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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

FINNISTON REPORT ON THE ENGINEERING PROFESSION

Memorandum by the Secretary of State for Industry

1 The Report of the Committee of Inquiry into the Engineering Profession (Finniston Committee) was first discussed in E Committee in March (E(80)10th). At that meeting it was agreed that an Inter-Departmental Group of officials should assess the main Finniston recommendations in the light of consultations with the principal interests concerned, and should report back setting out the major options for Government arising from the Finniston Report. The conclusions of officials have already been circulated; paragraphs 49-54 of their report (reproduced at Annex A) summarise the conclusions for those colleagues who are not familiar with the arguments.

2 Although the Finniston Report makes some 80 recommendations, many of them directed to Government, officials were asked to concentrate on those relating to the recommended institutional arrangements, notably the proposed Engineering Authority which the Committee recommended should register qualified engineers, accredit engineering degree courses and industrial training programmes, and sponsor other measures to encourage the continued development and progress of engineers after qualification. As colleagues will know, the detailed content of engineering formation is to be the subject of a two-day national conference in October sponsored by the Secretary of State for Education and Science and so was not considered at this stage.

3 My own conclusions are that the terms of reference of Finniston and the report both underestimate the probability that much of what is seen to be wrong - an inadequate attention to what is called "the engineering dimension", exacerbated by a shortage of talented recruits for engineering and patchy training within firms for new engineers - flows from Government policies and from attitudes encouraged by Government.

4 Is it surprising, for instance, that much talent has been attracted away from business by the ease of access to soft options in higher education and by the formerly expanding, prestigious, apparently secure scope for employment in public service, higher and further education and the media - all at a time when business seemed to be a battleground and was held in low repute by opinion formers?

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5 Is it surprising that our manufacturing performance has been hampered by the anti-enterprise and anti-excellence policies of Labour Governments such as nationalisation, egalitarianism and educational uniformity, all made worse by trades union obstruction to competitiveness and adaptability?

6 Finniston tended to ignore this background and to assume that a new Government initiative could alone be the cure. The Report advocated an "Authority" which, in fact, would have, despite its name, few powers except for accreditation and spending; its task would be to proclaim the attractions and importance of engineering and to improve education and training. In a pretentious and question-begging phrase the "Authority" is labelled "the engine of change".

7 But in fact the end of expansion of some careers and the reduction of security in them coupled with the growing recognition of the importance of business - itself reinforced by the impact of the Finniston Report - may already be altering perceptions.

8 There have, of course, been and are grave weaknesses also in management. There is no doubt that the more educated and the more talented the engineers who go into business the better.

9 Many, therefore, of the findings of Finniston about the dissatisfaction of many employers with the results of education and the poor training in many firms to which engineering graduates go must be taken seriously. But it does not follow that a new government body must be the answer.

10 Finniston recommended his "Authority" to provide the effective framework which the Engineering Institutions have not succeeded in creating. The Authority was seen by Finniston as a focal point with the essential status and respect.

11 But an Authority would suggest power that Finniston in fact does not propose: would conflict with our policy of fewer rather than more quangos: would be hard to reconcile with professional self-regulation: and would be bound to generate spending impulses.

12 There seems, anyway, to be a readiness in the profession and among employers and academics to cure widely perceived deficiencies. It would seem sensible therefore for us to facilitate the emergence of a focal point for the engineers, academics and employers to work with the existing Institutions.

13 We could enable the profession to secure a new Chartered - not statutory - body. To ensure that the initial membership would command respect we would have to accept that we should nominate them, after appropriate consultation with the profession, educationalists and, perhaps, most important, with employers. Beyond that however the body would be free of Government and would determine its own standards without any possible interference from Government. We would probably have to guarantee a loan not exceeding and perhaps well below £1 million a year for its first couple of years.

14 I attach at B the draft of a statement I would propose to make in the House before the recess.

CONCLUSIONS

15 I invite my colleagues to agree that:

- a we should reject the idea of a statutory Engineering Authority;
- b we should facilitate the early granting of a Royal Charter to a new body which would provide a focal point where engineers, academics, employers and the Institutions could come together to remedy the deficiencies identified by Finniston;
- c the Government should nominate the membership of the Chartered body after full consultation with the profession, educationalists and employers but only for an initial period of three years;
- d the Government should be willing to guarantee a private sector loan to the body subject to a maximum of £1 million pa and for a period not exceeding 3 years.

K J

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4 August 1980

CONCLUSIONS OF THE INTERDEPARTMENTAL GROUP OF OFFICIALS

49 The Finniston Report presents the opportunity for a significant initiative against the perennial problems arising from the historical undervaluation of engineering and engineers in this country. The importance of the issues at stake and the urgency of obtaining major improvements in respect of them has been attested by very many people, not only among the industrial educational and professional interests directly involved, but also on both sides in Parliament. Whatever the failings of the Finniston Report, and it has a number, there can be no disputing its success in stimulating a momentum for changes and an atmosphere receptive to them. To this extent, the immediate post-Finniston period offers a better opportunity than ever before to instigate far reaching changes, and one which may not easily be recaptured at a later stage. A decision from Ministers to do nothing in the light of Finniston's recommendations would be interpreted as a rejection of this opportunity, and would be strongly criticised from all sides.

