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ANALYSING POLICY CHANGE:
INDUSTRIAL TRAINING IN BRITAIN

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ABSTRACT

This work is an examination of the changing nature of state intervention in the area of industrial training between 1964 and the present. It seeks to identify those factors that have been significant in influencing the form that industrial training policy took and the reasons for subsequent changes that have occurred. It further identifies those factors that have remained constant. A central proposition of the work is that changes to policy cannot be fully understood simply by reference to an examination of the interests and processes involved at the formal (re)formulation stage of the policy process. Rather, that an analysis of the process of change needs to incorporate past experience of implementing policy programmes as well as an examination of the relationship of the role of values and ideas in informing policy choices. This is accomplished by charting the progress of the intervention at various levels throughout the period, employing a conceptual framework developed for the purpose. Included in the analysis is a detailed case study of the impact of industrial training policy in two industries: chemicals and pottery. The study concludes with an examination of the prospects for the current New Training Initiative

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PART ONE:
INTRODUCTION

CHAPTER ONE

INTRODUCTION: AN OVERVIEW OF POLICY CHANGE AND INDUSTRIAL TRAINING

One of the last pieces of legislation that the 1959-64 Conservative Administration placed on the statute book was the 1964 Industrial Training Act. This marked the beginning of a series of major interventions by the state in the area of industrial training. The Act allowed for the establishment of Training Boards for different sectors of industry which were charged with the task of increasing the quantity and quality of training and spreading the costs more equitably between individual firms. Since that time the significance of industrial training policy, both in terms of the resources devoted to it and its political salience, has considerably increased and a number of important changes have been made in the form of intervention. The principal *raison d'être* of state intervention was to increase the supply of skills necessary to achieve a higher level of economic growth. Yet some 22 years on it is still maintained that despite successive governments' search for a solution Britain's industrial training system has 'failed' to produce the mix of skills required to ensure the kind of economic prosperity and growth shared by Britain's major competitors.⁽¹⁾ Questions arise therefore as to the reasons why this might be so. It might, for instance, be maintained that industrial training policy has fallen victim to the same difficulties that have been claimed to have beset

governments generally in their attempts to intervene in a variety of spheres and which have resulted in governments' failure to attain their policy objectives. Such an explanation of the apparently limited capacity of governments or state authorities to effectively pursue solutions to problems, was advanced and gained considerable currency during the 1970s and centred around the notion of 'overload' and related issues of 'governability'.⁽²⁾

State intervention, in particular in the economic sphere and in production, is essentially concerned with influencing the behaviour of private actors such that behaviour proceeds along the lines deemed desirable by the state. In other words the achievement of governments' aims is to a large extent contingent upon the decisions and actions of relatively autonomous actors. The more that governments sought to intervene in production, it was argued, the greater their dependency upon such actors whose interests may not be congruent with those of the state, which in turn increased the likelihood of non-compliance. Should a government be foolish enough to proceed with its policy proposals in the face of opposition from producers, however, then the power of such groups would in all probability render the policy ineffective when it came to be implemented.⁽³⁾ Increased dependency meant, therefore, that in seeking to formulate policies governments were unable to prescribe solutions to problems as they perceived them. Policies did not thus represent coherent strategies formulated through a 'rational approach' to problem solving but were instead the product of a process whereby government was forced to seek accommodations with producer groups about the form that policy should take.

Thus governments, and the impact of public policies thereby, have been characterised as increasingly less effective as a result of their increased dependence upon outside interests. The process involved is similar to Lindblom's notion of partisan mutual adjustment⁽⁴⁾ where it is argued that the dominant mode of policy making in liberal democracies is one in which *agreement* is sought through bargaining and negotiation between competing interests (partisans). Such a process typically produces policies that differ only marginally or incrementally from existing policies or the *status quo*. However, many suggest that in the British context, having to accommodate and bargain with interests whose power is enhanced as a result, means that government is effectively "at the mercy of powerful groups". The product in terms of policy making is as often as not viewed as inducing a state of inertia or paralysis⁽⁵⁾ so that changes to policies are often held to be difficult, if not impossible to secure.⁽⁶⁾ Any change that might be secured being based on agreement through compromise will tend to be the 'lowest common denominator'. The process may additionally produce symbolic or pseudo policy responses (those which are not intended to be fully implemented and those which are not based on knowledge which is available regarding the necessary preconditions for successful implementation),⁽⁷⁾ or placebo policy responses (which have the *appearance* but not the intention of solving a problem).⁽⁸⁾ The overall thrust of these views is that the process - bargaining between groups - produces policies that are not capable of tackling a particular problem, therefore the problem is likely to remain, unless it disappears for other reasons.

Although a number of writers have provided a range of perspectives on this notion of 'inertia', a common strand is the link that they make between one aspect of the policy making process - group bargaining - and the ineffectiveness of policies in relation to a given problem. It is, however, questionable as to whether this hypothesised relationship can be said to exist on a one to one basis, or indeed whether it exists at all. Other factors during the formulation process or outside formulation itself may be at least as, or even more, important in inducing policy 'failure'. The assumption seems to be that such a process is only capable of leading to small changes in policy which are in effect the 'lowest common denominator', unsuited therefore to responding to the scale of the problem. But there would seem to be no *a priori* reason to assume that a process which involves consultation and group bargaining should produce such an outcome. It may be noted that a similar criticism has been made of those writers who have adopted an incrementalist mode of analysis, particularly in the area of budgeting.⁽⁹⁾ Further, such a view tends to present a rather static picture of policy making in that there is a propensity to focus upon one particular episode in the policy making process which thereby largely ignores developments over time. It is perfectly feasible, for instance, that even where changes may be small in scale, that over a number of years collectively they might add up to a significant change in policy and its impact. That this might indeed be regarded by some or all participants in policy formulation as *strategically* the best means of proceeding⁽¹⁰⁾ seems to be rather lost sight of. This does of course raise the problematic issue of how one measures and categorises change in any case.⁽¹¹⁾ Apart perhaps from budgeting, there are likely to be a range of variables such that measurement is a much less straightforward matter. Furthermore, the

assumption that policies based on the lowest common denominator will be the outcome of this process may be questioned on other grounds. It does, for example, imply that the power of participants is roughly equal with little tendency towards domination, with all the actors being inclined to cancel each other out. There would seem to be no necessary basis for such a position, for it appears to ignore differences in the strategic position of participants, their capacity to mobilise power resources, as well as the dynamics of coalition building and logrolling for instance. Linked to this is the point that policy making is seen to be about 'winning', or at least not losing. Whilst the play of power is obviously an important element, attention is diverted away from the possibility that bargaining may take place within the context of participants actually being desirous of finding some solution to a particular problem: (12) if this were the case then there seems to be no reason why the lowest common denominator should lead to such ineffective policies. Even so, there is the additional suggestion that the lowest common denominator is somehow equivalent to the least satisfactory response. But at what point and upon what scale is the lowest common denominator to be found? It may well be that in one case it represents 99 per cent agreement and a 99 per cent response to a problem, whereas in another it may be only 2 per cent. In other words we are not dealing with absolute but relative categories that can only be assessed by empirical investigation and analysis.

The area of industrial training is certainly one where there has been a high degree of involvement by producer groups - and to a lesser extent other outside interests - in the decision making process. Yet it is an area where changes to policy have occurred at a number of periods that *prima facie* at

least, cannot simply be regarded as representing the 'lowest common denominator'. In addition it would appear that the extent and nature of producer group involvement has not been altogether consistent during the period studied. There are periods (for example around 1964 and post-1979) when it seems possible that the processes of consultation and participation were not the major determining factors in shaping the general direction or thrust of policy. Not only does this suggest changes in the balance of power over time, but the possibility that government is not necessarily - or not consistently - as much 'at the mercy' of powerful groups as the above perspectives imply. What would seem to be the case is that at different points governments have been content to leave decision making largely to producer group and other interests, but at others have been concerned to play a more leading role in the formulation of policy. Whilst this may still have involved governments in having to compromise to some degree, reflecting the different interests and dispersion of power, it may be an indication that in particular circumstances government's authority counts for rather more than the above perspectives would suggest. And finally, even a cursory glance at developments in the area of industrial training indicates that at the level of policy formulation there has, in general, been a lack of overt conflict and a fair measure of agreement between participants about the overall direction and objectives of policy.

What the discussion thus far reveals is that both theoretically and perhaps empirically, the relationship between the policy formulation process and the outcome in terms of what we might call 'problem persistence' is not a straightforward one: it would certainly appear to be more complex than some of

the above representations indicate. The possibility exists for instance that in some cases the policy may be a quite adequate response in relation to the scale of the problem to be tackled. The fact that the problem(s) persists may be due to other factors. One possibility therefore is that we need to examine not just how the policy is formulated but also how it is being implemented. The role of the implementation process in influencing policy success or failure has been studied by various writers in recent years (see chapter 2). Early attention in the literature centred upon identifying the factors responsible for 'unsuccessful' implementation leading to a failure to realise policy objectives. Therefore it may not be that responsibility for failing to resolve problems lies with the formulation process, it may instead reside with the implementation process. This does not, of course, mean that group power does not count, merely that it may be located elsewhere. Some later studies, however, regard approaches that seek to identify conditions necessary for 'successful' implementation as presenting an oversimplified view of what actually happens. They argue instead that policies may in fact undergo change during their implementation. If such is the case - and we shall be considering these issues in some detail in chapter 2 - then it is maintained that policy formulation is not something that solely takes place at discrete periods in time, but may also extend into the formal process of implementation. Thus it is important if we are to more fully understand the form of intervention and any subsequent changes, to examine not simply the formulation of policy, but how policy is being interpreted as it is put into practice.

This would seem especially pertinent in the area of industrial training as, ostensibly at least, there is a considerable degree of what we might call

'forward loading'. What this means is that some crucial decisions are left in terms of problem solving to various organisations involved in the implementation of policy. That is, policy making may have been more concerned with *enabling* certain things to happen during implementation than with the provision of detailed prescriptions. Therefore policy might be regarded as setting the framework within which a range of other organisations with a significant degree of discretion in terms of choices, attempt to resolve the problems as well as the outstanding conflicts. An important reason why this might be so is that industrial training depends upon influencing the decisions of producers whose circumstances are, however, subject to wide diversity. Such complexity means that policy has therefore, as occurs in many other areas of economic and industrial policy, (13) to be sufficiently flexible in the forms of its response to discrete incidences of the problem. In consequence, implementation involves important choices about effective means to tackle the problem in its own right, and the scope of implementation in terms of the area of choice it affords can have a major bearing upon the impact of intervention. Therefore any assessment of industrial training policy in relation to its impact needs to recognise this point and afford the implementation of policy detailed attention. Furthermore a considerable delegation of responsibility of itself opens up the possibility of changes to policy during implementation. In other words where discretionary powers are afforded to a range of implementing agencies there is a possibility that decisions may move beyond the bounds of such powers, particularly where there is lack of clarity about where these boundaries lie. It is not suggested that such stepping outside the bounds of discretionary powers should necessarily be regarded as a simple act of non-compliance, it may be the case that these actions may be, or come to

be, sanctioned or approved by policy makers as they are viewed as constituting improvements to their original proposals. Thus implementation can in this respect be seen as a process that 're-shapes' policy. This again emphasises the importance of the implementation process as a determining influence over the final form of intervention.

While recognising that implementation is a significant part of the process of forging intervention, policy does of course set an overall framework for this. The kind of representations of the policy making process that we discussed earlier would, however, it appears ignore or leave implicit an important element of the framework within which policy itself is formulated. While they refer to the context of group power resources, they do not encompass the context of predominant ideas which guide the thinking of the participants. Perhaps the most obvious example of this with which we shall be concerned presently, being the decision to intervene in industrial training, on a comprehensive basis, marked by the 1964 Industrial Training Act which quite clearly cannot be attributed simply to a shift in the balance of power between groups. The power of groups over industrial training is significantly determined by the existence and thereafter the form of intervention.⁽¹⁴⁾ Industrial training, like other areas of economic intervention, quite obviously raises issues about the role of the state in the economy. Over the post-war period there have been movements in the widely accepted ideas concerning this role. It is hard to discount the possibility that such shifts in ideas have not influenced those making choices about economic intervention. These shifts seek to remind us moreover of the basic point that policy making takes place within a frame of reference set by fundamental ideas and beliefs that have widespread

currency within society. In this connection any decision to intervene in the area of industrial training raises issues concerning the relationship between the state and private capital where ideas concerning the need to maintain the autonomy of capital are widely held. Such ideas may thereby place serious constraints on the policy options up for consideration. This has indeed been noted in the closely related area of industrial policy where private autonomy is in general highly valued and policies may be seen to conform to this.(15) As well as ideas that stem from wider ideological and value positions, there are what might be regarded as lower level ideas concerning how to tackle particular problems. For example, there has been a great deal of discussion in recent years of the efficacy of the German training system and the advantages that would accrue if such a system were emulated in Britain.(16) In view of the changes that have occurred in Britain's training system that we are going on to study it is difficult to maintain that such ideas are uninfluential. Further, and linking back to our previous point, the implementation process itself may be an important source of information about the feasibility, practicality and efficacy of policy options which may in turn therefore influence the process of future policy change. Thus policy formulation is not simply the resultant of the interaction of competing groups - although it may well have to take account of such interests - but is also the result of assessments of what is desirable and possible derived from current ideas.

Finally, there is the point that a great deal of emphasis has been placed upon the notion of policy failure and its relationship to the policy making process. Given that even governments have acknowledged the relative lack of success in tackling the training 'problem' in Britain(17) we cannot simply dismiss such a

possibility. But behind this relatively straightforward sounding notion of policy failure lie a number of complex issues which are by no means unambiguously linked to the formulation process either theoretically or empirically as we shall see in our study of training policy. Clearly, to talk of success or failure is to imply that the impact of any given policy can be measured. But even this is by no means a straightforward matter for not all 'evidence' is objective and quantifiable but is also subjective and as such disputable. It is therefore crucial that the criteria by which success or failure is being measured are clearly stated. There are, however, difficulties with this which centre on the question of what is being measured. At the most basic level this may be seen to be simply assessing the impact of policy against the objectives that it was designed to secure. But, on the one hand objectives may, for a variety of reasons, not be clearly specified,(18) or on the other, the impact may not be capable of quantification. In any case, policies often contain a number of, sometimes conflicting, objectives, the weighting given to each of which may not be equal and may vary over time. Policies, perhaps to state the obvious, are formulated in response to a perceived problem. Apart from any issue of the relativity of commitment to resolving that problem, there is the question as to how far the problem itself remains the same or even continues to be regarded as a problem. A policy may originally have been an adequate response to a perceived problem, but should the nature of that problem change in an adverse direction, then the response may no longer be adequate and the likelihood of 'failure' is enhanced. In other words, the policy process itself may not be at fault, policy failure may have more to do with the speed and way in which societal problems develop that were not or could not have been anticipated. Similarly, the original policy

response may have been adequate in terms of the definition of the problem, but if the definition of that problem was for some reason 'misconceived' then subsequent performance is less likely to provide appropriate remedial action. This may not, of course, apply if, as has been suggested, action at the implementation level takes account of this. If, however, such action is in actuality changing the policy, this raises the question of the criteria by which the impact of policy is to be assessed: is the extent of its 'success' to be measured against the original policy, or against the policy as 'evolved' during implementation? Finally, we need to consider the possibility that policies may not in fact be formulated with the intention of providing a resolution to a given problem within a specified period of time. Rather, the approach may be ameliorative(19) in that, for example, it prevents the problem from getting worse or creates the conditions that are regarded as necessary to more effectively tackling the problem, the responsibility for which lies elsewhere than with government or the state apparatus. In other words the purpose of policy may be to enable others to perform certain functions and in this sense the policy may be successful. That other actors may not behave as desired, and the problem therefore remains, does not *ipso facto* imply policy failure. Thus we can see that even where we may speak of failure in the sense of problems continuing to persist, the link between such 'failure' and the policy formulation process is by no means clear.

The foregoing discussion has also, however, raised the possibility - both in general terms but more specifically when applied to a particular policy area such as industrial training - that such representations may offer an inadequate explanation of policy change by too narrowly focussing upon the

bargaining/formulation process, and thereby fail to take sufficient account of other key factors. This is particularly true in that the group bargaining approach is primarily a *general* representation and may not therefore reflect the variations across, and indeed within, policy areas over time. In other words, the issues surrounding the formulation of a particular policy and its relationship to the outcome - in the sense of being linked to some view of success or failure - may be considerably more complex than is captured by such generalisations. Whether such generalisation are valid as an overall representation of the policy process cannot be determined from a single case study, but has to draw support from a variety of policy areas including an appropriate selection of different types of policy. (20) Nonetheless a case study, especially in a policy area as important as industrial training can at least act to validate or otherwise such a general representation and may also raise further issues for consideration.

STRUCTURE AND METHOD OF THE STUDY

The present study attempts to analyse the process of policy change in the area of industrial training from 1964 to the present. In doing so, as our earlier discussion has revealed, the process is a potentially complex one. Such complexity arises from the range of other factors that we have identified as possibly being relevant to policy change and which therefore any analysis needs to address. The actual degree of complexity can only be determined in the area of industrial training policy when we have examined whether, to what extent and in what way these factors can be regarded as important. This means that in addition to examining the formulation of policy in relation to the

interplay of different interests, it is necessary to take account of two other factors. Firstly, we need to move beyond the point of formulation to an examination of the implementation process. If, as we have argued, there may be no *direct* link between the formulation process and policy failure - or success - then what happens during the implementation process is likely to assume considerable significance. Furthermore, as we have already noted, there is the possibility as suggested in certain of the policy analysis literature, that policies may actually undergo change during their implementation. Both of these factors may have important consequences for the impact of policy which will have to be taken into account in any explanation of success or failure and its relationship to policy change. Secondly, as far as the formulation process itself is concerned, we need to set this within a wider context which examines the role of ideas as establishing some kind of framework which may serve to guide, shape, or constrain policy making. Such ideas derive from the normative positions of participants on the one hand, and also on the other from views about what might be termed the technical feasibility of different courses of action. In this respect the implementation process may again be significant in that it can be an important source of information not only about what is desirable but what is possible in relation to policy change.

Therefore, we are looking at policy change not just as some formal point of policy making but as something that needs to be examined over the longer run. We are not of course arguing that we need to examine in detail the whole range of decisions and actions in the process taken in industrial training since 1964. Rather that we concentrate upon those periods when significant events and changes occurred, and that we place them in a wider context that

incorporates other aspects of the policy process in order to build up a picture over time that captures the dynamic nature of the process of change. Consequently this involves analysing the relationship between what can be identified as the different levels of the policy process, that is the levels of ideas, of formal policy formulation and implementation. Thus, having outlined the central concerns of the study, we move on to set out the structure and the method adopted.

