioning of (training) costs

between the public and private sectors and between individual undertakings". It goes on to discuss some possible new mechanisms including the French remissible tax system. The Government will be co-operating with the Manpower Services Commission in a general study of the funding of industrial training as a whole, in order to get a more coherent and effective apportionment of costs.

IMPLEMENTATION

15. The Manpower Services Commission will remain the main agency of Government action in industrial training but the Government will ensure that education Departments and other education interests are fully involved in the development of programmes. In all sectors of industry, whether with statutory training boards or new voluntary arrangements, the Government looks to those concerned to play their part in pressing forward the plans in this White Paper. Local arrangements bringing together industry, education and training services will be particularly important and the Government is providing extra funds of £6 million in 1982/83 and £10 million in 1983/84 to assist joint initiatives of this kind.

ACTION

The Government's ten-point programme for action comprises:

- i a new £1 billion a year Youth Training Scheme, guaranteeing 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 working group to report by April 1982 on ways of developing the Youth Training Scheme 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, technician and professional skills to replace time-serving and age-restricted apprenticeships;
- vi better preparation for working life in initial full-time education;
- vii more opportunities for vocationally relevant 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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STATEMENT FROM THE CBI

CBI WELCOMES GOVERNMENT'S TRAINING PROPOSALS

"The Government announcement today is a major step forward for the training of all school leavers. The package should be judged as a whole, not piece by piece" said Sir Terence Beckett, Director General of the CBI.

"Our members, I feel sure, will do their utmost to make the Government's new training scheme a success. It is a tremendous challenge to employers and will demand all the effort and imagination they can give it. Every youngster in Britain should have the opportunity for proper preparation for work. But employers cannot do it alone. What is needed now is a comprehensive joint effort with local authorities, trade unions, and voluntary bodies to provide young people with the opportunities they so badly need."

Tory effort to boost training pay

By Elinor Goodman, Political
Correspondent

A ROW was brewing at Westminster last night over plans to pitch the new training allowance for school leavers well below the amount paid to teenagers on the existing Youth Opportunities Programme.

A group of Tory MPs was hoping to see the Employment Secretary, Mr Norman Tebbit, to warn that this aspect of his promised new package could endanger the whole new training initiative, and to urge him to think again.

But the signs were that the Government has already made up its mind to fix the training allowance at £15 a week—£8.50 below the amount paid on YOP—and that it would be difficult to achieve any increase in the figure.

The new scheme, which still has to be agreed by the Cabinet, will offer all school leavers who do not go into a job or further education, the opportunity of some training for a year.

If they refuse the offer of a place, they will probably lose their entitlement to supplementary benefit and be regarded as their parents' financial responsibility for the first year after leaving school.

Earlier this year, a group of Tory MPs, including the former junior Employment Minister, Mr Jim Lester, drew up their own proposals for a new training package which would have offered school leavers two years of training and work experience, with the cost shared between the Government and employers.

Yesterday, the group was worried about both the proposal to pay participants in the new scheme less than is now available on YOP, and the Government's apparent determination effectively to make the scheme compulsory by withdrawing supplementary benefit from teenagers who refuse to take part.



10 DOWNING STREET

Michael Scholar.

Average costs of scheme £70 per week, of which only £16 going to trainee.

Aside from the apparent meanness to those who can not get a job, compared to those who can, the impression of an expensive bureaucracy will emerge.

If we are forced to increase the allowance, we will have the worst of all worlds. Scrooge defeated by kinder people!

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