50 Although there is controversy over some of the specific changes proposed in the Report, the majority of interests, especially industrial and educational, are agreed on the necessity for some improvement in the general infrastructure in the form of a new body to ensure that industry, education and the institutions work better together. The case for new arrangements on these lines is based, in the final analysis, upon an act of faith that, whereas a new body might or might not be able to overcome the formidable problems which it would face, without such a body the goodwill and momentum for change generated by the Report will be lost. Ministers' judgements over the nature of any new body, and the extent of Government involvement in its creation, will reflect how far they share that faith.

51 In effect the choice is between:

- a Ministers taking the initiative in bringing together the three main interest groups and providing appropriate legislative and financial support to get a new body established, which would make maximum use of existing structures and voluntary efforts (cf Option A in Appendix D); or
- b giving Government backing to the efforts of the major Institutions to establish a successor to the CEI, relying on that body to mobilise support from industry and the education sector.

No other agents are in a position to take the lead, and it is likely that without such a lead nothing will happen.

52 The case for establishing an Engineering Authority on the broad lines recommended by Finniston (option (a) above) must be set against the Government's policy on QUANGOs and the risk that the body will fail, leaving an onus on a future administration to pick up the pieces. These considerations clearly argue against a Government initiative, unless that is judged to be the only way of obtaining changes which Ministers wish to support. The prospects for achieving the required balance and stature of representation on a voluntary Authority to

which members are nominated by designated representative organisations - on the model of the General Medical Council - seem to us remote. Bodies established on this basis tend to be cumbersome forums whose members are primarily spokesmen for particular interest groups, whereas what seems to be required is a small and authoritative body capable of leading real changes within a relatively short timescale.

53. We have been impressed by the wide support for changes and by the extent of the support expressed for an Engineering Authority. We are persuaded that, notwithstanding this general goodwill, there is no body among the Institutions and other agencies concerned with engineering and engineers which could initiate moves likely to command the necessary support from the others; even among the four major professional Institutions we have detected strong differences of view. The argument for a Government-led initiative is thus, not that the State should take over the activities in question, but that only Government commands the authority to take a lead which all concerned with those activities are likely to follow.

54. If Ministers accept this argument they should make an early announcement of their intention in principle to set up a statutory Engineering Authority, the detailed constitution and operations of which would be the subject of discussions with the main interests concerned, with a view to legislation early in 1981.

DRAFT STATEMENT

COMMITTEE OF INQUIRY INTO THE ENGINEERING PROFESSION

1 With permission, I shall make a statement about the Government's response to the Report of the Committee of Inquiry into the Engineering Profession, better known as the Finniston Committee.

2 The Government's consultations over the Report, and the pattern of responses to it, were outlined to the House on 13 June by my Hon Friend, the Under-Secretary of State for Industry. As he said then, the Report has been widely welcomed and has shown that there is general concern for seeking improvements in the areas covered by the Inquiry. We have discerned also a willingness, from every quarter, to be involved in the tasks of building up and capitalising upon our national engineering capabilities.

3 The Report's central proposal affecting the Government is the suggested creation of a new Engineering Authority established by statute, with all the members appointed by the Government. Not surprisingly this recommendation has been the object of much controversy; many have expressed concern that a body of this kind would represent undue Government interference in the affairs of the engineering profession, and have advocated a body operating under the auspices of the Privy Council through a Royal Charter. I have received several specific proposals from different groups within the profession for a non-statutory alternative to the proposed Authority.

4 However, there does seem a readiness in the profession and among employers and academics to tackle widely perceived deficiencies in the present institutional arrangements for education and training of engineers. It would seem sensible therefore for the Government to facilitate the emergence of a focal point for the engineers, academics and employers to work with the existing institutions to remedy the deficiencies identified by Finniston.

5 The Government therefore propose the establishment of a new Chartered - not statutory - body. The Government would be prepared to nominate the initial members of this body, after full consultation with those concerned, but only for a limited period. The central responsibilities of the body which I propose would be similar to those recommended by Finniston, centering upon the accreditation of engineering education and training and the formal registration of those engineers qualified thereby. However, instead of the Authority itself organising accreditation visits and assessments of individual registrants, I would expect this work to be delegated to nominated institutions, the new body simply determining the standards to be applied. The Government would expect the Chartered body to be self financing but it will need initial finance and the Government are willing to guarantee loans which the body may raise from the private sector in its first three years of operations.

6 The necessary arrangements will have to be discussed in detail with the existing institutions and I am authorising officials to enter into discussions with a view to the new body being established later this year.

7 The Government wish to repeat their thanks to Sir Monty Finniston and his Committee for all their hard work in producing this important Report, and also to those many people who have put forward their views and suggestions.