Having stated the case for incorporating different periods and levels of analysis into our study of the process of policy change, Part Two is concerned with developing an appropriate analytical framework. In seeking to analyse the interaction between policy formulation and implementation we confront the problem that the conventional approach to the policy process, the sequential model which was first offered by Harold Lasswell (21) and adopted and developed by others since, may not be particularly appropriate to our concerns. Indeed there is currently in policy analysis a very important debate regarding the matter of how to represent the formulation and implementation processes and therefore their interactions, which raises serious analytical and normative issues. Given the significance of these issues in directing analysis and understanding of the policy process we need to be aware of the basis of this debate and seek to assess the relative benefits of adopting either of the alternative approaches put forward. Thus we begin chapter two by elaborating upon this debate on the 'top-down' versus the 'bottom-up' approaches. While recognising many of the benefits of the 'bottom-up' approach, it will be argued that its failure to treat policy as a distinctive and coherent concept places a serious limitation upon its utility as a means of analysing policy change. As a

result it is necessary to develop an alternative framework that incorporates a conceptualisation of policy while recognising the strength of some of the arguments put forward in the 'bottom-up' approach. Furthermore, given our concern with the role of ideas and ultimate values and norms from which they are derived, it is necessary to incorporate this level of analysis into the framework. In particular this involves finding a means of translating abstract values into a more concrete form that can be directly related to policy decisions. Thus we set out a framework through which it is possible to analyse the policy process at three different levels in a chronological manner which can be used to chart and categorise changes in the policy process even when they do not happen in a particular sequence. Within the confines of the framework there is a discussion of how to address, if not actually to resolve, the crucial issue of whether to view certain forms of 'non-conformance' to original policy proposals as implementation failure or policy change. The rest of the thesis, with the exception of the conclusion, involves applying this framework to a chronological study of the key factors within industrial training.

Part Three analyses the 1964 Industrial Training Act which marked the first comprehensive form of state intervention in the area of industrial training. This, by any standards, was a watershed in the policy area which led to the establishment of a series of industrial training boards with responsibility for overseeing training arrangements in specific sectors. Given the Act's significance the first chapter in part three will provide a historical background up to the early 1960s when serious proposals for legislation began to emerge. In particular, this chapter details the role of the state in the

economy generally and the prevailing ideas behind this, and the limited role that the state performed in the area of industrial training. One key feature that emerges is that the state's role in training provision was seen primarily in terms of social, not economic, objectives though this began to shift towards the end of the 1950s. This shift in itself can be placed in the context of changing views concerning the state's remit in managing the economy. Following on from this examination of changing ideas and attitudes about state and economy, in chapter four we are concerned with providing an explanation of the nature and form of the intervention adopted. Here we study the process of policy formulation and the resulting legislative provisions to identify what central ideas and interests were embodied in the policy and who exerted influence over it. From there the final chapter in this part provides a study of the implementation of the policy contained in the Act. This starts with an examination of the establishment of industrial training boards in the mid-1960s, which were afforded considerable freedom to make decisions concerning their industries, and follows up with an examination of their work up until 1970 when there was a change of government.

In Part Four the central issue of concern will be the Conservative's 1973 Employment and Training Act. Chapter six picks up on the views that had developed about the operation of the 1964 Act, and in particular the role of industrial training boards in meeting policy objectives, as an important source of thinking that influenced the formal change to policy that occurred in 1973. Thereafter the chapter considers other influences in the process of change, notably the views of the Government and the Department of Employment, and interests of producer groups, detailing the extensive consultation involved.

The chapter concludes by outlining the contents of the 1973 Act that emerged from this process. The Act marked a significant formal change in industrial training policy including a curtailment of the autonomous powers of the training boards. However, it is most noted for its establishment of a new 'hived-off' executive agency with responsibility for coordinating the work of the industrial training boards and non-board sectors of industry, plus the exercise of certain labour market functions previously carried out by the Department of Employment. Given the subsequent importance of the role performed by this body - the Manpower Services Commission (MSC) - in industrial training, chapter seven discusses in depth the structure of the MSC, its relationship to the Department of Employment and ITBs, the position of the Commission which was constituted of representatives from the CBI, the TUC, education and local government, and the evolving role of the MSC in industrial training. The last chapter of part four then moves on to consider the impact of the 1973 Act at the level of the firm. It provides a detailed case study of the relationships between ITBs and individual firms in two industrial sectors - chemical and ceramics - in order to assess the appropriateness of the policy, and ITBs as policy instruments, in changing the attitudes and behaviour of firms about the form and incidence of training.

Part Five considers the major changes in industrial training since 1979 when there was again a change of government. Unlike the two other periods that we have studied, however, that from 1979 is less clearly marked by a single point of formal policy formulation encompassed in a single piece of major legislation. Rather, there has been a series of initiatives, most of which derive from the *New Training Initiative* of 1981, which collectively have

wrought considerable changes in the training system. Chapter nine, therefore, is a case study of the decision making processes that preceded these changes. It concentrates upon a major review of the operation of the 1973 Act, conducted by the MSC between 1979 and 1981, and the subsequent debate to which this gave rise and which involved what must be one of the largest consultation exercises ever mounted. What is especially addressed here is the strategic position of the outside interests and the capacity of government to secure the kind of changes it wished to see introduced. Chapter 10 goes on to examine these changes in more detail and the extent to which they reflected the Government's attitudes towards training. From there we move on in chapter 11 to look at the the implementation of industrial training policy since 1981, most notably following the establishment of the Youth Training Scheme. Apart from a consideration of some other facets of the wider initiative we also examine the way in which the replacement of a large segment of the industrial training board system with voluntary arrangements has been introduced and operated. Obviously, given the recent setting up of these arrangements some of the conclusions reached can only be regarded as interim in nature.

Part six presents the conclusions derived from our study of industrial training. It seeks to identify overall patterns that give us a clearer understanding of the process of policy change in this particular area. In short what it attempts to clarify are those factors that influence change set within specific contexts including that of the efficacy of the policy.

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The method of investigation employed for gaining empirical information upon which the analysis was conducted has been to draw upon a wide range of literature concerned with industrial training and training policy covering the period under consideration. Included in this literature, apart from the usual range of books and articles has been official documents, including government, Parliament, MSC, ITB, and the National Economic Development Office (NEDO) publications; internal MSC and ITB documents and reports; documents from private bodies involved with training, such as the Confederation of British Industry (CBI), other employer organisations, the Trade Union Congress, Non-Statutory Training Organisations, the British Association for Industrial and Commercial Education; training packs and manuals from training organisations; internal documents from firms in the two industries studied; private correspondence between key participants; and attendance at a number of national and regional conferences attended by training personnel and Ministers and public officials. Such material has not simply been used to detail the course of particular events, but has also been drawn upon to help in identifying the views, perceptions and ideas of those involved in influencing decisions.

In addition the case studies of the two industrial sectors and the role of ITBs and the review of the 1973 Employment and Training Act conducted by the MSC are largely based upon information gathered from a series of extensive interviews with many of the key participants. These interviews were mainly conducted between 1979-1982, although there were a number of follow-up ones carried out subsequently. The interviews conducted in the firms within the two industries studied took place with senior management, line management, training

personnel, trade union representatives and trainees, who collectively were able to supply a reasonably comprehensive picture of the training system and the impact of public policy in these two sectors. This was complemented and extended by interviews with senior officials and field staff of the two ITBs concerned. The interviews in respect of the review process were conducted with personnel from a number of organisations involved, most notably the MSC, the CBI and other employer organisations, private firms, Department of Employment, the TUC, ITBs and private consultants used by some of these organisations. Furthermore some of the information concerning the formulation of the 1973 Act itself and the resultant establishment of the MSC was obtained from these interviews. More recently interviews have been conducted to provide material on the Youth Training Scheme as well as the operation of NSTOs in the chemical and ceramic sectors. During many of these interviews the author was afforded access to, and often given copies of, a considerable amount of internal documents and papers.

FOOTNOTES

1. E Jacobs, S Orwell, P Paterson and F Weltz *The Approach to Industrial Change in Britain and Germany: A Comparative Study of Workplace Industrial Relations and Manpower Policies in British and West German Enterprises* (London: Anglo-German Foundation, 1978); *Competence and Competition: Training and Education in the Federal Republic of Germany, the United States and Japan* (London: NEDO, 1984); *A Challenge to Complacency: Changing Attitudes to Training* Report prepared for the Manpower Services Commission and the national Economic Development Office by Coopers and Lybrand Associates (Sheffield: MSC/NEDO, 1985).
2. See for example A King, 'Overload: Problems of Governing in the 1970s' *Political Studies* Vol 23 (1975); S Brittan 'The Economic Contradictions of Democracy' *British Journal of Political Science* Vol 6 (1976); G Ionescu *Centripetal Politics* (London: Hart-Davis, MacGibbon, 1975); M Crozier 'Western Europe' in M Crozier, S Huntington and J Watanuki *The Crisis of Democracy* (New York: New York University Press, 1975); A H Birch 'Overload, Ungovernability and Delegation: The Theories and the British Case' *British Journal of Political Science* Vol 14, No 2 (1984).
3. For instance, as Cawson notes "the power of the functional group in part derives from what are the objectives of state policy. Interventionist policies require the cooperation, if not collaboration, of functional groups, and this fact alone helps explain some of their power." A Cawson 'Functional Representation and Democratic Politics: towards a Corporatist Democracy?' in G Duncan (ed) *Democratic Theory and Practice* (Cambridge: CUP, 1983) p 181.
4. C E Lindblom 'Muddling Through - Science or Inertia?' *Public Administration Review* Vol 19, No 2 (1959)
5. J Hayward 'Institutional Inertia and Political Impetus in France and Britain' *European Journal of Political Research* Vol 4 (1976).
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8. G Gustafsson and J J Richardson 'Concepts of Rationality and the Policy Process' *European Journal of Political Research* Vol 7 (1979).
9. J Bailey and R O'Connor 'Operationalising Incrementalism: Measuring the Muddles' *Public Administration Review* Vol 35 (1975).

10. D Braybrooke and C E Lindblom *A strategy of Decision* (New York: Free press, 1963); see also C E Lindblom *The Intelligence of Democracy* (New York: Free Press, 1965); and for Lindblom's reply to some of his critics see 'Still Muddling, Not Yet Through' *Public Administration Review* Vol 39 (1979).
11. M A H Dempster and A Wildavsky 'On Change: Or, There is No Magic Size for an Increment' *Political Studies* Vol 27, No 3 (1979).
12. Lindblom *The Intelligence of Democracy*
13. See G Ganz *Government and Industry* (Abingdon: Professional Books, 1977); W Grant 'The Last Labour Government's Industrial Strategy: Problems of Policy Implementation through a Tripartite Framework' paper presented to the PAC Annual Conference, University of York (1-3 September 1980).
14. Cawson 'Functional Representation and Democratic Politics.
15. See, for example, S Young (with A V Lowe) *Intervention in the Mixed Economy* (London: Croom Helm, 1974) pp 188,205; W Grant *The Political Economy of Industrial Policy* (London: Butterworths, 1982) p 65; and S Wilks *Industrial Policy and the Motor Industry* (Manchester: Manchester University Press, 1984) p 7.
16. See for example, Manpower Services Commission *A New Training Initiative: A Consultative document* (London: MSC, May 1981); Shirley Williams 'Prospects for the Future' speech to the British Association for Commercial and Industrial Education conference, November 1980 *BACIE Journal* Vol 35, No 3 (1981).
17. *Working Together - Education and Training* Cmnd 9823 (London: HMSO, July 1986) para 1.7.
18. See for example C H Weiss *Evaluation Research* (Englewood Cliffs: Prentice Hall, 1972).
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20. T A Lowi 'Decision Making vs Public Policy: Towards an Antidote to Technocracy' *Public Administration Review* Vol 30 (1970); see also Lowi, 'Four Systems of Policy, Politics and Choice' *Public Administration Review* Vol 32 (1972).
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PART TWO:
A FRAMEWORK FOR POLICY CHANGE

CHAPTER TWO

A FRAMEWORK FOR ANALYSING POLICY CHANGE

In the previous chapter we outlined the central concerns in seeking to understand the process of policy change in the area of industrial training. We argued for the importance of examining factors other than those relating to the formal policy formulation process. Also included should be the implementation process and the wider context of ideas within which formulation and implementation take place and that such analysis should take place over a fairly lengthy period of time. Before we can proceed with the analysis of training policy, however, there are a number of issues that need to be addressed. Unless we are to provide a highly detailed description of events and hope that we can disentangle it sufficiently to see some pattern emerging at the end of the account, we have to be able to incorporate our information into some representational model of the policy process. That is, we need to be able to distinguish those decisions and actions involved in the formulation of policy, which will also allow for some clear conception of policy, from those involved in its implementation. Similarly, we have to be able to demonstrate the links between the level of ideas and policy formulation and implementation whilst simultaneously demonstrating their interconnectedness.

Such issues are not, however, clear cut for there is considerable disagreement in the world of policy analysis as to how far it is possible - or indeed desirable - to make such distinctions. The essence of such disagreement lies in two differing perspectives of the policy formulation and implementation processes. One such - usually referred to as the 'top-down approach' - tends to represent the policy process as a series of steps or stages where implementation *follows* formulation, whereas the other - the 'bottom-up approach' - stresses the complexity of the policy process and maintains that policies may actually be changed during their implementation. We therefore need to examine these two approaches in order to assess the extent to which they can offer an adequate framework for representing policy change. In so doing, however, we also have to discuss the nature of the disagreement between the proponents of the two approaches. The reason for this is not to engage in some purely abstract debate, but to weigh up the relative costs and benefits of adopting either approach - or indeed some other approach. A discussion of both approaches will bring to the fore important implications of representing the policy process in one form or another. At the heart of this debate is the crucial issue that whilst the bottom-up approach allows us to make the link between implementation and policy change, it leaves us conceptually somewhat short in that we have no clear concept of policy and, therefore, of policy change. Thus they raise some fundamental issues of concern to our analysis which have to do with how we can categorise and chart the progress of change.

What, therefore, we are concerned to do in this chapter is to construct a framework for analysing policy change. In this we have firstly to examine what current approaches have to offer and from there, as necessary, develop a

framework appropriate to our needs that incorporates the three levels that we have identified as being important in our analysis.

THE TOP-DOWN, BOTTOM-UP DEBATE

The publication of Pressman and Wildavsky's study *Implementation*,⁽¹⁾ which examined the failure of one of President Johnson's Great Society initiatives to realise its objective of creating jobs for ethnic minorities, gave great impetus in political science and policy studies to the notion that to properly understand the outcome, and consequently improve the results of, state action it was essential to pay attention to the implementation as well as formulation of public policies. The Oakland study of Pressman and Wildavsky and many of those which followed its lead did not just point to the centrality of 'implementation' for academic and practical concerns. They additionally extended the remit of implementation analysis beyond the traditional organisational focus of public administration to encompass issues of policy performance, the theories of causation inherent in policies and the complexities of interorganisational processes. As Dunsire points out, Pressman and Wildavsky did not 'discover' the implementation process, ⁽²⁾ but few would contest that they played a major role in redefining its substance. Those studies which picked up on these new concerns in the 1970s devoted considerable attention to providing representations or models of the implementation process that identified the key categories or types of impediments to effective implementation. From these it was hoped to establish the causes and the possible remedies for the 'implementation problem'. Not surprisingly, given the complexities and variability of the implementation

process, there emerged a number of contending representations, each seeking to distil the essence of implementation. No one model came to be held to provide a comprehensive or universal representation of the process and its attendant impediments, but all helped to enhance understanding of the general and seemingly pervasive difficulties faced by policy makers wishing to see their policies properly executed. Interestingly, as Elmore noted in 1978 whilst examining the existing literature, there was only "modest empirical support" to be found for the assumptions underlying the various approaches.(3) The implication was that these models were drawn deductively from pre-existing organisational and political models rather than inductively from the empirical evidence of policy implementation. Indeed, there is no doubt that in this explosion of implementation studies a few 'common sense' deductions went a long way when set against the previous conventional wisdom.

Many of the models developed employed idealised representations of implementation(4) as a basis for indicating where, and to some extent to what degree, there was a shortfall in conditions for effective implementation. There was never any suggestion that the ideal could ever be achieved, but it did provide a target at which to aim to at least narrow the gap. While various models were put forward of implementation - the differences usually predicated upon different views about the essentials of organisational behaviour - there was one fundamental element common to the vast majority of models. Implicit in them was the underlying assumption that the implementation process entailed the translation into action of a policy plan that had been *previously* formulated by those officially charged with policy making. Formulation and implementation were, therefore, presented as separate entities both in terms of

the personnel responsible and, more importantly, chronology. Thus the 'implementation problem' was couched in terms of the failure of the policy intentions or plans of governments, or other 'top public officials', to be realised in their execution. Defining the problem in such a form was itself premised upon the view that those at the top *could* (ie it was feasible) and, in most cases, *should* (ie it was desirable) be able to at least put their policy plans into practice. Given this perspective, attention naturally turned towards why policy makers failed to achieve adequate control over and coordination of the execution of their policies. Such an overview of implementation has been characterised, *inter alia*, as the 'top-down approach' (from now on simply TDA). By the end of the 1970s, however, there was beginning to emerge an alternative literature that was critical of the feasibility and desirability of the prognoses being put forward by those adopting a TDA. The growth of this 'bottom-up approach' (BUA) has provided a series of questions about the validity, both descriptively and prescriptively, of the TDA and at points comes very close to challenging the very usefulness of having a concept of implementation at all.

It is the purpose here to examine what these two approaches indicate about the nature of the implementation problem and how it ought to be addressed. We will also seek to pinpoint certain important limitations contained in each. Thereafter, we shall move on to consider if there can be constructed a third approach that attempts to overcome some of the limitations identified in adopting one or the other approach and from that we will seek to consider the notion of 'policy development'. In discussing the two approaches we are principally concerned to extrapolate their essential characteristics, not

engage in a thorough literature review of which there are already a number.⁽⁵⁾ It is recognised, therefore, that there is a tendency to represent both approaches in a rather basic manner without a great deal of reference to their attendant qualifications largely because such qualifications - which tend invariably to be in the direction of the other approach - are in the main not so great as to fundamentally remove their underlying logic and the central implications of their adoption. In fact most 'top-down' writers, including to a significant extent Pressman and Wildavsky themselves, do acknowledge limitations imposed by adopting their schema, while several 'bottom-up' proponents have never been able to consistently escape the notions and language of the TDA. To treat the two approaches as being mutually exclusive is to enter the realms of a rather sterile debate. Nonetheless, even allowing for a flexible employment of their models by proponents in both camps, the two approaches remain significantly distinctive, in how they represent and prescribe about implementation

The Top-Down Approach

The TDA identifies policy as the output of a particular stage in the policy process, namely formulation. In overall terms the policy process is conceived as comprising a "number of stages through which an issue may pass."⁽⁶⁾ Such sequential models clearly have advantages in allowing the complexities of the policy process to be disaggregated into more manageable parts. There remains, however, an ambiguity surrounding the conceptual logic of such representations and that of the policy process in practice. For example, the policy formulation process is principally distinguished from the implementation process, and

hence 'policy decisions' from 'implementation decisions' by reference to their ordering - usually in some formal sense - in the policy process. While it is accepted in practice that the logic of the sequence does not always hold and may be iterative,{7} the sequential approach tends, though by no means inevitably so, to focus upon policy as fixed once a particular point is reached in the process. This is a strong tendency because, although the logic is not taken to universally hold, there are no clear alternative criteria by which to determine what are formulation activities and implementation activities. The problem here is that those engaged in implementation are not involved in different types of activities - deciding options, gaining agreement, determining measures of success, planning ahead, accepting instructions, gathering advice and so on - from those engaged in formulation.{8} It is what these activities are aimed at that is the basis of difference, but this requires some formal definition of policy and implementation. Thus, distinguishing the two is thrown back on to the sequential criterion.

