CABINET

INDUSTRIAL TRAINING

Memorandum by the Minister of Labour

With the approval of the Economic Policy Committee I have opened discussions with the British Employers' Confederation (B.E.C.) and the Trades Union Congress (T.U.C.) on proposals for improving industrial training arrangements. I have also kept the nationalised industries informed.

2. The immediate reaction both of the B.E.C. and the T.U.C. was generally favourable. The proposals are now to be studied by both bodies with a view to detailed discussion with my Department.

3. There is widespread interest in this whole question of industrial training and it is important in my view that Parliament and the public should know the nature of the proposals which are under discussion. It was for this reason that I proposed, and the Economic Policy Committee agreed, that a White Paper should be issued at an early date. I informed both the B.E.C. and the T.U.C. when I saw them on 21st November that I proposed to take this step and there was no dissent.

4. I am circulating herewith, as requested by the Economic Policy Committee, the draft of a White Paper which I would propose to issue if my colleagues agree.

J.H.

Ministry of Labour, S.W.1.

23rd November, 1962
I. THE CASE FOR ACTION

1. Ever since the war industry in this country has been short of skilled labour. This has usually been the case even in those parts of the country where the general demand for labour has been relatively low. There is no doubt that shortages of skilled manpower have been an important factor in holding back the rate of economic expansion of which, as a country, we were capable – not least in those parts of the country where such expansion would have done most to reduce the higher than average level of general unemployment.

2. The Government has pledged itself to a policy of securing a steadier and more rapid rate of economic growth, and the implications of this decision are at present being studied by the National Economic Development Council. On the success of this policy will depend the country's ability to increase its living standards, the pace at which such desirable social objectives as the building of new hospitals, slum clearance and educational expansion can proceed, and our ability to play a proper role in world affairs. But it will be impossible to make a success of this policy unless the skilled manpower is available to put it into effect. This means that the rate of industrial training must be increased.

3. But an increase in the supply of skilled labour will need to be matched by an improvement in its quality. Whether or not we decide to join the Common Market our exports are going to be faced with increasing competition. The standard of training in this country at its best is high; unfortunately this is by no means universal. Much of it is barely adequate and some is definitely unsatisfactory. Many firms do not make adequate use of the facilities for technical education. Our overseas competitors, particularly in Western European countries, have paid great attention to the need to maintain
an adequate supply of well trained skilled labour. We must be quite sure that our own arrangements do not fall behind.

4. At present training for industry in this country is primarily the responsibility of individual firms, though the Government, Local Education Authorities, and other agencies such as the City and Guilds of London Institute are contributing to it. The Industrial Training Council which was set up in 1958 by the British Employers' Confederation, the Trades Union Congress and the nationalised industries to provide encouragement and help to industries in dealing with the training of workpeople, has helped to stimulate interest in the question. In recent years many firms have taken advantage of the rise in the number of school leavers by increasing substantially their recruitment of apprentices. In 1961 there was an increase in the number of apprentices recruited over the previous year of 12,321 (or 10%) and in the first ten months of 1962 there was a further increase of 10,989 (or 9%) over the corresponding period of 1961. These increases have been very welcome. Even so, it remains doubtful whether the number of new entrants into skilled occupations is going to be sufficient to match the country's future needs. The experience of industry in the United States, for example, suggests that technological progress requires an increasing proportion of trained and technical manpower in the working population, with a correspondingly smaller demand for unskilled and semi-skilled labour. In this country the great majority of unfilled vacancies call for some degree of skill, while a high proportion of the adult unemployed are labourers. The moral is surely obvious.

5. A serious weakness in our present arrangements is that they leave the amount and quality of industrial training to the unco-ordinated decisions of a large number of individual firms. These may lack the necessary economic incentive to invest in training people who, once trained, may leave them for other jobs. While the benefits of training are shared by all firms in industry its cost is borne only by those firms which decide to undertake training themselves.

6. That these weaknesses exist, and must be remedied, is increasingly
increasingly accepted within industry itself. The Government has therefore decided that the time has come to strengthen and improve the existing partnership between industry, the Government and the education authorities in the provision of industrial training. It has accordingly begun discussions with representatives of employers' and workers' organisations on proposals for improving the present arrangements. Discussions are also being arranged with the appropriate representative bodies in the educational world.

7. The objectives to be achieved can be stated as follows:—

(i) to enable decisions on the scale of training to be better related to the needs of the economy and to technological developments;

(ii) to improve the overall quality of industrial training and to establish minimum standards;

and (iii) to enable the cost of training to be more equitably spread.

