

PRIME MINISTER

Sir Keith accepts your ruling that the £70/110 million relate to academic years (naturally), but he is still arguing that MSC should confine itself to particular areas of NAFE, though you ruled that MSC should not be restricted..

I think the second issue can be solved, as Sir Keith suggests by exemplification. In practice MSC will want to concentrate its limited resources on those areas where NAFE is weakest, or skill shortages greatest. Thus the two Departments should be able to agree a text indicating MSC's likely areas of activity, but without creating any principles. It is important to leave the field open should we decide to expand MSC's resources in later years.

On the date of the White Paper, I see no reason to press for one date or the other.

Amend mt

MahKen
PP AT

9 January, 1984.

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cc No

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DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222
FROM THE SECRETARY OF STATE

The Rt Hon Tom King MP
Secretary of State for Employment
Dept of Employment
Caxton House
Tothill Street
LONDON SW1H 9NF

9 January 1984

Dear Tom,

WHITE PAPER "TRAINING FOR JOBS": MSC AND NAFE

Thank you for your letter of 22 December. I have also of course seen the letter from No 10 dated 5 January.

Since we were last in touch, our officials have got together over the draft White Paper text which you enclosed with your letter. In the light of those discussions, and further discussions which I have had with my officials following my return to the office this morning, the attached revised version of the draft enclosed with your letter has been prepared in the DES. I hope that you will feel able to go along with this version. Many of the changes are matters of style, accuracy and presentation. But there are two points of substance which I think we shall have to discuss when we meet on Wednesday.

First, there is the question of the amount of the transfer. I persist with my view, encouraged by the indication of support from the Prime Minister, that the agreement is for £70m in Academic year 1985/6 and £110m in Academic Year 1986/7. In Financial Year terms we make this £41m for 1985/6 and £93m for 1986/7.

Second, I persist also with my view that we ought from the outset to indicate to the local authorities (and others) what the Government means when it acknowledges that in some fields current provision is widely regarded as satisfactory. We can do this by exemplification. Correspondingly, I would accept that we should indicate, again with examples, where we think MSC intervention may confer particular benefit. I respect the Prime Minister's wish not to tie the MSC's hands - but I believe that it is possible to respect her concern and at the same time reduce the risk of a destructive

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row with the LEAs.

Related to this is the question how far we shall need to have specified, in relation to this summer's local authority expenditure discussions, what activities LEAs should cease to provide from their own resources. If there are difficulties over indicating broadly what MSC may take over from the LEAs, I think the White Paper will need to incorporate some more decisive wording than now features in the last sentence of paragraph 7.

I shall want also to have a word about the best timing for the issue of the White Paper. It will make a great difference to the advancement of other business which I have with the local education authorities if the date chosen can be 31 January rather than 24 January. I hope you will see your way to agreeing to that.

Copies of this as of yours.

Yours con.

Kear

X I enclose a copy of the policy speech I made on Friday about raising school standards: I do need a clear 3 weeks to launch the resulting action with the local authorities before the frontier news bursts upon them. That is why January 31st is important to me. Kear

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DELIVERY

1. If the important developments described in this White Paper are to be carried through successfully, the Government believes that public sector provision for training and vocational education needs to become more responsive to employment needs at national and local level and better related with other sources of training. The public sector needs a greater incentive to relate the courses it provides more closely to the needs of the customer in a way that gives value for money.

2. The Manpower Services Commission, which consists of representatives of employers, unions and local authority and education interests, is now the main agency through which the Government institutes action and monitors progress in training. Since its establishment - particularly in the last 3 years - the Commission has developed increasingly close relationships with the Education Departments and with local education authorities and their institutions at local level through implementation of the Technical and Vocational Education Initiative, the Youth Training Scheme and the Open Tech, as well as the Training Opportunities Programme.

3. The Government has now decided to give the Commission important new responsibilities by enabling it to purchase a more significant proportion of work-related non-advanced further education (NAFE)* provided by local education authorities in England and Wales. In Scotland current arrangements for funding further education will remain unchanged while the major development programmes referred to in paragraphs [24-25A] proceed.