The first tendency of the TDA, therefore is to see implementation as something that happens after formulation is complete; implementation is about operationalising a pre-determined policy plan. Such a perspective is succinctly set out by Pressman and Wildavsky:{9}

Policies imply theories. Whether stated explicitly or not, policies point to a chain of causation between initial conditions and future consequences. If X, then Y. Policies become programs when, by authoritative action, the initial conditions are created. X now exists. Programs make theories operational by forging the first link in a causal chain connecting actions to objectives. Given X, we act to obtain Y. Implementation, then, is the ability to forge subsequent links in the causal chain so as to obtain the desired results.

They are, however, astute enough to recognise that as time passes it "wreaks havoc with efforts to maintain such tidy distinctions" and changes in circumstances, goals and initial conditions begin to occur. For all that, policies start off as something prior to implementation.

From that point of departure are spawned a number of other tendencies within the approach. First, by holding to a position that regards formulation and implementation as two essentially separate activities, implementation can legitimately be assessed and judged on its own terms without recourse to consideration of what actually is being implemented. Second, effective implementation is judged by how successfully it conforms to the original policy plan or programme.^{10} Ensuring more effective implementation in consequence becomes establishing the necessary conditions so that the policy plan will be adhered to in practice. Third, such an approach tends to align itself with the interests and objectives of policy makers and regards implementers as their agents. Normatively they take a top-down view that authority flows downwards. While few writers make such judgements overtly, there is an implicit view that any act of non-conformance by implementers is undesirable. This position is strongly supported by appeal to the fact that 'top policy makers' are elected while officials are not.^{11} This indeed can be extended to top officials who are more closely accountable to elected politicians than those lower down. Such a line of argument rests strongly on the assumption that constitutional theory is a reasonably accurate account of how policies are made.^{12}

The above tendencies constitute the linchpins of the TDA. The implementation problem, to repeat the point, is defined as essentially one of failure to achieve conformity to policy decisions by those engaged in implementation. Such failure is not simply seen as the result of recalcitrance, the pursuit of self-interest and a desire to escape the constraints of authority by implementers, though these can play a part.^{13} More fundamentally failure can arise because of barriers that make coformance difficult or uncertain, such as the adequacy of resources available for the task, the clarity and compatibility of objectives, the technical abilities/skills of implementers and the adequacy of communications.^{14} Logically and validly, but also somewhat confusingly, included in such factors is the efficacy of the policy itself. To put it simply, implementation can only be as good as the product it is working with, and if the policy's underlying theory is not sound relative to the problem, then implementation will 'mirror' this.^{15} This sort of failing, however, is evidently the responsibility of policy makers rather than implementing agencies, indicating the interdependency between formulation and implementation. But the question arises as to whether the theoretical validity of policy is *directly* an issue for implementation analysis, part of the implementation problem. Indeed, Bardach acknowledges this matter by posing a consequential puzzle: "[I]t is not exactly clear what "good" implementation of a basically misconceived policy would mean." Yet this is a fundamental matter because no policy will ever be free of some defects. Bardach concludes that successful implementation will in the event probably "exaggerate rather than ameliorate basic conceptual problems."^{16} Following such a line of thinking, we find that successful implementation - the very aim of the TDA - actually makes things worse.^{17}

In effect, many top-down proponents assess or evaluate implementation by reference to the attainment of the policy's goals or objectives.^{18} Such writers appear, however, overambitious in terms of what legitimately can be placed as the direct outcome of the implementation process. The situation is something akin to criticising an orchestra's performance largely because of the score it is playing. There is a danger that implementation can come to be seen as the depository for previously accumulated mistakes. On this point it is worth recalling that Pressman and Wildavsky's study, held as a classic study of implementation failure, devoted considerable space to suggesting that the policy itself left a lot to be desired in its ability to create jobs for ethnic minorities because it subsidised capital, not labour. This in itself adversely affected implementation:^{19}

"Theoretical problems exacerbated bureaucratic problems. Numerous activities had to be carried on - assessing the viability of marginal enterprises, negotiating loan agreements, devising and monitoring employment plans - that would have been unnecessary if a more direct approach had been taken."

Pressman and Wildavsky therefore ended their study in 1973^{20} discussing the efficacy of the policy, not its implementation.

The top-down approach, therefore, starts from a position of the separateness of policy and implementation but finds it hard to sustain the distinction and moves to recognise the interdependence between the two. This is not to imply criticism: all models have to reduce and simplify, and analysis employing them would be ill-advised to stick rigidly to the boundaries they delimit when the complexities of the policy process indicate otherwise. Nevertheless, the TDA does, drawing upon its identification of certain problems with the implementation process as it affects the realisation of policy makers

objectives, produce particular prognoses for making implementation more effective. Pressman and Wildavsky themselves viewed the implementation process as a chain consisting of a number of 'decision points' where agreement is required to proceed with a number of participants having to give 'clearance' at each point. By simple calculation they demonstrated that even where there was a high likelihood that each participant would grant clearance at a particular decision point, when all the probabilities were multiplied together the overall chances of success for implementing a policy were extremely low.(21) The conclusion they reached was that implementation was likely to be more successful the fewer the number of clearances required. There were two assumptions in their schema which did lead to a potential exaggeration of the chances of failure: that a clearance could only be attempted once and that success was an 'all or nothing' matter.(22) They did, however, identify the points at which difficulties arise.

Other writers have turned to the causes of and remedies for these difficulties Mazmanian and Sabatier, for example, supply an extensive list of factors relevant to the achievement of statutory objectives. The general tenor of their discussion is how to identify the sources of, and then minimise the opportunities for, non-compliance. The remedies put forward include establishing a clear hierarchy of command among implementing agencies, provision of sanctions/inducements to prevent 'veto', allocating responsibility to agencies who are committed to achieving the objectives and stipulating the formal decision rules of such agencies.(23) Similarly Hogwood and Gunn outline a model of the conditions necessary for ideal implementation. They do not argue that all attempts to move towards the ideal are necessarily desirable -

even if they were practical - but, for all that, the clear implication behind the exercise is that many of the obstacles can be reduced in extent.{24} Somewhat differently Van Meter and Van Horn build up a model of six clusters of variables. This can be employed to "alert policy makers to variables that can be manipulated to improve the delivery of public services."{25} With a more overtly political perspective Bardach presents an analysis of implementation that emphasises the strategic and tactical nature of the (self-interested) participants. There are a series of implementation games that characterise the control aspect of the process:{26}

"Every policy worth its salt is vulnerable to at least a few of these games. Such risks cannot be avoided. The object of describing these games - and, where possible, certain mitigating strategies - is to help designers calculate the risks more accurately and to design policies robust enough to survive them."{27}

Bardach does not, therefore, emphasise, as Pressman and Wildavsky do, means to conflict resolution but strategies for winning including recourse to "fixing the game".{28}

Common to all these recommendations are means of enhancing the control and influence - or at least create the conditions where this can occur - exercised by policy makers over the implementation process. By taking the appropriate actions - in the main precautionary ones - policy makers will be in a better position to guide the implementation process along the intended path. While the case for enhancing the control of top policy makers is often made by reference to ideal models of 'perfect implementation', it is acknowledged that some discretion has to be afforded to lower levels and that there are practical and ethical limits to total control. For all that, the direction of such

prescriptions is clear enough: increasing centralisation of the implementation process; the reinforcing of original policy decisions; and a predominantly managerial role for policy makers in the implementation process.

Such solutions to the problems of the implementation process have been fundamentally criticised on descriptive and normative grounds by proponents of the bottom-up approach. They question whether top policy makers could and should seek to enhance control over implementation. Behind these criticisms are different evaluations concerning the basis of the distinction between policy and implementation and adherence to distinctive norms in respect of authority in liberal democracies.

Criticisms of the Top-Down Approach

The most sustained critique of the TDA has come from those writers who adopt a bottom-up perspective. Indeed the BUA presently is much more a critique of, and case for, an alternative to the TDA, rather than a fully elaborated approach in its own right. As two proponents of this approach stated recently: "we are not attempting to construct an 'implementation theory'; rather we are setting out the ingredients of our approach which we hope will provide a platform for further theoretical development."⁽²⁹⁾ The criticisms of the top-down approach centres around three 'pressures' that impinge upon the implementation process that are held to seriously question the validity of the conclusions about the implementation problem and what remedial action to take. We shall look at each of these in turn.

First, there can be identified pressures emanating from a limited commitment from policy makers towards their policies. The top-down approach essentially works off the premise that policy makers are fully committed to seeing their policies put into effect so that the problem will be effectively tackled. Yet policies can be formulated not for the purpose of effectively dealing with the problem, but to give the impression the problem is being dealt with. In other words policies can have a symbolic rather than substantive content. Some writers do indeed imply that policies can be formulated simply to manage the political agenda and get the issue off governments' back. (30) One does not have to be a fully paid up member of the cynics club, however, to recognise that in formulating a policy there will be variations in the degree to which policy makers are willing to endure the costs, both financial and political, that will be generated as a policy is implemented to change the behaviour of target groups. Policy makers may not wish to, or be able to, commit the resources and/or endure the conflict generated out of implementation. Policies to regulate pollution are a good example in Britain where even rather minimalist statutory regulations are often delayed in being put into force and are then rather ineffectively applied due to inadequate policing provisions. (31) Likewise Michael Hill's study of the implementation of Housing Benefits questions how serious central government was about seeing the new scheme put into practice given the financial constraints they placed upon the administrative agencies, local authorities. Examples of policy makers not wishing to too vigorously pursue their policies lest it generates unwelcome conflict or adversely affects certain interests are also prevalent. The 1975 Industry Act, itself a watered down version of previous proposals, provided a variety of measures for pursuing industrial regeneration, but many of them were never effectively

resorted to because greater weight was placed on respecting the autonomy of private capital and of maintaining good relations with industry.(32) Such an outlook was shared by ministers, officials and directors of interventionist agencies. Gilliatt indicates that oil sanctions against Rhodesia is another example of politicians not being committed enough to follow through on their own formally adopted policies.

Thus to quote Stephen Gilliatt, there is not enough consideration "given to investigating degrees of political commitment and the choice rather than the fact of policy design."(33) The top-down proponents would no doubt argue that they have such issues covered. First they do see adequate and coordinated resources as a necessary element in successful implementation. But they cast it as simply an implementation issue, not as a policy issue when, of course, resource questions are fundamentally a question for policy decision. This may appear a case of semantic hair-splitting, but it in fact reflects the issue of variability in commitment by policy makers to policies in this instance measured by the resources they are willing to sink into the exercise. Prescriptively, the approach implicitly accepts the need for the necessary commitment, but descriptively it has no conceptual means of handling the ambiguity of what constitutes policy in practice. The emphasis in this case is very much placed upon formal positions, but as we recognise what is actually being implemented - and forms the subject of an implementation study - can be something different. Even prescriptively some of the recommendations of the approach look too out of place with divergence between formal and actual policy positions. For example, if policy makers are not that strongly committed to a policy they would not necessarily be advised to assign

implementation to a strongly committed agency(34) for fear that the agency becomes instrumental in exposing their less than enthusiastic position. A recent case of this would be the Conservative Government's abolition of the Supplementary Benefits Commission which was not only responsible for administering the benefits scheme but also acted as an advocate for an improvement in its provisions.(35) Second there is the case of policy makers' ambivalence about policy because it may ruffle the wrong feathers. Again in a descriptive analysis there is the danger of focussing on the wrong - that is the formal - definition of policy. Prescriptively, top-down writers would emphasise the use of authority to ensure compliance, but its use may - even if successful - entail adverse costs to policy makers and challenge their norms. In other words, the top-down approach prescribes the use of authority to reinforce implementation wherever and whenever necessary without fully recognising the normative and political implications that this may have for policy makers. We will consider the matter of gaining agreement to and generating consensus about policies to actually avoid such conflicts emerging during implementation presently.

The second pressure to which policy implementation is prone that questions the top-down approach can be termed intellectual. Top-down writers assume that what emerges out of the formulation stage is an entity that is based on an adequate and coherent intellectual understanding of the nature of the problem and effective solutions to it. But as Majone and Wildavsky point out, such a planning and control model fails:

"to recognise the important point that many - perhaps most - constraints remain hidden in the (policy) planning stage, and are only discovered in the implementation process. Moreover, feasibility conditions keep changing over time: old constraints

disappear or are overcome (eg through learning), while new ones emerge."

The result is an ad hoc, trial and error searching for a feasible solution,

"a far cry from the deliberate procedures suggested by the planning model."(36)

Similarly Ham and Hill suggest that fundamental decisions "determining the major issues" may be deliberately left to the implementation process "because it is regarded as necessary to let key decisions be made when all the facts are available to implementers."(37) There is in effect an inability to formulate adequate policies until, so to speak, certain ideas have been put to the test. Martin Rein has pointed to two clear examples from the United States - Health Maintenance Organisations' legislation and the Primary and Secondary Education Act - where implementing agencies changed the policy's operating procedures to make the policies 'workable', essentially to placate outside interests whose support was required.(38) Likewise, in the face of a changing and complex environment, getting the necessary coherence of response may require rethinking and revision. Coherence may, of course, also be absent because the original policy embodies a political compromise. Pressman and Wildavsky's study notes that the statutory guidelines of the Economic Development Act were internally contradictory because of acceptance in Congress of pressures not to create jobs which threatened to displace existing jobs in the locality. The Business Loan Division had little recourse but to ignore the legislation and devise their own guidelines.(39)

The picture emerging from the above cases is somewhat at odds with the top-down position. Implementers are seen not to be subverters of the policy, but

enhancers of it - improving it, making it work. Richard Elmore raises the argument that those closest to a problem - those at the point of delivery - are in fact in the best position to find solutions to problems.(40) This may not be just a matter of proximity to the problem, but experience and expertise in dealing with it. Levitt points out in her study of the implementation of pollution control policies that "local agencies may feel their longer experience of policy problems puts them in a better position to determine the best way forward than the central agencies - which may be far more influenced by questions of short-term political expediency".(41) Thus prescriptively the top-down approach may not be such a panacea. By emphasising central control, tight regulations and building support for and agreement about the policy such a mode of operation can end up reinforcing an inadequate policy. To use Berman's phrase 'pre-programmed implementation procedures' can prove too rigid for effective problem solving, while an 'adaptive' approach may allow for changing and uncertain contingencies to be catered for.(42) The top-down response - implicit in the conditions for effective implementation and reflecting their managerialist perspective (43) - would be to argue that policy makers should ensure that adequate and coherent policies are formulated in the first place. Here the debate becomes centred upon how far this can be achieved given the inherently political nature of policy making and the complexity surrounding policy problems. From the bottom-up perspective the TDA predicates prescriptions concerning implementation upon an idealised view of policy formulation. For them policies are frequently vague, formulated rapidly and without a full understanding of the means to a particular end,(44) and reflect compromise and dissensus.(45) Even if such factors could be reduced or eliminated, to Majone and Wildavsky it does not seem feasible to argue that the

well-defined policy can achieve what it is supposed to without modification.(46)

In descriptive terms also the top-down approach is held to misdirect attention. The bottom-up perspective argues that as the original policy is implemented it is actually modified. There indeed may be - *de facto* - a significant change to policy. What is being implemented is not constant. This raises the question as to how valid it is to study the implementation of a policy that is never fully executed, and opens up a broader issue of what constitutes an implementation study. While not suggesting that a top-down approach would simply fail to perceive such events, it would perceive them in a strict sense as implementation failure, another example of the limits of top-control. Such conclusions cannot be lightly dismissed as merely providing a different interpretation to that of the bottom-up. Cumulatively the conclusions drawn from the top-down approach point to the limits upon government; governments formulate policies only to see them taken off in another direction as they are executed. This argument was one of the central strands in the 'overload thesis' as proposed by conservative and liberal writers: Government was so ensnared upon the wire of dependency relationships that "its capacity to deal with problems, even many of those it had before, has decreased."(47) The 'overload thesis' was like the Oakland study writ large. And the overall conclusion was clear enough - the need for 'less government'. While the thesis pinpointed the increasing tensions of governmental authority, its top-down view could be argued to have over-emphasised failure. The implicit premise was that those upon whom government was dependent were mis-using their power. There was no serious consideration that such actors - even some of the time -

might actually be changing things for the better, by finding more suitable solutions to problems than were contained in government policy.

Of course behind such a debate are complex normative issues about what constitutes success and failure. What we can say is that the top-down perspective does establish rigorous standards of success such that failure - at least in some form or other - becomes too likely an outcome. We will return to these matters more fully in due course. For the moment, it is important to recognise that in practice top-down writers often acknowledge that policies are not a constant throughout implementation. Mazmanian and Sabatier, for example, recognise the "legitimate concern with the evolution of policy over time as value priorities change". But they maintain a sequential perspective by suggesting three stages: formulation, implementation and reformulation. Such a scheme however clearly holds to the view that formulation should rest exclusively with formal policy makers.{48} Others have gone even further and talk of the interdependence between policy making and implementation,{49} and case studies have recognised the evolution of policy as it is implemented. In these cases the overall logic of the model is watered down: the dilemma facing the TDA is thus to stick with the logic of the model or to find something with which to replace it. As already mentioned the key issue is what to assess success against.

Political pressures are the third type of pressures to which implementation is held to be subject, which thereby breaks the neatness of the formulation - implementation distinction in bottom-up eyes. According to this line of argument those involved in implementation, as well as those affected by policy,

have interests and values that differ from those expressed in the policy emerging from the top. Given that implementers have power and often control over key variables, such interests and values can be made to count. This conflict means that the implementation process, like formulation itself, is fundamentally a political process. It is likely, however, that in the implementation process different actors able to mobilise different resources will be involved, producing a different result to that achieved at the time of formulation.{50} Thus negotiation and compromise continues into implementation and with it the 'shape' of the policy may change. As Barrett and Hill state: "The political processes by which policy is mediated, negotiated, and modified during its formulation and legitimation do not stop when initial policy decisions have been made, but continue to influence policy through the behaviour of those responsible for implementation and those affected by policy acting to protect or enhance their own interests."{51} The National Health Services provide many examples of initiatives from the departmental level that get redirected as they are translated into action.{52}

In general terms, descriptively there is not any complex differences between the approaches. The top-down view is that such political pressures, where effective, subvert the policy and bring about implementation failure while the bottom-up writers see it as a process of negotiation between policy makers and implementers to influence action, the success of which is judged not by reference to conformance but by actual performance as assessed according to particular perspectives. It is important to emphasise that both approaches do not contend that policy is solely 'redirected' during implementation by overt action from implementers. There is, in addition, recognition of the point that

as well as threats of non-compliance and vetoes, the 'rules' by which agencies operate are influenced by factors other than the policy - including possibly other policies - and that such rules may well influence policy as be influenced by it. Mazmanian and Sabatier suggest in their top-down prognosis that policy should be assigned to an implementing agency "that perceives the new mandate to be compatible with its traditional orientation".(53) They also stress the desirability of policy makers stipulating the formal decision rules of the implementing agencies.(54) Bottom-up writers emphasise the position of street level bureaucrats(55) and, indeed higher officials, as one of being too busy coping with day-to-day matters to familiarise themselves with or fully take account of broad policy.(56) Indeed, for Barrett and Hill implementation behaviour is guided by political interactions designed to secure resources and influence. These are sought not just from straight-forward motivations of material gain, but also for wider normative reasons. On these grounds they do not see that the purpose of negotiation should or can be the achievement of consensus.(57) The difference between the two approaches can be summarised as the managerial *versus* the political perspective.

