

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

E(80)133

COPY NO 55

17 November 1980

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

INDUSTRIAL TRAINING

Note by the Central Policy Review Staff

1. Two main issues arise for Ministers out of the Secretary of State for Employment's paper E(80)132:

a. How to handle the CBI opposition to the transfer of operating costs of Industrial Training Boards to industry, given the desire of Ministers to retain ITBs in a few key sectors of the economy and make them more effective instruments for the reform of training.

b. What sort of consultative documents to publish on the future of training and vocational education.

INDUSTRIAL TRAINING BOARDS

2. The CBI have made it clear that they regard the transfer of operating costs as an unacceptable burden on industry at the present time. Public expenditure constraints make it impossible for the government to continue to bear the costs. However, complete abolition of ITBs would deprive the government of an important instrument to secure improvements in training which there are no signs industry will achieve on its own. Ministers will have to do all they can to carry the CBI along with them and will have to make some compromises. We support the concessions which the Secretary of State for Employment proposes to offer:

i. To have early discussions with the CBI.

ii. To retain ITBs only in key industries. We think it should be spelt out publicly before the MSC starts its review that Ministers expect both the

CONFIDENTIAL

CONFIDENTIAL

number and coverage of ITBs to be reduced. However some ITBs may have to be retained where employers want them abolished because of the national importance of securing improved training for those industries.

iii. To consider phasing the handover of ITB costs; this will only be possible if it can be kept within existing public expenditure totals. Moreover the costs imposed on industry need not be as high as those shed by government, if Boards can be made more efficient and if they reduce the administrative burdens they impose on companies. Discussions could be offered between the Government and the CBI about the scope for cutting these costs and burdens in key Boards (notably Engineering).

iv. To retain the 1 per cent ceiling on levy without affirmative resolution

v. No concession on the proposal that levy exemption schemes be approved by the MSC. Otherwise the government will find it very hard to get ITBs to tackle the problems of restrictive training practices.

CONSULTATIVE DOCUMENTS

3. Because of the inevitable controversy over the government's proposals on ITBs it will be important at the same time to announce a longer-term strategy for training. The MSC has come forward with proposals for a consultative document covering vocational preparation, replacement of apprenticeships by more flexible traineeships, and expansion of adult retraining. We would support the broad thrust of all three proposals. However, the MSC would not be ready to publish such a document before the Spring and we agree with the Secretary of State that a statement of the government's broad plans should be made at the time that its decisions on ITBs are announced. Moreover, we also agree that the present draft MSC document places too much stress on precise targets for vocational preparation and implies an unacceptable expansion of public expenditure. If that part of the document is played down and the government reasserts the principle that the cost of industrial training should be met by industry, we think it would be desirable to get as much credit as the government can for what it is doing in the areas of special measures to combat youth unemployment and the development of the vocational content of the later years of full-time education.

4. We therefore recommend that the Secretary of State for Employment should use the opportunity of the Debate on the Address to sketch out a coherent long-term strategy across the fields of vocational education, youth unemployment and training

CONFIDENTIAL

CONFIDENTIAL

and that this should be followed up by a White or Green Paper at the time that legislation was introduced which would draw together changes which have already been made, proposals currently the subject of consultation and proposals which will be brought forward in more detail in the New Year (including the MSC paper). The subjects to cover might include:

- i. Expansion of YOP (possibly touching on the question of constructive occupation for all unemployed young people).
- ii. Development of vocational preparation and the possibility of a one-year traineeship scheme.
- iii. Reduction of inflexibilities in apprenticeships.
- iv. Expansion of adult retraining (including the removal of barriers).
- v. Proposals for developing continuing vocational education.
- vi. The new exams at 17+.
- vii. Changes in ITBs.
- viii. Improvement of local links between education and training institutions (on which we agree further work by officials needs to be done).
- ix. A more integrated system of financial support for 16-18s (subject to discussion by Ministers at H Committee shortly).
- x. Institutional developments to bring schools and FE colleges closer together (subject to the Macfarlane Group's recommendations).

5. The theme of such a document might be partnership between government, employers, educationalists and unions to develop vocational preparation and broad based training for young people and to reduce rigidities and institutional barriers to retraining.

CONCLUSIONS

6. We support the recommendations of the Secretary of State for Employment in E (30)132. In particular the Government should:

- a. seek urgent discussions with the CBI to explain its ITB proposals in the context of its wider training objectives and to offer discussions on ways of reducing ITB's costs.

CONFIDENTIAL

CONFIDENTIAL

- b. prepare a wide ranging Government policy document on training, education and young people, for publication when the training legislation is introduced.

Cabinet Office

17 November 1980

CONFIDENTIAL

138

139

140

141

142

143

144

145

146

147

134

148

135

149

136

150

137

151