8. So that discussions on how to achieve these objectives may take place on a realistic basis the Government has drawn up proposals which are set out in the paragraphs which follow. They have been drawn up after a study of existing practices both in this country and abroad.

II. THE GOVERNMENT'S PROPOSALS

A Training Bill

9. The Minister of Labour would be given statutory power to set up Boards to be responsible for all aspects of industrial training in individual industries. The Minister would be required to consult the organisations principally concerned on both sides of the industry before setting up a Board.

10. The range of functions which the Boards would be empowered to undertake would be set out in the proposed Bill. These might include:—

(1) Establishing policy governing training in the industry, including such questions as admission to training (whether apprenticeship or otherwise), length of
training, registration of trainees, and a provision for appropriate attendance at colleges of further education.

(2) Establishing standards of training and syllabuses for different occupations in the industry, taking into account the associated technical education required.

(3) Providing advice and assistance about training to firms in the industry.

(4) Devising tests to be taken by apprentices and other trainees on completion of training and, if necessary, at intermediate stages - e.g., the end of the first year.

(5) Establishing qualifications and tests for instructors responsible for training.

(6) Establishing and running training courses in its own training centres.

(7) Paying grants to firms to reimburse them all or part of the costs incurred by them in the provision of approved training.

(8) Paying allowances to trainees not taken on by firms while being trained in public or the Board's own centres.

(9) Collecting money from establishments in the industry by means of a levy.

(10) Borrowing money.

11. A levy on firms in the industry, is an essential part of the proposals. If a Board undertook the functions set out at (6), (7) and (8) above it would incur considerable expense. The Bill would provide that rebates could be allowed from the levy where firms were providing industrial training of approved quality. Whether or not this should be done would be a matter
for decision by the Board. There would have to be power to exclude firms below a certain size from the levy. In addition, the Government would propose that the Bill should empower the Minister of Labour to make loans or grants to the Boards.

12. The Bill would provide that the Minister of Labour, at the request of a Board, could undertake the duty of identifying, subject to appeal, the establishments comprised within the definition of the industry. It would give the necessary powers to obtain information for this purpose, e.g., as to numbers employed and types of work undertaken in establishments.

13. The Boards would be empowered to appoint qualified persons to undertake duties in connection with the promotion of industrial training including making reports on the quality of training provided by firms applying for grants. The Minister of Labour would be empowered to appoint officers to satisfy him that the standards of training adopted by the Board were sufficient to justify payment of grant to the Board by the Minister.

The kind of scheme which might be operated by the Boards

14. Legislation on these lines would leave latitude to the Boards in deciding on their activities within the range of functions set out in paragraph 10. It might well be, however, that some Boards would find that particularly in dealing with apprenticeship trades they could best make progress by concentrating their main attention — at any rate in the first place — on the improvement of first-year training. This view is based on the experience of firms which have their own training schools and on the success achieved by the Ministry of Labour and many education authorities in the last two or three years in training first-year apprentices on a full-time basis in both Government Training Centres and Technical Colleges.

15. Experience has clearly shown that if young people leaving school are given a systematic course of training in the
basic principles of their trade, their progress thereafter to full skill will be more rapid and their adaptability within their trade much greater than if they started out on a narrow range of production work. It is particularly difficult for many employers, particularly the small and medium-sized employer, to make available the machinery and instructors to give the apprentice this systematic grounding in his trade in his first year. The wider provision of opportunities for systematic training in the first-year of apprenticeship would do much to improve our whole system of training by remediating it at its weakest point, namely, the haphazard and narrow training all too often given at the beginning of apprenticeship.

16. If a Board decided to concentrate on first-year training it might find it desirable to provide that the cost, including perhaps wages, of all first year industrial training should be borne by the Board. The actual arrangements for training would no doubt vary according to the circumstances of the industry and the area, but the powers set out in para. 10 above would enable the Board to make any arrangements which might be necessary.

17. Clearly a Board which took over responsibility for first-year training on these lines, would also, find it necessary to carry out some of the other functions set out in paragraph 10 above, e.g. establishing standards of apprenticeship training.

Definition of Industries

18. The definition of industries for inclusion in the Orders setting up Boards would have to be worked out in detailed discussions with those concerned in the industries affected.

Composition of the Boards

19. The composition of the Board would be a matter for consultation with the industry concerned in the case of each scheme. How far it would be necessary to lay down a general pattern in the Bill would be for consideration. It would seem clear that the major part of the representation would have to be provided by employers
and trade unions; that representation of Government Departments would be necessary; and, in view of the close links between industrial training and education, that there should be appropriate educational representation also.