When we turn to the prescriptive side of the division, the issues become more involved. As mentioned earlier, the top-down view holds such non-compliance to the decisions as illegitimate, being a breach of the norms of liberal democracy. To quote Hogwood and Gunn: "There are surely limits - if only legal and constitutional limits - to how far post-legislative geurilla skirmishing should be taken."(58) It is possible to identify five counts upon which bottom-up writers might challenge such a view. First, if it is accepted that the implementation process actually entails some policy (re)formulation then the

case for keeping political conflicts out of implementation is less strong. In other words, if it is legitimate to have consultation and negotiation at the formulation stage proper, then it is not illegitimate to continue such activities when policy matters are re-considered during implementation. Second, it is hard to distinguish between policy and implementation decisions simply on the grounds that the former is political while the latter is not. For example, a decision whether or not to give financial assistance to a firm or not may be regarded as the administration of industrial assistance policies, but it is hard to see such an issue as lacking political content when employment and other important issues are at stake. Many policies involve delegating substantial discretionary decisions to implementing agencies which under a more rule-oriented policy would have such matters decided during formulation. Indeed in areas like supplementary benefits it can be argued that widespread discretion has been used in part as an attempt to shift controversial issues out of the formal political arena.⁽⁵⁹⁾ The formalities of formulation provide the only criterion of which issues are up for negotiation. Third, the bottom-up approach recognises that authority may flow upwards as well as downwards. Technical expertise, proximity to policy problems and being the target or beneficiary of policy can be regarded as grounds for having authority concerning the policy issues.⁽⁶⁰⁾ Fourth, many policies are implemented by actors "that are relatively autonomous and not subject to the direct authority of those making policy". To achieve coordination "other influence mechanisms have to be brought into play, hence the emphasis on negotiation and bargaining, and the likelihood of policy modifications as part of the process".⁽⁶¹⁾ Likewise the work of Hjern and his colleagues has sought to provide an approach that "overcomes the shortcomings of models of

hierarchical administration".(62) Fifthly, there is the argument that formal democratic procedures encompass structural bias and that the authority vested in public bureaucracies are not solely a consequence of democracy. Instead they are a manifestation of particular power structures whose 'deep rules'(63) embody certain interests more than others. Therefore a case for action during implementation that challenges the structural biases can be supported on appeal to certain democratic norms. This could be achieved, for instance, through introducing new issues or definitions of problems into the policy process.

The Bottom-Up Approach: The Alternative

The above represents the arguments placed against the top-down approach by bottom-up writers. We now have to look at the positive side, what they have to offer as an alternative. Without doubt the bottom-up approach, devoid of the simple starting point of a sequential distinction between policy formulation and implementation, is attempting to provide a more complex representation of the implementation process. In general terms, the aptly named bottom-up approach, through empirical investigation, builds up a picture of what activities are being carried out collectively by the relevant actors around a particular policy programme. To Hjern and Porter the key unit of analysis is the "[i]mplementation structure" which is composed of "a cluster of parts of public and private organisations". Given that not only are several organisations involved in implementing a single programme but a single organisation is often engaged in implementing a number of programmes, "[a]n implementation structure is comprised of subsets of members within

organisations which view a programme as their primary (or an instrumentally important) interest". Though not based on a single organisation the implementation structure can for those involved be seen as an administrative structure through which purposive actions are taken. In contrast to organisations, however, implementation structures are less formal and have fewer authoritative relations, are more dynamic and shifting, and decisions to participate are based on consent and negotiation.(64) In a similar manner Elmore has developed a 'backward mapping' approach to implementation that takes as its starting point that "at which administrative actions intersect private choices. It begins not with a statement of intent, but with a statement of specific behaviour at the lowest level of the implementation process that generates the need for a policy."(65) The role of policy makers should not be to seek to secure maximum control over the implementation process but to identify the most suitable means for affording those closest to the problem the maximum incentives and opportunities to exercise their skills in problem solving. Likewise flexibility through discretion rather than standardisation of responses is advocated.(66)

Both Hjern and his colleagues and Elmore can be seen to be concerned to provide a *method* for analysing and improving the implementation process. The former in particular emphasise the need to reject the *a priori* assumptions of organisational and economic approaches by adopting a "phenomenological" approach which investigates and analyses behaviour in implementation structures on, so to speak, its own terms. From this it is suggested a better, fuller understanding of implementation will emerge that can act as a basis for achieving 'improvement' in implementation. Elmore's position rests more firmly

on the positive benefits that can accrue from not adopting a top-down control approach to implementation, but on allowing skilled implementers that maximum freedom in employing their expertise. Indeed, ultimately his prescriptions could be regarded as a formula for formulating policies. Missing from both is any clear conceptual distinction between policy and implementation. In fact, Hjern and Porter, at one point somewhat confusingly suggest that there are "substructures for policy making" within implementation structures(67) while Elmore re-advocates that policy should not be treated as a theoretically sound solution to a problem but more simply the most direct means of enabling implementers on the ground to find solutions to problems. This seeming conceptual laxity reflects that the concern of the bottom-up proponents has not primarily been with the execution of a set of decisions called a policy but with the analysis of the interconnection of actors around a particular policy problem. How one defines and identifies policy and implementation is not, therefore, particularly central. The implications of this will be discussed presently.

Nonetheless, those associated with the School for Advanced Urban studies have forthrightly adopted a bottom-up approach while seeking to maintain a conceptual hold on 'policy' and 'implementation'. However, establishing a clear conceptual distinction while emphasising the complexity of the policy process is problematic in that it is difficult to sustain a consistent position. Barrett and Fudge suggest that: "If we take implementation to describe the day-by-day workings of an agency (whether it involves relations between organisations or relations within organisations, then policy-making may be seen as attempts to structure this operation in a way which limits the

discretionary freedom of other actors." Such structuring can not only be conducted by those at the 'top' but also "when lower level actors take decisions which effectively limit hierarchical influence, pre-empt top decision-making, or alter 'policies'"(68) But there are problems. For one thing Barrett and Hill have subsequently acknowledged that implementation involves in addition to structuring day-to-day procedures, the putting into effect of new policy innovations that have to be "translated into patterns of day-to-day action".(69) Further, policy is not so much defined as characterised by them,(70) with the result that employing the term at all at any point in the discussion is rendered uncertain for the reader. The uncertainty is, nonetheless, explicitly recognised: "Given the complexity of inter- and intra-organisational linkages it may be possible to define policy only in terms of something that one group of actors wishes to see carried out by others - which embraces the whole continuum of intentions, decisions, programmes and procedures that variously feature or are perceived as policy in the sense of frameworks that guide or constrain activity - or in terms of outcomes which are necessarily results of both the policy-making and the implementation processes."(71) Such a position may be regarded as a valid one in the face of complexity, but it is only tenable so long as 'policy' - and by implication 'implementation' - cease to be held as key concepts in analysis. But this is not the case and they employ both in their theoretical and empirical deliberations.

The bottom-up approach, therefore, never clearly conceptualises 'policy' and 'implementation'. 'Policy', it is recognised is a label applied to various decisions, but once initial policy proposals undergo implementation it is

argued that it ceases to be constant. Nor is it the position of one set of actors but the changing sum of bargains between numerous actors. The absence of a constant policy throughout the implementation process leads to the oft-made criticism of the approach that evaluation of a policy and its implementation therefore become uncertain. Assessing the success or failure of either soon becomes highly contestable at least, if not virtually impossible, as both undergo change before reaching some final point of impact. As Majone and Wildavsky observe: "Outside the static world of programmed decision, "good" and "bad" take on multiple meanings." (72) To Sabatier there is simply no policy to evaluate. (73)

A FRAMEWORK FOR POLICY CHANGE

Where does the above debate leave the study and practice of implementation? As Grant Jordan has aptly pointed out, "[i]mplementation sounds the most practical and pragmatic of concerns, but it turns out to be an abstract concept." (73) The preceding discussion, however, hopefully indicates that abstract matters are directly related to practical concerns of understanding and making prescriptions about the implementation process. Each approach channels attention in a particular direction and confronts specific problems which require explanation and/or resolution. If one can attempt to summarise the differences between the two approaches: the top-down approach maintains the centrality of policy in the policy process, but cannot readily handle the dynamic complexities of the policy process, while the bottom-up can accommodate

such complexities but finds it difficult to incorporate any clear conception of policy under implementation. Clearly the issue is not - despite the often adversarial nature of the debate - a matter of which approach is right and which is wrong. Rather, it is one of which is most appropriate in particular circumstances. In any case, it is not impossible for analysis to study the same events through one approach while paying attention to the insights offered by the other. It indeed would be surprising if proponents did not attempt to overcome some of the deficiencies identified in their general approach.(74) The top-down approach is most appropriate when the following conditions pertain:

- 1) there are relatively discrete phases of policy formulation and implementation;
- 2) the objectives do not seriously conflict with each other (or are appropriately weighted) and reasonably precise;
- 3) when implementation is (or can be) conducted through a heirarchical structure;
- 4) when implementation involves (or can be organised to involve) the application of routinised administrative rules rather than the application of judgement based on skills;
- 5) where the behaviour of implementing agencies or sections is directly related to a single policy;
- 6) where implementing agencies/officials do not command significant power resources that has allowed them (or would allow them) to circumvent top policy decisions;
- 7) where the analysis is conducted from the perspective of or on behalf of top policy makers;
- 8) where it is not held desirable or necessary to consider factors outside the remit of the policy affecting the policy problem;
- 9) where there does not exist or are not expected to occur, local variables in implementation;
- 10) the policy is based on well-grounded experience rather than experimental in nature.

The more the above conditions pertain or are expected to pertain if one is prescribing, the more appropriate the top-down approach. Conversely, the less they pertain the more appropriate is the bottom-up. It has to be acknowledged that how far any of these conditions pertain will be based on judgements which themselves will reflect the predispositions of the analyst. This will be especially true in the case of analysis which seeks to prescribe where normative judgements will be made as to how far implementers should have influence over policy. Nonetheless, it should be possible to have a clearer basis upon which to ascertain the more appropriate approach. What is interesting in this respect is that proponents of the top-down approach are commonly associated with certain areas of policy - environmental regulation - while the bottom-up has notably been employed in the case of manpower policy and economic development(75) though this is not to suggest that the subject matter of policy is the key variable, only that some form of demarcation has already evolved. There remains, for all that, problems. First, given that there are a number of reasonably discrete factors to be taken into account when determining which approach to adopt, it is more than likely that many policy sectors will display indications in both directions. Adopting one or other approach may prove to be far from adequate. Second, as we have already seen, the bottom-up approach has yet to develop a conceptualisation of policy and implementation that is widely accepted, and operationally useful. The bottom-up approach currently is at its strongest as a critique of the top-down arguing for an alternative approach to specific issues, rather than a distinctive, alternative framework. It could, of course, be argued that concepts of policy and implementation are no longer necessary, but this does not appear tenable.

The bottom-up approach is predicated upon the notion that policy is not, should not be, static during the implementation process. To make any sense one has to have some idea of what policy and implementation are. Moreover, whatever the difficulties resulting from the ambiguity of these concepts, they do still provide an indispensable means of representing intervention by public authorities. Except in those circumstances where a top-down approach is appropriate, the study of implementation is problematic. The core of the problem is that the formal implementation process potentially entails two distinctive types of choice, although they may be manifested in a single decision: to adhere to the policy or not and thereby either confirm the policy or change policy as a framework for what happens; and to translate the framework as currently viewed into action. In other words, the implementation process can involve not only the execution but also the changing of the plan as it unfolds. The TDA takes the view that a choice not to confirm the policy is undesirable - implementation failure - while to a BUA such a choice can often be regarded as desirable - performance enhancement. From the latter perspective policy *in practice* can no longer be viewed as the intentions of formal policy makers, but instead has to be conceived as a framework for action established through often loosely coordinated behaviour by a collection of actors around a policy problem. What, therefore, has to be explained or guided is the process of changing the formal policy in practice *and* subsequent changes thereafter. But before this can be done there has to be established a means for charting this form of change so that it can be distinguished from other forms of change.

With this in mind, it is not surprising that a number of attempts have been made to represent the policy process, and particularly the policy/implementation distinction, not by reference to stages or functions but to 'layers' or 'levels'.^{76} The policy process is no longer viewed as a sequence of discrete events, but a series of decisions and actions which sustain or change different levels of policy activities. The key to such attempts is the recognition of the interrelationship between the different levels such that change at one level has implications for others. One approach developed by Knoepfel and Weidner to study the implementation of programmes designed to reduce sulphur dioxide emissions across a number of European countries emphasises the importance of programme elements and structures. They built up a model based upon a 'programme core', which in regulative policies are usually concrete performance standards, with various 'programme shells' being placed on top which are necessary for action to be taken (a monitoring programme, detailed regulations governing emissions, administrative organisations with the finance to enforce the regulations and administrative processes and instruments). Such a framework demonstrates a useful means for breaking a policy into a number of interrelated constituent levels that has major advantages for comparative analysis, especially in respect of the importance of interests and conflicts around different layers. The model however is specifically designed for a particular policy area and, while Whitmore has^{77} successfully translated the approach with modifications to the area of prevention of child abuse, it is not an approach that would readily transfer to other policy areas or certain forms of analysis. Moreover, given an absence of a detailed elaboration of the general methodology it is, as Sabatier states "very complicated and, at times, difficult to understand".^{78}

Sabatier himself has recently developed a framework synthesising top-down and bottom-up approaches. The framework builds up from the policy sub-system of actors concerned with a policy problem, but also incorporated are factors from the top-down literature dealing with the manner in which legal and socio-economic factors structure behaviour options and the validity of causal theories behind specific programmes. Of major import is that consequently attention "shifts from policy implementation to policy change over periods of 10-20 years".(79) With change as the focus Sabatier works with the notion of belief systems shared by various coalitions of actors, each seeking to realise their interests in the policy area. On the premise that certain categories of change are more likely than others he divides the belief system into three parts: Deep (Normative) Core, consisting of fundamental normative axioms; Near (Policy) Core, consisting of fundamental policy positions; and Secondary Aspects consisting of decisions and information searches necessary to implement core policy positions. Obviously change is most likely in the latter and very unlikely in the former instance. The Near Core and Secondary Aspects also apply to governmental action programmes.(80) Again we can see how policy sectors can be divided into different levels. It must be re-stated, however, that Sabatier's generally abstract framework is most appropriate for long-term changes and does not appear to provide a satisfactory link between descriptive frameworks and prescriptions on implementation. Moreover, Sabatier still holds to the view that policy change is, if not actually decided independently, then sanctioned formally by Government legislation or decrees. This would certainly not be accepted by bottom-up supporters without qualification.

Thus, the framework presented below has been developed for analysing the relationship between implementation and policy change without recourse to an underlying sequential logic. One major principle in the development of the framework has been to achieve flexibility so that it can accommodate a variety of circumstances and policy types. Existing concepts and representations have, however, been built upon rather than attempting to break decisively with tried and, importantly, familiar ways. In particular, the argument put forward by Heclo(81) is fully adhered to, namely that the phenomena in policy analysis are not self-defining and, therefore, their identification in any particular circumstance is a matter of judgement and interpretation by the analyst. The validity of such judgements will in part be a function of the purpose of the analysis.

The framework divides the policy process into different 'levels' which can be maintained when the process is iterative, not being dependent on any particular sequencing of events. The assumption upon which the framework rests is that the policy process can be regarded as a series of *choices* over time that collectively structure actions such as the delivery of social security benefits, the application of pollution controls and the building of motorways. Crucial to the framework is the tenet that not all choices are of equal importance to the final form of action. For example, the choice to issue general practitioners with a restricted list of pharmaceutical products they can prescribe on the NHS is more significant than the actual content of the list. In suggesting that certain choices structure others, we are viewing one choice (eg which new car to buy) as being *resultant* upon a causal choice (to buy a new car). It should be noted, however, that causal choices are not

necessarily made before resultant ones (eg if I choose to buy a new car it will be a...), but before any other choice can lead to action a causal choice must be made. Obviously the policy process, and probably purchasing a car for that matter, do not follow a linear chain of causal and resultant choices but entail a complex set of related but distinctive areas of choices. The point of the above discussion is to indicate that each policy sector can *inter alia* be viewed as a hierarchy of choices. Nonetheless, as the bottom-up perspective indicates, it is not immutable that certain causal or higher choices delimit resultant or lower ones, and those involved in future making of choices may transgress the boundaries set by earlier choices. These earlier choices therefore will have *de facto* been changed because of their failure to some degree or other to bindingly delimit resultant choices. Of course a straightforward top-down view would see such events as an act of non-conformance to a *de jure* choice. Choices will not therefore be binding unless at least of one of the following conditions pertains to them:

1. they are authoritatively backed;
2. they are backed by the necessary power over those who might not otherwise be so bound;
3. they reflect a consensus among the relevant actors;
4. they are the product of negotiation which for the time being at least is regarded as binding by the parties to the negotiations.

The policy process is therefore presented as establishing and then reconstituting a structure of choices. For analytic purposes these choices can be placed into three categories. The basis of the categorisation is to relate the choices to the impact of their resultant action, on the grounds that

different choices have or will have relatively different impacts upon the wider society. Obviously making assessments of impact will be easier when the policy has undergone implementation than when one is identifying intended impact but the underlying principle will be the same. For example, the relative significance of changes made in the area of health policy will be assessed according to their impact upon health and health care provision. Such an assessment, drawing possibly upon indicators from a number of disciplines, will seek to measure how the innovation of a policy or a change to a policy redistributes the imposition of constraints (eg applies regulations) or the conferment of opportunities (eg provides benefits) among different groups or classes not only in extent but also, more ambiguously, in terms of nature.

There is, it has to be readily admitted, no absolute precision in such a method of categorisation. In other words, there are bound to be disagreements as to the relative significance of a particular choice in a policy sector. But different assessments about the importance of various aspects of the policy process are inevitable given that even describing policy and the policy process entail the exercise of judgements.^{82} What is being proposed is, therefore, not a common basis for making judgements but a common means for categorising them. This is achieved through relating choices within a policy sector to the end product of the policy process - actual or intended impact upon the wider system. Such an approach will provide a reasonably effective method of maintaining a distinction between policy and implementation over a regularly changing iterative policy process. Indeed, it is contended that such an exercise in distinguishing policy and implementation is often employed to some degree in policy areas which are highly complex and/or where initial

policy statements are ambiguous. For example, in his study of the Job Creation Programme, Ridley noted that the programme as originally formulated sought to apply very vague - if not actually nebulous - principles concerning which projects to support under the programme. It was only when decisions were taken concerning which projects to support was it possible to determine what actually constituted the form of the policy. Nor was this a straightforward exercise because as Ridley notes: "What is interesting...is how little one could predict from the original statement of principle." (83)

The three levels of choices contained in our framework are similar, but by no means identical, to Sabatier's three levels of a belief system. In particular, we are concerned to emphasise the interrelationships between the three levels. The three levels are *policy standards* (values), *strategic-policy* and *operational-implementation*. Each of these will be elaborated in turn.