* Non-advanced further education comprises the provision offered by LEAs through colleges of further education at qualification levels below degree, higher diploma and professional courses of equivalent level. The "work related" NAFE referred to in this paper includes the technical and vocational courses (full and part-time, including short courses and evening classes) offered by the great majority of colleges. It does not include courses exclusively comprising 'O' and 'A' Level examination work nor courses of the type which go traditionally under the adult education label.

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4. At present, total expenditure on the NAFE sector in England and Wales is about £1.2bn per annum, of which some £800m is devoted to provision that is work-related. The Manpower Services Commission itself currently spends about £90m as a customer, direct or indirect, on NAFE courses or services. The remaining expenditure (apart from £60m a year covered by fees) is borne by local authorities, and attracts rate support grant in the same way as other local authority services. None of the rate support grant is hypothecated to particular services, but for local government expenditure as a whole rate support grant together with specific and supplementary grants will represent about 52% of estimated relevant current expenditure in 1984-85. Thus it could be said that the bulk of the expenditure on work-related NAFE is borne about equally by the ratepayer and the taxpayer, though no precise attribution is possible, and the proportions of expenditure supported by rates and grant will vary from authority to authority.

5. For the reason explained in para [1] above, the Government has decided that an additional £70m in Academic Year 1985/86 and £110m in Academic Year 1986/7 should be provided to the MSC to spend on work-related NAFE: in Financial Year terms the figures will correspondingly be £41m and £93m. This would bring total MSC expenditure on work-related NAFE to £200m, approximately a quarter of total provision. The increase will be matched by an offsetting reduction in the Government's plans for local authority expenditure on this activity.

6. The Commission will be required to devote these resources to supporting work-related NAFE to meet national and local labour market priorities. It is of the essence of the new concept that the specific aspects of vocational education to which the Commission's resources should be directed will be identified by continuing dialogue with employers, the education service and other interested parties. It will reflect particular and changing needs, especially at local level, rather than be laid down centrally and at the outset.

7. In broad terms, however, the Government expects the Commission to place emphasis upon ensuring that unsatisfied national and local labour market needs are met, eg in electronics and robotics; upon provision for occupations where traditional programmes no longer match modern in-

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dustrial and commercial needs, eg in parts of business studies; and upon arrangements to keep courses and staff training up-to-date and relevant to work needs. It is envisaged that the great bulk of the resources, though not necessarily all, will continue to be spent within the local authority NAFE sector. The Commission will also want to take account of local authorities' own plans for expenditure on NAFE and to maintain reasonable continuity of provision as regards both location and type of course. Fields where current provision is widely regarded as satisfactory, eg agriculture, plumbing, catering, will not be directly affected. The lines along which this revised sharing of responsibility should operate will need to be developed further in discussion over the coming months in order to support the consideration at national level of 1985/86 local authority expenditure.

8. The Commission is being asked as a matter of urgency to consider, consult and report to Government on appropriate machinery at both national and local level, the functions, number, membership and geographical coverage of the Commission's Area Manpower Boards. The Commission is also being asked to give attention to engaging staff with direct experience in education for deployment both at Head Office and in the field: secondments from local education authorities might be especially appropriate.

9. The statutory composition of the Commission itself, which includes two members appointed after consultation with local authority association and one after consultation with professional education interests, will remain unchanged. Its members will continue to be appointed by the Secretary of State for Employment. In future appointments, however, the Secretary of State for Education and Science, in consultation with the Secretary of State for Wales, will be responsible for the necessary consultations not only on the representation of professional education interests but also on the representation of local authority interests in England and Wales, as the Secretary of State for Scotland already is in respect of Scotland.

10. The Commission will continue to report on the whole of its activities and for programmes in England to the Secretary of State for Employment. But the Secretary of State for Education and Science will be fully involved in

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- the consideration and approval of the Commission's Corporate Plan
- major developments and changes in policy affecting the NAFE field in England
- the approval of the Commission's expenditure proposals under the procedures described in paras [6-7] above.

Education Ministers will continue to exercise their statutory responsibilities for policy and standards in further education. The Commission will continue to report to the Secretaries of State for Scotland and Wales in respect of programmes run in their countries.

11. The Commission is being asked to begin discussions with the local authority associations and others concerned immediately, so that plans can be settled in good time for the beginning of the 1985/6 Academic Year (ie from the Autumn of 1985). It is the Government's intention that local education authorities and other appropriate educational interests and their representatives should be involved at every stage of the development of these important new arrangements.

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