A) *Policy standards*: As Ken Young has pointed out: "The contention that 'values' operate within the policy process is hardly a matter for dispute. Nevertheless, a host of problems stand in the way of an advance on this statement." (84) The problem in linking values to actual policy decisions is that the former are general and abstract while the latter are concrete and specific. Young himself has developed the notion of the 'assumptive world'. (85) Young's argument is that "an understanding of the assumptive world of government actors is essential to successful policy analysis, for it enables us to interpret events in the light of the meaning which the actors involved ascribe to their actions in terms of postulated interests, motives or goals". (86) Importantly, as Young and Mills point out, the assumptive world

contains not just a model of the world as it is, but also "as it might be (these models represent probable situations, ideal situations, or dreaded situations)".{87} Such cognitive models of the present and of possible futures impose order on complexity by simplification, generalisation and selection.{88} While such models will have a self-evident, taken for granted, character and thereby tend toward stability rather than change{89} they do provide a useful concept for analysing policy change and implementation. If such a model remains constant then any change to policy must stay within the general bounds of the model. This may happen when society itself changes or fails to change as anticipated so that it no longer matches the model. One important reason such events occur is because of the failure of current policies to achieve what was intended in line with the model. Conversely, the model itself may change, most obviously because of a change of government personnel, which will act as an impetus to policy change. In reality policy changes will probably occur because of the interplay of changes in the model and society. The important point is that changes to policy will occur by reference to the model for as Cameron points out: "A major shift in policy must be justified on the basis of a powerful system of beliefs that 'matches' or has a close affinity with changing aspects of social structure."{90}

Obviously an important issue is how such a model comes to be determined and who has influence to shape it at any time. To simply view it as the personal preferences of a few people in government is highly misleading. The main difficulty, however, is to represent such a model so that it can adequately be related to policy choices. At this juncture the work of Vickers is instructive. Vickers argued that policy making should not be seen solely in terms of the

realisation of objectives but in norm holding behaviour. He notes that: "Men, institutions and societies learn what to want as well as how to get, what to be as well as what to do; and the two forms of adaption are closely connected."(91) For him policy can be viewed as an attempt to apply particular norms or standards which at any one time are a specific expression of values. He cites the simple example of sub-standard housing setting off a response that something ought to be done to bring housing up to 'standard'. Of course conceptions of what standards are desirable and feasible change over time.(92) It is important to note in this respect that such a change in norms does not necessarily lead directly to a change to policy. For one thing other 'mis-match signals' may command greater attention. But there may be more far-reaching consequences for policy even although it remains unchanged. To quote Vickers again: "I recall an occasion when an important governing body debated for a year what should be done in a situation which seemed to require a radical solution. They finally decided that there was nothing to be done. No action followed - yet nothing was ever the same again. The mental activity which reached this negative conclusion radically changed their view and their valuation of the situation. In particular, it changed their idea of what could be put up with, a most important threshold in the regulative cycle."(93)

Norms should not, however be taken to just indicate some end point, but also relate to what are acceptable standards creating the conditions that are to realise the end point. For example, a policy to raise sub-standard housing would have to encompass norms as to who was to pay (owners, occupiers, the state), whether it was to be compulsory or by voluntary inducements, what are the other norms of housing policy that should prevail (eg public versus

private housing) and so on. We can also identify norms that are not specific to the housing policy area but which nonetheless impinge upon it. Housing, like many policy areas, must be formulated within some overall disposition concerning the amounts of resources the state should and is capable of mobilising and equally important the form of this acquisition and redistribution. Thus it illustrates the point, any change to existing policies aimed at the problem of poverty will reflect the dispositions of decision makers about the global resources to be directed at policy problems and from what sections of society they should be drawn given the intended beneficiaries. Also one can identify norms that reflect dispositions about the desirable degree of consent decision makers wish policies to generate. Policy makers for instance may be prepared to forego to some extent their preferred objectives in order to enhance the degree of consent, and included in the calculation will be some level of consent that is valued in its own right. In other words the extent to which policy makers are unwilling to impose decisions upon society clearly delimits - though with varying degrees of import - the range of policy options held to be valued.

Thus any policy can be seen *inter alia* as a set of choices that maintain certain norms, these norms representing a simplified model of conditions that are held to be feasible and desirable in society. (Such norms vary in the degree with which they relate to the subject matter of a particular policy, but they all impinge upon it.) Logically any policy decisions that transgress the norms will be rejected. Like life itself, however, the policy process is never simple. We have to recognise that the application of norms through policy may not be the preserve of one set of actors (most obviously the government) but

may be determined through a plethora of political processes by a range of influential interests. The 'source' of norms is not, therefore, a straightforward process of identification. Furthermore, norms may when applied come into conflict with each other - or at least be perceived to - and they may have to be weighted against each other. The application of norms through policy decisions, therefore is not simply a matter of ensuring that policy decisions conform to the norms, but that they reflect the overall balance of the various norms appropriate to the policy. This itself implies that analysing norms on an individual basis will provide only a partial picture. Rather it is their *interrelationship with and relative weighting to each other* that will provide a more accurate representation of the relationship between norms and the policy. If one constructed a comprehensive list of the norms relating to a particular policy area which were adhered to by two political parties with distinctive ideologies, there would in all probability be a high degree of overlap. What would, however, be different would be the variations in weighting afforded to each of them. Thus, for example, a liberal conservative party and a democratic socialist party would both adhere to the norm of the efficiency of the market in resource allocation, but the former would afford this far greater prominence than the latter.

Bearing in mind the ultimate importance of the interrelationships of norms and also that norms remain without concreteness until set against some actual relations, for analytic purposes it is desirable to translate norms into a more concrete form. This translation involves setting the norms in the context of the particular social relations that policy is currently seeking to change or maintain *and* in the context of their interrelationships. We will call such

translated norms *policy standards*. The policy standards relating to any policy area represent the fundamental choices about what relations can and should exist within the relevant domain(s) of society and the role that the exercise of public authority can play in achieving this. Conceptually these standards can be seen to set or delimit boundaries of decisional choices. They provide standards against which to appraise and assess policy options and the development of policy. While we talk of standards reflecting choices, it may be that they remain tacit until some explicit choice over the form of policy has to be made when they will become overt. It is important to emphasise that policy reflects not only what is held as desirable but also what is perceived as feasible; the standards are not some idealised version.

Standards are most obviously made explicit in particular circumstances: when a) there are political demands for new norms to be encompassed in policy; b) a policy is under review and evaluation; c) a new policy is, or is about to be, initiated or reformulated; d) the decisions and actions of implementing agencies are undermining the existing policy and hence possibly standards; and e) circumstances in the relevant domain of society are undergoing change not anticipated by existing policy. In short, when standards come under challenge they will be either reaffirmed or changed. Indeed, at such times governments, as well as other political actors, are bound to justify their policy proposals by appeals to the values and norms they represent. From such statements and documents the analyst should be able to detect such standards though, of course, probing and interpretation are likely to prove necessary.

B. *Strategic Policy Level.* In simple terms the formulation of policy can be seen as an exercise that determines a strategy for action. Upon the structure of policy standards is elaborated a set of key or strategic actions that will lead to the maintenance and/or realisation of the policy standards. In one sense policy is conceived here in fairly conventional terms as a set or pattern of binding decisions which collectively can be regarded for analytical purposes as a reasonably coherent attempt to establish a strategic framework within which action(s) is (are) taken to effect a certain category of change in the wider social system. There are two basic components of policy choices: One, there are the (strategic) objectives. Two, there is a programme or set of programmes which provide a plan for action which should bring about the realisation of the strategic objectives. Less in line with conventional views of policy, we also recognise that policies are often negotiated compromises and that once formulated the negotiating process does not cease but the attempts to influence the shape of policy - the actual strategy pursued - continues. This means that as policy is implemented the actual strategy pursued may vary. The need for further compromise in initial policy statements remaining ambiguous, particularly over objectives, and such ambiguity may not be really resolved until decisions have to be taken on the 'bottom rung'. Thus identifying a policy may have to involve moving beyond formal statements to an extrapolation of the current pattern that emerges from these choices and actions taken around the formal policy. It has to be emphasised that even where the policy standards are sustained during formal formulation and implementation the choosing of a strategic course of action is not an automatic or purely technical exercise. There will be scope for a range of value informed choices about cause and solution to the mis-match revealed by

the standards held and conditions pertaining or forecast which forms the basis of policy action.

C. *The Operational-implementation Level.* A strategy of itself will not produce the desired action: the plan contained within the policy has to be operationalised and guided towards the objectives, that is implemented. Implementation is defined here as those decisions and actions resultant upon policy decisions taken to operationalise and follow through as appropriate the programme and to overall realise the objectives. At this level an important type of choice that has to be made before the policy, or more probably a part thereof, is operationalised is that of whether to adhere to the bounds set by policy choices. This can be regarded as a prior choice that has to be made before other choices can be made at this level. This is not to imply that such choices necessarily entail considerable deliberation; they may often be largely an automatic response but are not likely when serious conflicts or problems arise. Furthermore, it should not be taken to be implied that for an implementing actor this amounts to a personal free choice because s/he will be constrained by power and authority to some degree. Where a choice is made that in some form leads to further choices being taken outside the bounds of the policy, then the policy can be viewed at that point as having changed, assuming that no action is successfully taken by others to ensure conformance. The overall importance of this change to policy clearly depends on its overall impact upon the overall strategy. If it is only a marginal one it may be regarded of only minor or no significance, but one must be wary of considerable changes achieved through a series of minor adjustments over the various steps

of implementation. We will consider presently the desirability of treating all movements outside the bounds of the policy as *a change to the policy*.

The above definition is in itself fairly straightforward, compatible with the conventional top-down perspective except for one important factor - namely acceptance that implementation decisions and actions may move outside the bounds of the policy. That is implementation can involve doing something different than would have been predicted from a faithful execution of the policy, without necessarily being held *a priori* a failure. The process of implementation can be regarded as producing three relatively distinctive effects: the partial execution of the original or formal policy; the partial changing of that policy; and the execution of these changes to policy. The crucial question is what assessment do we make of the second of these three effects. Do we label such an effect implementation failure of the *de jure* policy? We certainly could, but if such change to the policy were clearly associated with an obvious improvement in performance this would surely be the kind of failure we - and perhaps more importantly the policy makers - want.(94) So we might apply the term *de facto* policy change to these events. However, the application of that term may appear no more than a rather hollow euphemism if what was regarded as an effective policy was turned into a thorough-going disaster when it was put into practice, say because of incompetent management by implementing agencies. Quite obviously determining success or failure or improvement involves making judgements and often as a result of siding with one set of participants against others. But we can, it is suggested, move towards a position that accepts implementation as "evolutionary; that is it will inevitably reformulate as well as carry out

policy."(95) without abandoning some means of assessing what the reformulation adds up to. We, therefore, turn to the idea of policy development.

Policy Development

Policy development is a form of policy change which occurs essentially where decisions and actions at the level of implementation operate to enhance the realisation of the strategic objectives of policy. This does not necessarily imply policy success, but attempts at producing, during interim periods between formal policy (re)formulations, a strategy that will lead to the attainment of standards. One important source of such development may be difficulties and obstacles encountered during implementation. For example, Industrial Training Boards, under the 1964 Act were charged with increasing the quantity and quality of training within their industries, which was to be achieved through a levy/grant mechanism. If, however, certain boards discovered that such a mechanism engendered employers' hostility to such a degree that the level of training actually declined and decided therefore to abandon the levy/grant system in favour of some other mechanism, then we would have policy development where such a change led to an increase in the level and quality of training. On the other hand, if such action had changed or significantly re-ordered the relative weighting of the standards then we would have an example of policy displacement. In some instance it may be relatively easy to identify policy development because the initiatives are being taken centrally by top policy making agencies, whereas it may be less easy in others due to the possibility of a plethora of more minor initiatives taken by 'middle' and street level bureaucrats aimed at achieving and maintaining the standards. that

originally bounded the formulation of the policy. In any case it is possible that a 'developmental view' may be taken from the outset where implementation difficulties are anticipated but their nature and scope are uncertain.

Thus, two important points have to be made about the notion of policy development. First, policy development does not necessarily imply that success will ultimately be achieved - obstacles may simply not be overcome, or as they are new ones may emerge. Policy development, rather represents an *attempt*, while an original policy is being implemented, *to improve* the policy strategy being pursued to obtain a greater realisation and maintenance of the standards which structured the original or *de jure* policy. Relatedly, as the term 'development' implies, the process of policy development has to improve upon what is already there - the *de jure* policy. This will place a major constraint upon the scope for development - the range of the alternative choices that can be taken - and the prospects for successful development - on what improvements can be achieved. In respect of the latter it is important to note that a completely misconceived policy strategy is likely to be beyond redemption while a generally sound one may only require some 'fine tuning'. Two, 'development' should not be seen as synonymous with 'good'. Policy development is only desirable insofar as the standards embodied in the original policy are held to be desirable by analysts or participants.

We now turn to the analytical and practical implications of policy development. To repeat, policy development is a form of policy change. Analytically this at a basic level means that analysing the process by which policies change requires not simply looking at the formal periods of formulation but equally

what happens in between. Indeed we can go further than simply arguing that it is necessary for a *comprehensive* view of policy change. Where policy development has proved, or is appearing, to be successful, formal periods of formulation may to some notable degree simply involve the formal ratification of such developments with their incorporation into the new *de jure* policy. Even if during the formal process policy makers go beyond such developments, it would nonetheless be the case that an important element in the equation and, therefore, concern in understanding the sources of formal periods of policy change is the prior process of policy development. Indeed, policy development that has not proved successful in improving performance may also in a negative sense contribute to periods of policy formulation. In essence, what is being suggested is that, while policy development is something qualitatively short of an attempt to formulate (or perhaps fashion) a holistic(96) strategy in response to a problem, it does constitute a number of more discrete and specific exercises in problem solving that are directly related and relevant to those holistic exercises. Very simply, policy development - like the implementation process more generally - will act as an important source of information and crucially ideas concerning current thinking on the feasibility and desirability of actions to tackle problems.

Thus the passage of policy developments during the process of implementing some previously formally formulated policy can provide an important source of hard, that is tested, evidence for the next occurrence of formal formulation. One very obvious period when there is likely to be a holistic review and a formal re-formulation of policy is with the change of government or a council's majority party. But this exercise in (re)formulation will in part,

possibly to a significant degree, reflect the different values and ideology and hence standards they wish to see applied in various policy areas. Such policy change is therefore a result most obviously of a decisive change in and/or of the relative weighting of the standards. Standards, as already explained, are not some expression of values *per se* but are their translation into the present context of a particular aspect of society which lays down what is desirable and feasible. Issues of desirability and feasibility are not drawn from just an appeal to values but also upon observation and interpretation of actualities. In other words, while politicians and others with influence over policy seek to espouse and put into effect their ideas on policy issues, such ideas are not formulated in a vacuum but by reference to wider thinking and knowledge within society about issues. The pursuit of standards is an attempt to reconcile values with perceived practicalities and recent and current attempts to solve particular problems in the area will be a source - if admittedly to quite varying degrees - of influence on the latter. Just as we might note that Mrs Thatcher's philosophy and policies sought to effect change in society, we must also acknowledge the other side of the coin that she reflected the changing mood of opinion in many areas of society. Likewise the individual policies of her government not only sought to change direction but to some degree also latched on to emerging changes in direction though clearly they were tailored - if not dressed up - to fit in with government doctrine.

Our discussion here has emphasised the idea of policy development and its part in informing future periods of formal formulation. Such an emphasis has resulted from the concern to avoid labelling all non-conformance as some sort of failure, even from a policy maker's perspective. We should not, however,

discount the possibility of policy displacement - ie when the policy standards are not fully sustained during implementation - as itself being an important source of influence on the formal reformulation of policy and the determination of standards that it should incorporate. Policy displacement may be the result of the different standards combined with significant power held by implementing actors. The policy sector in this case is constituted by a fundamental conflict. If top policy makers, whether government or council, cannot or does not wish to impose its standards then one of two events are likely. One, the top policy makers may revise its standards downwards to those that are viewed as sustainable. An example of this might be drawn from a case where a government holds to the view that access to higher education should be open to all with the necessary qualifications but that this educational sector should increase relatively the number of graduates in certain types of technological disciplines. Upon finding that these institutions have not made the necessary shifts in resources, the government decides to make cuts in their funding and abandons the principle of access for all because this standard is no longer seen as feasible in terms of a particular value, wealth creation. Two, the top policy makers may adopt the standards emanating from below such that the framework of policy comes to be set by key implementing actors. This is particularly said to be the case when professionals play an important part in the implementation/delivery process.(97) In the first case we can talk of 'withdral', in the second 'absorption'.

To summarise, therefore, in studying policy change one has to look not only at the explicit periods of policy formulation but also the 'subterranean'

processes of policy development or displacement that accompanies the process of implementing the present formal policy. Moreover, to gain the complete picture it is necessary to address the interaction between processes of development/displacement and periods of formal formulation. In doing so we have somewhat reorientated the top-down and bottom-up debate: concern has shifted from what is the *policy*, where does it come from and what happens to it when it is implemented, to the issue of *policy change per se*. This is the line of argument put forward by Sabatier,⁽⁹⁸⁾ which he notes implies taking a longer timescale than is sometimes afforded by implementation studies. It is acknowledged that certain costs are involved in a reorientation. It is, however, contended that these are significantly outweighed by the benefits given the limitations of the top-down perspective with its sequential approach in many policy areas where the distinction between formulation and implementation cannot be very readily maintained.

CONCLUSIONS

The foregoing discussion has highlighted certain limitations of both the top-down and bottom-up approaches in their representations of the policy process. These limitations render both approaches unsatisfactory - certainly without considerable elaboration and qualifications - in providing an adequate conceptual framework within which to study policy change. It has been necessary, therefore, to develop an alternative and extended framework. But it should be noted that such a framework is not based upon a total refutation of either approach. Instead there has been an attempt to reformulate and integrate them into a format that can accommodate other factors that we have identified

as being important in explaining policy change. So we have constructed a *general* framework for analysing policy change that focusses attention on the structures, actions and interrelationships of three levels - policy standards, strategic-policy, and operational-implementation. In other words, we have a general organising framework which, although not seeking to lay down rigid definitions, nonetheless allows us to approach the information relating to industrial training policy in a structured and coherent manner, particularly over time when the dynamics of change could cumulatively be highly complex.

Thus, drawing upon the top-down perspective the framework takes as its starting point a formal policy, but then drawing also on the bottom-up view it allows us to chart the form of change to policy as it is implemented. The employment of the notion of standards in the framework enables us to make a distinction between two types of policy change during implementation: policy development when standards of the formal policy prevail; and policy displacement when the standards are in some way usurped. Such a distinction aids in identifying the sources of formal policy change, that is whether it originates predominantly from the top when policy development is incorporated in formal policy change, or from the bottom when policy displacement is similarly incorporated. The important point to note, however, is that the principal concern is not with whether policies do or do not undergo change during implementation. It is generally recognised that *some* modifications or adjustments to policy almost always take place during implementation. The central concern rather is with whether these changes do or do not lead to a change in the values embodied in the policy as will be reflected in changing standards. Whilst the framework allows policy change to be viewed as a product and an outcome of the

implementation process, it recognises that policy change may also result from a change in values held by those with influence over policy (or a change in the personnel with influence and holding different values). The employment of standards as a reasonably concrete expression of fundamental choices about policy allows us to link values to policy change.

It is to the charting of policy change in the area of industrial training that we now turn our attention.

FOOTNOTES

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PART THREE:
THE 1964 INDUSTRIAL TRAINING ACT

CHAPTER THREE

STATE, ECONOMY AND INDUSTRIAL TRAINING PRIOR TO 1962

INTRODUCTION

In 1964 the state took on broad responsibility for the promotion and, to a more limited extent, the provision of industrial training with the passing of the Industrial Training Act. The Act, enacted by a Conservative Government, marked a significant departure from the previous position of virtual non-intervention in training matters, and as such can be regarded as marking a clear change in the prevailing standards. Previously industrial training was firmly considered to be the sole prerogative, with the obvious exceptions of public enterprises, of the private sector - a view shared by industry as well as government. In this chapter we are concerned to understand the extent and nature of the processes that led up to this change. In order to do so, it is therefore necessary to firstly examine the assumptions prevalent in the years preceding 1964 as they relate to the role of the state in the economy, of which training was a part. This will allow us to study the changes that occurred in the area of industrial training within the wider context of economic policy generally. Secondly, we shall examine the form and provision

of industrial training in the 1950s and early 1960s in order to evince the link between such views and training arrangements. From these two sections it will be evident in economic and industrial matters generally and industrial training particularly that towards the end of the 1950s the views held by government that non-intervention into markets concerned with supply was the most effective means of achieving a successfully performing national economy came under increasing challenge as the British economy began to display certain problems. Such a challenge, however, created tensions with other norms that emphasised the desirability of voluntary arrangements between government, industry and the unions. Given that industrial training was one of the areas where this issue arose it is important to analyse how such tensions worked themselves out. This we do in the third section where we examine how government attempted to reconcile the conflict between the demands of improving economic performance and maintaining certain relations between state and industry.

STATE AND ECONOMY 1945-1961: AN OVERVIEW

The period from the Second World War up to the early years of the 1960s has often been characterised as a period of 'consensus politics'. This referred to the consensus that emerged out of wartime conditions among the main political parties concerning the role of the state in the economy and welfare provision.⁽¹⁾ The consensus was reaffirmed in statements and actions throughout the 1950s by the leaderships, if not all the members, of the Conservative

and Labour Parties. Within the bounds of the consensus the state was to play a role in managing the economy and was to be responsible for ensuring that citizens had access to at least a minimum of welfare provision. Unlike welfare provision which was largely to be financed and supplied by the state itself according to principles of need rather than demand in the market, the economy was to remain largely in private hands and be market based. Certainly a number of basic industries were nationalised by the Labour Governments 1945-51, but these Governments and the Conservative one after carried out a process of removing almost all of the direct controls over the economy built up over the wartime period and demobilisation.(2) The state's role in the post war political economy was not to intervene directly in the market.

Despite the market orientation of the post war economy the state was nonetheless to play a central role, taking on responsibility for the general or macro economic conditions. The White Paper of May 1944, *Employment Policy*, had opened with a pledge made by all parties accepting "as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war." (3) Furthermore, it was logical, in both practical and intellectual terms, that the employment responsibility would spawn others. In line with arguments put forward by Sir William Beveridge in *Full Employment in a Free Society*,(4) the 1944 White Paper(5) recognised from the outset the interrelated nature of macro economic parameters, and indicated that governments would have also to be responsible for balance of payments equilibrium and price and wage stability. These responsibilities, plus a fourth one of economic growth which was subsequently added, were reiterated and reaffirmed, often in the form of precise targets, by governments in the 1950s

and indeed beyond. The actual status of official targets and pronouncements was never clearly defined, but it did reflect a deep-seated assumption on the part of both major parties that the government should 'manage the economy'. Such an outlook, of course, was cemented and reinforced by the demands of the electorate, the international competitive pressures on the British economy and the need for a healthy economy to finance increasing welfare provision. Therefore, the major political outcome of the 'Keynesian Revolution' was this acceptance by governments of responsibility for the successful management of the economy, viz. the simultaneous achievement of full employment, price stability, balance of payments equilibrium and growth. As Prof. Kaldor later noted: "The fact that these have come to be accepted as mandatory objectives of policy, ie as ends that the public can legitimately expect from its Government, was the most important political result of the intellectual revolution engendered by the the publication of Keynes 'General Theory of Employment'." (6)

Thus the apparent dilemma in a market orientation and increased state responsibility was to be reconciled through the adoption of keynsian political economy. Keynes himself had insisted that it was necessary to distinguish the "Agenda" of government from the "Non Agenda", by which he meant that the government's role "is not to do things which individuals are doing already...but do do those things which at present are not done at all." (7) Furthermore, the boundaries of such a division were for him self-evident: "If the State is able to determine the aggregate amount of resources devoted to augmenting the instruments and basic reward to those who own them, it will have accomplished all that is necessary." (8) The importance of Keynes's prognosis then was that

he appeared to have reconciled what in the 1930s many felt was irreconcilable, the successful economy with the market based economy. As Prof. Hirsch put it: "The invisible hand of Adam Smith's *Wealth of Nations* was not to be abandoned, but merely guided by Keynesian economic controllers." (9) The importance of maintaining the market at the centre of resource allocation was that economic actors could remain free from extensive state interference which would mean, according to the widely held beliefs and assumptions, that freedom, voluntarism and other liberal democratic norms could be preserved. Indeed, it appears that the evidence of the authoritarian axis powers, on the one hand, and Stalinist Russia, on the other, had done much to impress in people's minds the view that a major interventionist state and democracy were incompatible. (10) Such views were certainly widely held in Britain where liberal values were deeply entrenched. Economic success was equally important, however, because by providing secure and increasing material welfare it would confer the necessary legitimacy upon the system as a whole.

Like all theories, Keynes's was based upon a number of in-built assumptions which needed to hold if the theory's prescriptions were to prove valid. These assumptions have major implications for our study of the changing role of the state in the economy in general and industrial training in particular that emerged in the 1960s. The first assumption held by Keynes was that controlling the aggregate level of demand - demand management - would be conducted by technical, disinterested public officials rather than by politicians whose political livelihood rested on the outcomes. (11) In short, the economy would be managed to economic, not political, ends. Second, and more importantly for our present purposes was the assumption that the supply side could be 'left to

itself' if demand was right (the inversion of Say's law now the currency of the present Government). It was assumed that all the economic actors would take decisions that were in aggregate compatible with the four national economic objectives mentioned above; that is their decisions about investment in both fixed and variable capital and price determination would ensure within the aggregate level of demand a high growth, fully employed and stable economy. Finally, there was the assumption that the domestic economy would not suffer major disturbances from international competition from say more efficient foreign workers able to produce a given output more cheaply and to undermine the domestic market.{12} Such assumptions for most of the 1950s did not suffer any serious challenge as the British economy enjoyed a degree of success not thought possible before the war. Keynesian demand management appeared to be the panacea, allowing for not only full employment as Keynes was principally concerned to achieve, but also for a generally healthy economy. In such a climate the need to even consider intervention into the markets of supply, either to 'enhance' the market or to 'displace' the market was highly circumscribed. Most of the 1950s was a period of very limited activity by governments in influencing private production beyond setting the macro economic parameters of the economy.{13}

So for most of the 1950s, and indeed the early 1960s, the Conservative administrations sought to steer a middle course between a liberal conception of free enterprise and interventionism.{14} Initially such a course seemed an easy one to steer. The objectives of an expanding economy, relatively stable prices and full employment could be achieved without recourse to direct intervention in the private sector. As, however, events from 1955 demonstrate,

this early success had less to do with the Government's skill in handling the economy and more to do with factors outside the control of Government (for example, the fall in world commodity prices following the Korean War, a significant increase in personal savings and restraint in domestic consumption).(15) An expansionary pre-election budget in 1955 resulted in an upsurge in inflation(16) and a subsequent balance of payments crisis.(17) It was around this time also that Britain went into relative decline *vis a vis* her European neighbours.(18) During the 1950s Britain achieved an annual average growth in GNP of 2.2 per cent; France achieved 3.5 per cent, Italy 5.3 per cent and Germany 6.5 per cent.(19) Linked to this was the fact that Britain's share of world trade was declining and that, again compared to other industrial nations, capital investment was relatively low. As the crises deepened and became more frequent, and as the need to respond to the 'political market'(20) became, therefore, more imperative the result was the well-documented economic cycles of 'stop-go'.

So, once the economy was at full-stretch its performance was found wanting. What demand management was seemingly unable to achieve was high growth without inflation, which in turn put some pressure on the external value of sterling. In effect the Government was therefore to some extent forced to choose between the two. Inflation could be reduced by dampening down demand in the economy, but this had an adverse demand on growth rates. There was, however, one way out of the circle, namely intervention on the supply side of the economy to increase the economy's capacity for growth without creating serious inflation. Indeed 1956 did witness an attempt at intervention on the supply side when the Government sought to negotiate a policy of voluntary wage

restraint (which included an offer to restrain prices), but which foundered through TUC opposition.(21) In any case the relatively poor economic growth rates, even when the economy was operating at full capacity, indicated the fundamental structural nature of the problems facing the economy. However, insofar as these problems were only partially perceived and understood and because of the support for voluntarism in the economy, the Government remained largely committed in the 1950s to relying largely on instruments of demand management. The result of this was an attempt to balance inflationary pressures against the need for growth which produced the response of 'stop-go' measures. Government was, therefore, unable to ever escape the problems of having to trade-off growth against inflation, never mind the more fundamental questions hanging over the economy's structural capacity for growth. Thus as the 1950s drew to a close we see an increasing pressure building up for the Government to move into supply-side intervention. But such pressures posed a problem for government in that they represented a challenge to the assumption that governmental intervention should and could be largely restricted to demand intervention. Within this challenge were potential tensions between pressures to influence the supply side in some effective manner to achieve higher growth *and* the value that was widely shared and placed upon voluntarism in economic and industrial arrangements. So rather than taking the route of supply-side intervention, the Government chose instead to develop a more flexible and sophisticated approach to demand management. These included "much heavier reliance on selective hire purchase controls, fiscal policy and direct instructions to the banks, a 'price plateau' for nationalised industry...and a propaganda war to achieve 'restraint'..."(22)

Significantly, there was no pressure for a change in the Government's approach to the management of the economy from within industry. There existed a general consensus between both sides of industry and government about the desirability of voluntarism and hence the undesirability of intervention at the micro level. The trade unions - and in particular the TUC - were concerned to preserve their autonomous position, especially in relation to collective bargaining but also relative to other areas such as industrial training. Voluntarism was congruent with the pursuit of labour's interests insofar as it left them relatively unfettered at a time when their industrial strength was high. In part, the Government's acquiescence to such autonomy was due to a desire to achieve harmony and industrial peace⁽²³⁾ and secure the 'necessary' cooperation of the unions in the management of the economy. Indeed in the early 1950s the government had taken a great deal of trouble to cultivate good relations with the unions.⁽²⁴⁾ And despite worsening relations after 1955,⁽²⁵⁾ which began to lead some Conservatives to claim that the price of industrial peace was too high and could not be sustained by voluntarism,⁽²⁶⁾ neither Government or the unions were disposed to place too much strain upon the limited collaboration that existed.⁽²⁷⁾

Similarly, employers were, in the main, able to pursue their own interests in the context of a voluntarist approach, perhaps not surprisingly if one accepts the view taken by Harris that:⁽²⁸⁾

"business and Government in the period considered here shared common assumptions. They tended to identify the same sorts of things as problems, to describe those problems in the same way, and to propose the same sorts of solutions. This is not to say that, from time to time, there were not differences in emphasis, nor that the Government did not diverge radically from opinion in one section of business or one company, but only that business as a collective, was more often at one with Government."

Essentially then, the picture that emerges is one where the trade unions vigorously sought to defend the *status quo*, willing to 'collaborate' with government where the *status quo* was not under threat but refusing to collaborate where it was, or might be(29) and where industry (in particular as represented by the FBI) viewed its role as politically 'neutral' and adopted, in the main, a policy of 'responsible cooperation' built upon the consultative procedures established during and after the war, but at the same time distanced itself from government(30) bringing its influence to bear in matters of policy execution rather than formulation: and of Government also in some senses maintaining its distance from producer groups in that, seeking to control the economy through the mechanisms of demand management it did not, in general(31) have to enter 'into a bargaining or exchange relationship with such groups.

Thus, throughout the 1950s there existed a situation where, despite increasing evidence of economic difficulties and therefore increasing pressures to greater intervention, the Government continued to prefer solutions based on voluntary arrangements. Faith in market solutions had not yet been sufficiently shaken to require some different course of action. Perhaps there was still a belief-cum-hope that the problems of economic performance were temporary rather than deeply embedded. In any case, such a stance was widely supported in industry. It took the sterling crisis of 1961 to bring the Government around to the view that the achievement of its economic objectives was also contingent upon some more direct form of intervention to influence supply. As we shall see in the final section this manifested itself in the 'dash for planning' although even then the spectre of voluntarism was not readily shaken off. It was, of course,

within this changed outlook that proposals for direct intervention into the supply of trained manpower were being formulated. We therefore turn in the following section to review the provision of industrial training prior to 1961 and examine its relationship to prevailing views about the role of the state in the economy and the way in which changes in such views were to herald, what in some respects represented, a significant shift in attitudes towards the state's role in industrial training.

INDUSTRIAL TRAINING 1945-1961

The views concerning the role of the state in the economy which prevailed in this period are clearly reflected in the area of industrial training for most of the 1950s. Writing in 1958 about the work of the Ministry of Labour and National Service, its former Permanent Secretary Sir Godfrey Ince stated that "the Ministry has always accepted as a first principle that the primary responsibility for training workers must rest with the employer. Government training is intended to be only supplementary..."(32) Although employers might be encouraged, even exhorted by government to improve training arrangements, at no time during the 1950s did the Government seek - or seem inclined - to intervene directly in order to influence the distribution or quality of manpower. Indeed, insofar as it existed, Government involvement in Training declined following the post-war resettlement period, and there is little to indicate from events or accounts of the period up to the late 1950s, that government regarded the supply of manpower as an unduly problematic factor in

economic performance, even despite it having some knowledge of labour shortages in certain skilled occupations. Where Government was involved it was initially to cope with demands created by and following the war and with the young and disabled groups. Figures provided by Ince show that the peak period was 1947 when 32,000 training places were provided in Government Training Centres, (GTCs) which fell to approximately 2,000 in GTCs and 1,000 in Residential Colleges for seriously disabled in the summer of 1959.(33) In fact, the fall was not quite as gradual as these figures suggest, for by 1951 the number of training places at GTCs had been reduced to about 4,000 (loc cit). Up to 1951 most effort had been concentrated upon training in the building crafts, but after 1951 it was concentrated upon the requirements of ex-regular servicemen and the disabled.

Government Training Centres were the most important form of what little training intervention existed during this period. These originated in the Ministry of Munitions during the First World War, and their subsequent 'growth' and 'development' had been subject to considerable fluctuations, being largely the result of *ad-hoc* responses to changing social and economic, not to mention military, circumstances. They had been taken over in 1919 by the Ministry of Labour and Ministry of Pensions for the resettlement of disabled ex-servicemen and thereafter for training the able-bodied unemployed.(34) At the beginning of the Second World War there were sixteen GTCs which again were converted to munitions training and their number increased to a peak of 38 during the war although towards the war's end they had declined to 17. However, the demand for labour in the building trades, in the mining, agriculture and cotton industries in the immediate post-war period led to another rapid expansion of

the GTCs to over eighty.{35} But as this demand was seen to be met they were again reduced in number so that by 1961 only 14 remained.{36}

Therefore, during the post-war period the Governmnet Training Centres continued as an *ad hoc* response to a limited number of specific and serious bottlenecks in the supply of skilled labour. In any case, as the decline in their numbers indicates, their main contribution came in the immediate post war era. They did not represent anything approaching a comprehensive system of intervention into training. Although the 1944 Employment White Paper had made reference to the re-training needs of industry in general and the consequent need for cooperation between employers and trade unions, within the prevailing assumptions about the efficacy of the market and the need for voluntarism no such system was established.

The nearest thing approaching this was the 1948 Employment and Training Act. The Act which was an outcome of the 'Ince Report'{37} dealt largely with issues of the youth employment service and "had little effect on vocational training in industry and commerce."{38} Such other action as government did take was in the main confined to attempting to persuade industry to improve - largely craft skill - training practices. This was carried out through the advisory machinery established by the Ministry of Labour. The two main bodies involved in this regard were the National Joint Advisory Council (NJAC) and its executive committee, the Joint Consultative Committee (JCC). They had been established in 1939 and 1940 respectively and comprised representatives of the British Employers' Confederation (BEC), the Trades Union Congress (TUC) and the nationalised industries. The NJAC advised the Minister on industrial

relations and manpower issues. Where training matters were considered by the NJAC these primarily related to skills and the apprenticeship system. Reflecting such an emphasis, in 1945 the JCC published a report - accepted by the Minister - that "The Ministry of Labour and National Service should encourage in each major industry, where one does not already exist, the establishment of a National Joint Apprenticeship and Training Council or other appropriate machinery..."(39) The effect of such prescriptions is difficult to gauge as there is a dearth of information relating to training during this period. It is, however, reasonable to assume that persuasion or exhortation made little contribution to improving either the quantity or quality of training provided by employers. Hence the need for the Minister to issue a reminder in 1947 about the JCC Report and the invitation by the NJAC in 1951 to a number of industries to examine whether craft training could be reformed in terms of scope, length and entry age.(40) In 1957 the Ministers of Labour and Employment - Iain Macleod and Lord Hailsham - whilst optimistically suggesting that significant advances had been made in establishing national training and apprenticeship schemes, both made reference to the 'gap' in implementation. Macleod stated that "Local implementation of nationally agreed schemes is sometimes inadequate" whilst Hailsham claimed "the implementation of these [schemes] has still in many areas to be worked out..."(41)

It is difficult to know upon what grounds even such limited claims were made, for a report published in 1956 by the National Institute of Industrial Psychology (NIIP) on In-Plant Training in Britain(42) observed that "only a very small proportion of the firms in the country have any organised form of training for semi-skilled workers more complex than TWI [Training Within

Industry] and...in certain industries it was impossible to find even the very few examples needed for this survey."(43) Indeed, though the study did go on to draw some tentative conclusions, it stated that they could not be considered to be a proper evaluation of training schemes. And writing in 1959, Liepman argued:(44)

"It is a much reported fact that over one hundred National Schemes have been established. But this number does not tell us much; the 'industries and sections of Industry' in which Schemes have been agreed do not conform to any existing industrial classification and cannot, therefore, be related to a total number of industries and sections of industry...Several important industries figure once or even twice in the list of National Schemes, but not with reference to the occupations specific to the industry...The wording and manner of listing of the National Schemes invite misinterpretation in various respects. The most frequent form is a statement that over one hundred schemes have been agreed, with the implication that the number is a high one, whereas in fact it is meaningless."(pp 43-4)

Apart from those mentioned above, the only other area where the state had any direct input in training was in the provision, by the Ministry of Labour, of Training Within Industry (TWI) which were courses for instructors, supervisors and apprentice trainers. Such courses were established after the Second World War and were provided free until 1962. By 1957 it was estimated that approximately 600,000 had gone through this system.(45)

Thus, we can see that in the 1950s state involvement in training existed very much at the margin. By and large, where there was direct intervention in training provision this had more to do with meeting changing, specific, social or welfare needs, rather than economic objectives. One explanation of this lies in the lack of information available: until 1963, apart from apprentice training, there were no statistics available about the extent and form of training undertaken within industry.(46) In other words how far there was a

training 'problem' and its nature was unclear. There were certainly indications that all was not well, but these were clearly not regarded as sufficiently serious to justify the state taking on more direct responsibility for improving training performance. In any case, a more prominent role for the state would have conflicted with the value placed upon the autonomy of private actors, which in this particular area translated into the standards of voluntarism - that industry, not governments, should have responsibility for industrial training - and the efficacy of the market in the allocation of labour. Such standards were not effectively challenged therefore while government could content itself in the belief that there was no major problem in the training field. So, not only was state intervention not desirable on normative grounds, it was also unnecessary on practical grounds. Problems existed certainly, but on both counts, the consensus view was that governments' role should be the generally passive one of exhortation.

This generally passive prescription on the state's role in training would have been fully understandable if the market was in practice proving effective, but in fact such views persisted in spite of some indications to the contrary. Allowing for limitations of the available statistics it has been estimated that the 1950s was a decade of serious shortages of skilled labour. The situation up to 1958 can only be inferred from such figures, but Mukherjee for example, suggests that the ratio of unemployed to vacancies for skilled workers of 1:4.9 in 1956 can be considered typical of the period 1950-57.(47) More reliable - but still limited due to the method of compilation - information is available for the years after 1956,(48) and based on this Mukherjee presented a picture of national skill shortages across a range of occupations:

TABLE 1

Unemployed and skilled vacancies (ratio) and 'excess' demand
(number) in the main manual skilled occupational groups, 1956, 1960 and 1961

	1961(a)		1960(a)		1956(a)	
	'Excess' Demand	Ratio of Unemployed (b)to Vacancies	'Excess' Demand	Ratio of Unemployed (b)to Vacancies	'Excess' Demand	Ratio of Unemployed (b)to Vacancies
Draughtsmen	1,756	1:5.1	2,068	1:6.6	4,757	1:22.2
Engineering and allied occupations	18,508	1:3.3	18,737	1:3.5	21,550	1:5.1
Building occupations	11,788	1:4.4	13,313	1:4.9	10,117	1:3.6
Vehicle building occupations	805	1:3.9	990	1:4.7	1,064	1:3.5
Woodworking occupations	645	1:3.1	614	1:2.9	444	1:2.2
Printing occupations	79	1:1.4	176	1:1.9	411	1:3.6

(a) in September each year.

(b) number; vacancies *less* unemployed

Source: S Mukherjee *Changing Manpower Needs* p 12.

For a variety of reasons the above table probably represents an underestimation of skill shortages during the period. For instance, some employers will recruit directly without notifying vacancies to employment exchanges; some applicants may be referred to firms that have not notified the existence of specific vacancies; and of course national figures do not show up regional imbalances and possible acute local shortages. Although the figures disclose an overall decline in the extent of 'excess' demand over the three periods, this may not represent an accurate picture of the problem. Mukherjee attributes the 'decline' not to any increase in intake of apprentices or total supply of those formally qualified for those occupations. Instead he suggests that this can be explained in the first place by the fact that unemployment rose slightly over the period. Further, combined with this was the probability that - particularly in engineering - employers' use of the employment exchange system diminished because of its inability to meet demand, itself reflecting a shortfall in supply. The shortfall it was claimed at the time was the result of union restrictions on entry into skilled occupations. Employers therefore turned to other methods of recruitment, in particular substitutes for time-served craftsmen. This took the form of the upgrading, through on-the-job training, of lesser qualified men. This thesis is supported, for example, by statistics which show a rise in skilled engineering occupations in the expanding services sector where unionisation was much less pronounced, and where therefore union restrictions on intake were weaker. In short, the existing evidence would not suggest any significant increase in training during this period.

* * * * *

One problem, as just indicated, which was held (indeed continues to be held) to have an adverse affect on the supply of skilled labour was the control traditionally exercised by trade unions over conditions of entry into skilled occupations. There is no doubt that this came to be regarded as increasingly problematic at least by government, if not industry. Even had the Government deemed it desirable to intervene on these grounds, problems of political feasibility were clearly perceived as a significant barrier. The age of entry, the length of training and the rates of pay were generally considered as being matters for determination by unions in bargaining with employers. Fairly obviously, control over supply means control over pay and employment prospects which generally can be regarded as being the principal concern of trade unions. The "quality and skill content of craft training is far less important for this trade union purpose than the ability to regulate the number of workers entering the system of training the outcome of which is the entitlement to secure membership of a particular occupational category." With some qualifications the "emphasis remains clearly attached to the issue of numbers; and it is rarely that trade unions show any deep attachment to questions about the content and quality of training."⁽⁴⁹⁾ As we shall in due course see such arguments retain currency today, together with criticisms about the rigidities such a system creates. The ability of trade unions to impose such restrictions is clearly greater at a time when employment levels are high as in the 1950s. This is more so given a government committed to voluntarism and 'keeping the peace' in industrial relations. The relative strength of trade unions at this time was increasingly regarded as causing inflationary pressures through rising wage costs that outstripped the growth in productivity, especially in occupations where labour was scarce. But given

the Government's non-interventionist line attempts at directly tackling the problem were low key, operating through the Council for Prices, Productivity and Incomes (CPPI) which made general pronouncements about 'what the economy could afford' in increased incomes. As Crouch notes: "The CPPI was not intended to be an instrument of state intervention in income determination."⁽⁵⁰⁾ But the Council's first two reports gave support to the notion that to eradicate inflation unemployment would have to be allowed to rise, and it was instrumental in persuading the Government at the end of the 1950s to use deflation as a means of tackling cost-push inflation.⁽⁵¹⁾ While such a strategy did provide some check on inflation by reducing trade union bargaining power, it also had adverse consequences for aggregate activity and growth and did nothing directly to tackle the problems of training. Into the 1960s this strategy was superseded by attempts at greater intervention into wage bargaining.

The response of employers to labour shortages was similarly not one which sought to overcome the problem by provision of additional training. Instead they 'contributed' to the wage-push inflationary situation through "the tendency for employers to 'bid up' wage earnings as they competed for scarce labour."⁽⁵²⁾ And as Middlemass notes, "to keep production lines active and sustain export orders, they [employers] tended to pay high wage increases in such areas as engineering, where labour was scarce, and to hoard labour by overmanning, in order to even out the peaks and troughs of the annual cycle."⁽⁵³⁾

Nevertheless there was, within this generally complacent outlook, one development which indicated a growing awareness and concern by political and industrial leaders that more positive action was required. In 1956 a sub-committee of the Ministry of Labour's National Joint Advisory Council was established to enquire into:(54)

the arrangements for the training of young workers in industry, with particular reference to the adequacy of intake into apprenticeship and other forms of training, in the light of the expected increase in the number of persons entering employment and the need to ensure an adequate supply of trained workers for future needs."

The ensuing Report, 'Training for Skill' - usually referred to as the Carr Report - was published in 1958. However, the impetus behind the Report owed more to the realisation that there would be a 'bulge' in the number of school-leavers in the early 1960s as a result of the increased birth rates following the Second World War, than to any greatly enhanced concern about the importance of training in meeting national economic objectives. Nonetheless, in considering how best to tackle the problem of the 'bulge', the committee was also having to consider wider issues of labour supply. These ranged over the problems of 'poaching'; restrictions on entry age and length of apprenticeships; the lack of recognised standards; and the links between education and industry including the dividing line between general education and vocational training. In line, however, with prevailing views regarding the division of responsibilities between government and industry, what was proposed was the establishment of a voluntary, advisory body which would "collect and disseminate information about those aspects of training which are common to more than one industry."(55) This body was to be the Industrial Training Council (ITC) which, the Carr Report went on, would be a "small Council...consisting of representatives of the appropriate industrial

organisations who would be selected because of their knowledge of, and interest in, the training of young people...The Council would have no executive powers. Its functions would be to help, encourage, and if necessary, to exhort. But the responsibility for training in each individual industry would rest, as now, on the industry concerned."(56)

How far the committee believed that the establishment of such a Council would be successful in ensuring the implementation of its proposals - and hence overcome the problems it had identified - is very much open to question. It did cast an eye over practices in other countries such as France and Germany:(57) but whilst it did succeed in analysing some of the key problems in training provision, its main objective - or perhaps its faith - appeared to reside in the desire to ensure that, whatever the future arrangements, these should fall firmly under the control of industry. Thus, as Grove was to point out in 1962 "The Carr Committee was an 'interested' body, which perhaps explains the complacency with which it regarded the manner of handling the problems in other countries...So far, little progress has been made towards implementing its modest and often vaguely phrased recommendations."(58) He might have added that industry widely subscribed to the prevailing volutaristic ethos and hence would not be inclined towards some more rigorous solution with its implication of state involvement. Essentially, the Report was about persuading industry to change its attitudes to training, presumably in the belief that once the rationality of the arguments had been revealed to those responsible they would see the error of - and mend - their ways. This was apparent in, for example, the argument over 'poaching' which was regarded as a major cause of skill shortages because many employers found it cheaper to

employ adults trained elsewhere than to bear the cost of training themselves. The Carr Report found this 'irresponsible' and wondered "whether industries have sufficiently reckoned the cost of *not* training - in terms of increased labour turnover, lower output, greater scrap, and the like." (59) Perry seeks to explain the existence of poaching by claiming that: (60)

"the bulk of industry, the typical firm, had not reckoned the cost of not training: it had not even got past the starting point of establishing criteria for evaluating the results of training. It was not familiar with modern training techniques; and so its attempts at training were frequently less effective than they should have been. When this happened it often did not know where to turn for advice. Most companies were too absorbed in the many pressing problems of the day to cast more than an anxious and helpless glance of their training needs, and then solved their problem by resorting to the perfectly legitimate, but what the Committee called "irresponsible", expedient of recruiting their trained personnel in the open labour market"

Anxiety and helplessness in the face of pressing problems as an explanation of poaching stretches the imagination rather far. A more feasible explanation might be that employers were indeed aware of the costs and benefits of training - in particular training in general or transferable skills - but some of them chose not to bear the costs while they were able to enjoy the benefits. Insofar as training in general or transferable skills could be regarded as a collective good, then employers were being individually rational 'free riders'. (61)

So we can see that during the 1950s labour market problems, (ignoring the wider issues of industrial relations) (62) insofar as they were diagnosed, were associated with 'bottlenecks' in the economy due to the shortage of skilled labour, which imposed constraints on output during upswings in the economy. This situation was generally viewed as being caused by two principal factors: 1) the uncoordinated nature of training provision and; 2) the restrictive

practices of trade unions - which in many instances were not opposed by employers. Despite an increasing emphasis being placed on the importance of labour supply to economic performance,(63) the response of the state - and indeed industry - was to persist in attempting to find solutions based on the standards of voluntarism and allocation through the market. State involvement therefore amounted to Government support for the ITC (though it is important to stress that it was not a Government body) and the provision of a limited level of training through the GTCs. Such provision was, however, dominated by social rather than economic objectives. As we shall see in the following section, however, these standards were to become subject to increasing challenges as unfavourable economic conditions persisted and as the climate of opinion within industry towards state involvement also altered.

THE CONSEQUENCES OF CHANGING IDEAS FOR THE ROLE OF THE STATE IN THE ECONOMY

The situation at the latter end of the 1950s then was one in which the mixed economy had clearly become consolidated, in that the Conservative Government had made no significant attempts to shift the boundary between the public and private sectors in industry or welfare provision. In accepting this division the Government also accepted responsibility for managing the economy through the use of fiscal and monetary instruments directed towards setting the aggregate level of demand. However, what may be discerned is a *gradually* emerging concern to do with inadequacies of supply in respect of the behaviour of the economy: the economic objectives of full employment, low inflation,

balance of payments equilibrium and economic growth were not capable of simultaneous achievement through demand management. Market forces were not in fact acting to ensure that supply matched demand. These changes began in the mid-1950s, accelerated towards the end of the decade, and culminated in the early 1960s in what is generally termed the the 'planning mood',⁽⁶⁴⁾ but which we might also term as 'production' or 'supply management', which can be regarded as the first serious, comprehensive attempt to intervene to influence the productive process throughout the economy or at least in important sectors of the economy. It must be emphasised, however, that the move to supply management was a very gradual and hesitant process. One reason being that this raised issues concerning the compatibility of such a move with 'voluntarism, the role of the market in such intervention - either 'market enhancement' or 'market displacement' - and the dependence of the state on private bodies and actors for the implementation of its interventionist policies.

So, although the 1950s may be characterised as a decade where voluntarism reigned supreme and governmental 'intervention' rested very largely on the intermittent exhortation of producers in the market, there was a qualitative shift in the latter half of the 1950s that presaged the changes of the early 1960s. This shift we might term the 'formalisation of exhortation'. Although not a governmental body itself the establishment in 1958 of the Industrial Training Council may be regarded as an early instance of this process of formalisation in that the ITC had the support of government, including modest financial contributions. Instances can be seen in other - and to some extent related - policy areas, for example, the setting up of the Council for Prices,

Productivity and Incomes (CPPI) in 1957 following the sterling crisis. Whilst its work was "pitched entirely at the exhortatory or normative level",^{65} the CPPI was important in the shaping of policy in the early 1960s by "persuading the government to switch direction towards an incomes policy" that had implications for "the possibility of involvement strategies emerging from the pursuit of a common national interest; the possibility of at least an active if not a coercive state...".^{66}

Exhortating producers to encourage industrial decision making that was more compatible with governmental objectives was also stepped up over a range of matters to with investment, exports, wage restraint and training, as well as the supply of manpower generally. Although this increased concern was an important factor in shaping the direction of change in the early 1960s it did not in the late 1950s involve any major structural or substantial changes in the government's overall approach which was "to set the rules but not to become involved in a positive, creative, ongoing sense with playing the game....It was left to industry to operate on its own within the framework provided by government."^{67} Nevertheless, the indications of this increased and wider concern were evident in a variety of governmental measures to which Young himself refers. For example "the use of public purchasing power to reduce the number of aircraft companies, and the introduction of the 1959 Cotton Act. Incentives were offered in this case for modernisation, and the orderly elimination of excess capacity. There are many other examples in the later 1950s and early 1960s of the provision of finance for industry and commerce, and of government sponsored reorganisation and reconstruction."^{68}

Put another way, then, the adoption of 'planning' by the Conservative Government from 1961 onwards was, in many ways, not quite the radical shift in policy that some commentators have ascribed it to but an outcome of the perceived failure of more orthodox economic management. Rather it represented a step on the way towards direct intervention in industry. As Polanyi puts it: "The story of planning in the 1960s may be regarded as a kind of progressive 'escalation' from the highly tentative and very unofficial first endeavours of the Council on Prices, Productivity and Incomes... to the more definite and clear-cut semi-official exercise in indicative planning begun by the creation of the National Economic Development Council in 1961..."(69) It was, of course, a break with the past in terms of the creation a range of institutions for intervention, but the mode of intervention, as we shall see, was very firmly rooted in the assumptions of the 1950s regarding the division of responsibilities - both in terms of ownership and control - between industry and the state. Just as it applied to economic and other forms of industrial planning, so also it applied to labour market planning and the provision of industrial training, both in terms of the form that policies took and the nature of the interventions in terms of the continued reliance on persuasion and exhortation which was inherent in them. Planning, in this context certainly implied a more active (though of course not *necessarily* interventionist) state but one also where government could still maintain its role as referee.

Thus the failure of formalised exhortation in the late 1950s to achieve a balance between supply and demand and a comparably favourable rate of economic growth led to the 'institutionalisation' of exhortation by way of the various planning mechanisms established after 1961 and in particular, of

course, the setting up of ^{the} National Economic Development Council (NEDC).. As most observers have noted, however, the 'planning mood' was not confined to government but some important sectors of industry which, as they became increasingly disillusioned with existing policy, became enamoured of the notion of indicative planning. The turning point here is usually regarded as being the FBI's Brighton Conference of 1960 which:{70}

"marked the culmination of an effort to assess Britain's economic policies in view of the country's continuing inability to achieve a smoother and more rapid rate of economic growth...But more rapid growth rested on a more efficiently organised economy. Some form of organisation, some form of economic planning, anathema in British industry for nearly a decade, was now viewed by growing numbers of industrial figures as the necessary foundation for more rapid growth. By the early 1960s many had come to believe that a type of planning could be devised and, indeed, was being used by the French, that was non-imperative, provided for a maximum of industrial influence on the Government, and still retained a market-based economy. The almost magic solution of 'indicative planning' bridged the gap between the free market and a policy of sustained economic growth for British industry. Indicative planning appeared to make both possible at once"

This was true for Government just as much as for industrialists. "A Conservative Government, at its wits end, clutched at planning as one more expedient to evade unpopular policy choices."{71} Planning in Britain 'caught on' in the early 1960s because, just as with Keynesianism a decade or so earlier, it seemed to promise relatively painless decision making - it offered something to those actors whose cooperation government viewed as being necessary to the achievement of its industrial and economic objectives and at the same time fitted prevailing conservative values. Reflecting this mood Roy Harrod stated in 1961 that:{72}

"It has been suggested that before agreement could be secured in sufficiently wide circles among workers for anything like a more rational wages policy, it would be necessary to have something in the nature of a planned economy. It is hoped that this would not mean detailed direction and control. Rather it might be sufficient

to have something in the nature of the French plan, which has been having some influence on thinking here, the implementation of which is largely on a voluntary basis. Some compromise of this sort might not be too far from the ideology of a Conservative Government, and yet go far enough to make those called upon to implement a more rational wages policy feel that the whole economic effort of the country had a more rational guidance."

Nevertheless, not all relevant participants were immediately converted to the form of machinery proposed. The Cabinet's acceptance of an independent body such as the NEDC was not straightforward. As Leruez claims, despite a Conservative Party that now contained "fewer and fewer of the old liberals, while many of the new generation of back-benchers tended to see themselves as spokesmen for a new middle class of technicians and engineers" (73) not opposed to some form of planning to secure higher growth rates and living standards, the Cabinet resisted its establishment. It was only following the 'crisis budget' of 21 July 1961 that the Cabinet, being presented with something of a *fait accompli*, came to accept the coming into being of what in typically derisory British fashion became known as 'Neddy'.

Similarly the TUC took a long time in becoming convinced of the benefits of membership of 'Neddy'. This reticence was not, however, the result of ideological stances but because "they did not fully trust the government...In fact the TUC was in two minds. It was attracted by Chancellor Lloyd's idea because this offered them an opportunity to influence economic policy, but it was at the same time worried that acceptance might be seen as condoning the pay pause or any subsequent introduction of an incomes policy." (74) It was, in effect, at least in early discussions of planning, industrial employers who were keenest on the introduction of 'French-style', or indicative planning. Interestingly enough, Leruez suggests that French civil servants - for whatever

reason - seemed particularly anxious to convert the British. Industrialists, according to Hayward, believed that planning "would simultaneously increase business influence on public policy and actually reduce government interference in industry. They were encouraged in this belief by French planners who emphasised the 'indicative' aspects of their work so as not to frighten British business men and civil servants who consulted them."{75}

The composition of 'Neddy' is worthy of note in that it reflected the government's preoccupation with involving those actors, or at least their representatives, central to achieving economic growth and the removal of obstacles to industrial production. Its membership was limited to representatives of government (4), private industry (6), the TUC (6), the nationalised industries (2) plus two independent experts: it excluded representatives of other economic interests, for example, the City, agriculture or unions outside the TUC.{76}

CONCLUSIONS

In conclusion, the assumptions of government, concerning the role of state - particularly as it related to economic and industrial matters - was different in some important respects by the early 1960s from what it had been a decade or so earlier. The significant change was the acceptance by government of the need to exercise a greater degree of influence over the behaviour of private producers if faster rates of economic growth were to be achieved. Such an

outlook came to be held alongside and *did not displace* the view that the market was ultimately the most efficient allocator of resources. In other words, the outlook tended to be more clearly orientated towards 'market enhancement' rather than 'market displacement'. Increased influence in this context means, therefore, that governmental action would be directed towards supplementing or enhancing the market and not towards supplanting or displacing it. The difficulty with this view is, of course, that there is an inherent dilemma involved in seeking to extend governmental intervention so as to bring industry more into line with 'national' objectives without it sooner or later involving control and displacing the market. Attempts to resolve these tensions led, in the main, to the development of economic and other policies - including industrial training - in which state influence could be brought to bear whilst at the same time maintaining a reasonably clear distinction between the roles of the public and private sectors. The most obvious institutional expression of this being the establishment of the NEDC: a forum in which the government could seek to influence the decisions of private actors without intervening directly itself. Therefore, between 1951 and 1961 governments moved from being primarily involved in the management of demand to, additionally, the management of supply. But this rested on the continuing belief in the ultimate efficacy of the market and the value of voluntarism. The government's response was to change its mode of influencing private decisions from the *ad hoc* to the increasingly more formalised and ultimately regulatory. And as we shall see in the following chapter such views - together with rather more specific ones concerning the working of the labour market - were extremely important in shaping the policy, and indeed its subsequent implementation, in the area of industrial training.

In short, the difficulties encountered in finding effective solutions to economic and industrial problems presented a challenge to the standard that the supply side could, and should, be left to the market. Such a challenge led to a modification of the prevailing standards such that the state now had a legitimate role to play in removing obstacles to and enhancing the market. Such a role was, however, an indirect one and was to be based upon securing the voluntary cooperation of producer groups: ultimate responsibility for decisions about production was still held to belong to industry.

FOOTNOTES

1. For an account, see P Addison *The Road to 1945* (London: Jonathan Cape, 1976).
2. G D Worswick 'Direct Controls' in G D Worswick and P H Ady (eds) *The British Economy 1945-50*.
3. *Employment Policy* Cmd. 6527, (1944) para 3.
4. Sir William Beveridge *Full Employment in a Free Society* (London: Allen and Unwin, 1944) pp 97-99, 201-203 and 386-388.
5. *Employment Policy* paras 17-19.
6. 'Conflicts in National Economic Objectives' in N Kaldor (ed) *Conflict in Policy Objectives*, (Oxford: Blackwell, 1971) p 2.
7. J M Keynes 'The End of Laissez-Faire' in *Essays in Biography* (London: Macmillan, 1933) pp 288 and 291.
8. J M Keynes *The General Theory of Employment, Interest and Money* (London: Macmillan, 1936) p 287.
9. F Hirsch *Social Limits to Growth* (London: Routledge & Keegan Paul, 1977) p 119.
10. Hirsch *Social Limits to Growth* p 126.
11. R Skidelsky 'The Decline of Keynesian Politics' in C Crouch (ed) *State and Economy in Contemporary Capitalism* (London: Croom Helm, 1979) pp 62-65.
12. This assumes a fixed exchange rate.
13. S Young with A V Lowe *Intervention in the Mixed Economy* (London: Croom Helm, 1974) Chapter 1.
14. J Ramsden 'From Churchill to Heath' in Lord Butler (ed) *The Conservatives: A History from their Origins to 1965* (London: Allen and Unwin, 1977) part 4.
15. See A Shonefield *British Economic Policy Since the War*, (Harmondsworth: Penguin, 1958) pp 184-5; and G D Worswick 'The British Economy 1950-59' in G D Worswick and P H Ady (eds) *The British Economy in the 1950s* pp 27-36.
16. S Brittan *The Treasury Under the Tories 1951-1964*, (Harmondsworth: Penguin, 1964) pp 177-179. The retail price index rose from 142.7 in 1954

to 149.1 in 1955 (1947 = 100).

17. J C Dow *The Mangement of the British Economy 1945-1960* (Cambridge: Cambridge University Press, 1964) pp 89-90.
18. P D Henderson 'Introduction' in P D Henderson (ed) *Economic Growth in Britain* (London: Weidenfeld & Nicholson, 1966) pp 18-19.
19. J Leruez *Economic Planning and Politics in Britain* (London: Martin Robertson, 1975) p 84.
20. A Gamble *The Conservative Nation* (London: Routledge and Keegan Paul, 1974) p 67.
21. See G A Dorfman *Wage Politics in Britain 1945-1967* (London: Iowa State University Press, 1974) for an account of these events.
22. N Harris *Competition and the Corporate Society* (London: Methuen, 1972) p 234.
23. Gamble *The Conservative Nation* p 148.
24. S Beer *Modern British Politics* (2nd edn) (London: Faber, 1969) p 360
25. C Crouch *Class Conflict and the Industrial Relations Crisis* (London: Heinemann, 1977) pp 199-204.
26. M Moran 'The Conservative Party and Trade Unions Since 1974' *Political Studies* Vol27, No 1 (1979) p 41.
27. Crouch *Class Conflict and the Industrial Relations Crisis* p 239.
28. Harris *Competition and the Corporate Society* p 203.
29. Dorfman *Wage Politics in Britain 1945-1967*.
30. Some industrialists felt that the relationship with the post-war Labour Government had been too close, see S Blank *Industry and Government in Britain* (Farnborough: Saxon House, 1973) pp 125-6.
31. Beer *Modern British Politics*.
32. Sir Godfrey Ince *The Ministry of Labour and National Service* (London: Allen and Unwin, 1960) p 92.
33. Ince *The Ministry of Labour and National Service* p 93.
34. J W Grove *Government and Industry in Britain* (London: Longman, 1962) p 378.
35. Ince *The Ministry of Labour and National Service* pp 93-95.
36. Grove *Government and Industry in Britain* p 378

37. The 'Ince Report' was produced by a committee established by the Ministry of Labour to enquire into youth employment, and was composed of representatives of employers, trade unions, local authorities, the Ministry of Education, the Scottish Education Department as well as the Ministry of Labour. Its chairman was Sir Godfrey Ince, Permanent Secretary, MoL.
38. P J C Perry *The Evolution of British Manpower Policy: from the Statute of Artificers 1563 to the Industrial Training Act 1964* (London: BACIE, 1976) p 51.
39. Perry *The Evolution of British Manpower Policy* p 49.
40. Perry *The Evolution of British Manpower Policy* pp 50-52.
41. Quoted in Perry *The Evolution of British Manpower Policy* pp 52-53.
42. 'A Survey of In-Plant Training in Britain' *National Institute of Industrial Psychology* European Productivity Agency Project No 179 (1956) p 12.
43. Quoted in Perry *The Evolution of British Manpower Policy* p 54.
44. K Liepman *Apprenticeship: An Enquiry into its Adequacy under Modern Conditions* (London: Routledge and Keegan Paul, 1960).
45. Grove *Government and Industry in Britain* p 379.
46. S Mukherjee *Changing Manpower Needs: A Study of Industrial Training Boards* PEP Broadsheet 523 (London: PEP, 1970).
47. Mukherjee *Changing Manpower Needs* p 10.
48. For a discussion of the availability - or lack thereof - of manpower statistics for this period see the contributions to B C Roberts and J H Smith (eds) *Manpower Policy and Employment Trends* (London: LSE, 1966).
49. Mukherjee *Changing Manpower Needs* pp 6-7.
50. Crouch *Class Conflict and the Industrial Relations Crisis* p 71.
51. Crouch *Class Conflict and the Industrial Relations Crisis* pp 71-74.
52. Public statement by BEC, quoted in Blank *Industry and Government in Britain* p 131.
53. K Middlemass *Politics in Industrial Society* (London: Andre Deutsch, 1979) p 397.
54. *Training for Skill: Recruitment and Training of Young Workers in Industry* Report by the Sub-Committee of the National Joint Advisory Council (London: HMSO, 1958).
55. *Training for Skill* para 84.

56. *Training for Skill* para 87.
57. *Training for Skill* paras 15-18.
58. *Grove Government and Industry in Britain* p 381.
59. *Training for Skill* para 76.
60. Perry *The Evolution of British Manpower Policy* p 69.
61. For a discussion of this concept see M Olsen *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, Mass: Harvard University Press, 1965).
62. Moran 'The Conservative Party and the Trade Unions Since 1974'.
63. N Kaldor *Causes of the Slow Rate of Economic Growth of the United Kingdom* (Cambridge: Cambridge University Press, 1966).
64. See Leruez *Economic Planning and Politics in Britain* Chapter 3.
65. Crouch *Class Conflict and the Industrial Relations Crisis* p 71.
66. Crouch *Class Conflict and the Industrial Relations Crisis* p 74; see also G Polanyi *Planning in Britain: the Experience of the 1960s* (London: Institute of Economic Affairs, 1976) Ch 2.
67. Young and Lowe *Intervention in the Mixed Economy* p 12.
68. Young and Lowe *Intervention in the Mixed Economy* p 13; See also Grove *Government and Industry in Britain* Ch 13.
69. Polanyi *Planning in Britain* p 23.
70. Blank *Industry and Government in Britain* pp 149-42.
71. J E S Hayward 'Change and Choice: the Agenda for Planning' in J Hayward and M Watson (eds) *Planning, Politics and Public Policy: The British, French and Italian Experience* (Cambridge: Cambridge University Press, 1975) pp 149 -52.
72. Quoted in T W Hutchison *Economics and Economic Policy in Britain 1946-66* (London: Allen and Unwin, 1968) p 186.
73. Leruez *Economic Planning and Politics in Britain* p 91.
74. Leruez *Economic Planning and Politics* pp 93-94.
75. Hayward 'Change and Choice: the Agenda for Planning' p 13.
76. Leruez *Economic Planning and Politics in Britain* p 97. The composition has since altered.

CHAPTER FOUR

POLICY CHANGE: THE 1964 INDUSTRIAL TRAINING ACT

In the previous chapter we examined the increasing trend of government to become involved in intervention in the supply side of the economy. As we shall further see, industrial training formed a part of this wider trend with the passing of the 1964 Industrial Training Act. That being so, it remains imperative to examine in detail the actual process that led to the change in the state's role in training provision represented by the Act, not only to explain why this change occurred and to detail its incidence, but also as an important explanatory factor of the form of intervention that was finally adopted. While industrial training was part of a wider trend of supply side intervention, it is important to note that, compared to other cases like economic planning or incomes policy, intervention in training was a much less salient political issue. It further differed from these in the related respect that the process leading to change was largely an internal one - that is internal to the public authorities. There were no powerful outside interests pushing government, reluctantly or otherwise, into intervening in this area, and no effective lobby for government to draw support from.

Before going on to look in detail at the policy that finally emerged, however, what we need to do is to clearly establish what constituted the basis of the broad change in outlook on the part of the Government towards industrial training. The clearest expression of this changed outlook is to be found in the 1962 White Paper.⁽¹⁾ From there we can go on to consider why this change occurred. This will involve a consideration of the processes leading to change and an assessment of the role, not only of the public authorities, but of other actors within these processes. Thereafter, we shall consider in more detail the final form of the policy and programmes as contained in the 1964 Industrial Training Act. A comparison of the provisions of the Act with the proposals contained in the White Paper will allow for an appraisal of the extent to which the Government's original intentions prevailed over any externally exerted pressures.

THE CHANGED OUTLOOK OF GOVERNMENT TOWARDS INDUSTRIAL TRAINING

The decision by the Government to intervene in the area of industrial training might be interpreted as a response to an increasingly salient political issue that had 'arrived' on the political agenda. Recent studies in the field of policy analysis have utilised the concept of the political agenda to explain changing governmental action and sought to address such questions as how and why issues arrive on the political agenda and, once there, how they are 'processed' by policy makers in the overall management of the that agenda.⁽²⁾ These seem pertinent questions to consider in relation to the decision to

legislate on the issue of industrial training. There are though, some difficulties associated with the concept which render its application to training policy during this period not altogether helpful. The customary treatment in the literature is that the political agenda - or policy agenda(3) - is made up of those issues to which policy makers are having in some way or other to respond. But lack of a reasonably precise definition of the constituent components, and hence the boundaries, of the political agenda make it problematical to readily differentiate between an issue that is on the agenda and one that is not. What in particular often remains unclear in this respect is the distinctive nature of responses made by government to an issue that allows it to be identified as being on the agenda. The heart of this problem lies in the sheer variety of responses that a government can make. If for instance, a group of cat fanciers(4) claimed that a national governmental body should be established to enhance the welfare of cats and the government responded by refusing to entertain such a request it could hardly be claimed that this was an issue on the political agenda. On the other hand, simply because a government does not respond positively is not a case for discounting such action for it may "be absurd to deny that by studied inaction in certain situations governments are expressing something that is just as much a public policy as any big spending decision."(5) Consistent purposive inaction by government, especially against pressures to the contrary, can in some respects be regarded as a 'policy'. Thus, it may be possible to talk of there being a policy on industrial training prior to the 1962 White Paper which, in turn, might imply that the issue of training had been or was placed on the political agenda some considerable time before the early 1960s.

What, therefore, appears to be of central importance is not that an issue commands attention or a response *per se* but that the government's assumptions and standards about a particular issue are coming under some form of effective challenge such that they are either undergoing change or the government is having to reaffirm and possibly maintain them by some form of purposive action (eg a 'placebo policy')⁽⁶⁾ and/or inaction (eg sitting out 'the issue attention cycle')⁽⁷⁾ Such a challenge can occur because of either concrete pressures from outside or from internal processes, or both. Furthermore, a challenge can occur through a reasonably immediate, tangible series of events like riots highlighting inner city decay and racial discrimination⁽⁸⁾ or it can be a reasonably gradual, drawn out process. Perhaps not surprisingly most studies of the political agenda have focussed upon issues that captured attention relatively rapidly and from external pressures; but we have to be cognisant of the possibility that purposive action or inaction by government may be the outcome of a rather different process.

Such is certainly the case in the examination of industrial training in the early 1960s where the process of change was largely internal. In one sense this is not altogether surprising given the absence of a clearly identifiable 'policy community' or network. It does perhaps mean though that such a situation may have implications for policy output. Insofar as such internal processes suggest the need for change then government retains greater initiative over the initial formulation and content of policy than where the resultant changes have been the subject of a bargaining process within a 'policy community'. It may even be the case, as far as training was concerned, that the authorities kept the issue of intervention largely out of any public

debate in order to retain the initiative as and when intervention appeared feasible. There is some evidence to support such a view for in 1961 studies were being carried out within the Ministry of Labour into legislative options on industrial training. Yet the Parliamentary Secretary at the time, Peter Thomas, stated in March 1961 that: "For the time being the principle that the main responsibility for providing industrial training lies with industry, as endorsed by the Carr and Crowther Reports, must remain the basis of Government policy....It would be not only inopportune but disastrous if industry were to reduce its efforts because it felt that the Government would step in and take over training in the foreseeable future..."(9) What we can clearly say is that the 1962 White Paper and subsequent legislation indicated that the government's standards had undergone some significant process of challenge, though how significant remains to be elaborated. We shall now turn to examine what these changed standards were.

A preliminary point to note is that the changed standards did not signify some 'quantum leap' in the Government's thinking about training. Indeed in respect to some of them the Government had been expressing similar views for a number of years (see chapter 3). The changes in effect represented a significant modification to previously held standards such that the gap between the existing and desired state of affairs was perceptibly wider by the early 1960s than it had been in the previous decade. Thus greater weighting was attached to closing this gap. What these changes were have been extrapolated from the 1962 White Paper, but before going on to discuss the standards they are set out in summary form below.

1. Industry should ultimately determine its own training needs; decisions regarding the amount of training undertaken should reside with industry.
2. The state should have a coordinating role in the training market in line with national requirements of removing skill shortages
3. The state should create the machinery necessary for the effective coordination of industrial training.
4. The role of the state should be to influence and indicate desired levels of training, not to determine them.
5. Influence upon industry to increase training provision should be brought to bear through a system of financial incentives and penalties.
6. The costs of training should be equitably distributed between employers.
7. The state should have a role in inducing positive attitudes amongst producers towards the benefits of training.
8. Access to skills should be freely available, but that this should be determined through collective bargaining between employers and employees. Greater flexibility should, however, be aided by bringing together employers and employees within the coordinating machinery.

These standards were to set the broad framework for industrial training policy. It is evident that they are fairly general and lack any real specificity. Further, not all of them were of equal weight, and drawing upon statements made in the White Paper and elsewhere, it is claimed that the greatest weight was attached to numbers 1, 2, 3, 4 and 6. As with other related areas of intervention into supply, the policies derived from such standards were meant to be *indicative* of the direction in which ameliorative action needed to be taken. There does seem to have been an assumption built into the above standards that as long as the obstacles to the achievement of a satisfactory level of training were removed, then the problem would be resolved. Such obstacles were seen as the poachers of skilled labour and the

lack of satisfactory coordinating machinery. This probably explains the fact that no incompatibility seems to have been admitted between the standards that the determination of the total volume of training should be left to industry, and that the amount and kind of training that was provided by industry should be in line with national objectives.

So by 1962 the Government's view of the training problem was that the quality and amount of training provided by industry were insufficient to meet national economic and industrial needs. The most serious aspect of this being the shortage of skilled workers that had existed since the war but which increasingly had come to be seen as "an important factor in holding back the rate of economic expansion."⁽¹⁰⁾ This was viewed as particularly crucial given that - despite some increase in the previous two years - it remained "doubtful whether the number of new entrants into skilled occupations will be sufficient to match future needs....[T]echnological 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."⁽¹¹⁾ Priority should, therefore, be given to increasing and improving craft apprentice training.⁽¹²⁾

Market coordination was not therefore functioning in a way that would overcome these problems which were considered to be thwarting the achievement of macro-economic objectives. That is, there was one "serious weakness" in the existing arrangements. This was that "the amount and quality of industrial training are left to the unco-ordinated decisions of a large number of individual firms."⁽¹³⁾ So, there was perceived to be a widening gap between

national and sectoral interests: that is, the sum of the interests of individual industrial sectors did not add up to the national aggregated economic interest. The result was a shortfall of appropriately trained workers. What, therefore, had been effectively challenged was the belief that the market would provide a 'self-correcting' mechanism for these 'imperfections'. Therefore, given these imperfections and given the importance of industrial training to the attainment of economic objectives, the previously held standard that the state had only a marginal role, largely dictated by social objectives, was changed to one whereby the state was seen to have an important role to play in achieving coordination of training provision.

However, given the continued adherence to the principle of voluntarism and the belief that industry was ultimately the best judge of its own needs, such a coordinating role should ensure that any new arrangements would leave training decisions in the hands of industry, and in particular, employers.(14) Thus The role of the state, and hence industrial training policy, was to be market improving rather than market displacing.(15) Or as the White Paper put it there was to be an improvement in "the existing partnership between industry, the Government and the education authorities in the provision of industrial training."(16) In other words the state should not become a major supplier of training, its role lay in supplementing the efforts of industry. What should be provided therefore was an appropriate mechanism for aggregating individual sectoral interests in line with national interests. In effect, this meant that there should exist a range of institutions, that would be monitored by Government, but that would be significantly based upon industrial self regulation.(17) Nevertheless, employers would not be willing to invest in

training without some form of incentives(18) and penalties(19) and these should be incorporated in future arrangements.

Thus through the creation of adequate machinery, the state would be contributing towards the removal of perceived barriers or obstacles to effective training provision - on the one hand the 'poachers' of skilled labour and on the other trade unions' power to resist attempts to reform the apprenticeship system - which would result in a greater degree of flexibility.(20) Allied to this was the problem of how the burden of training should be allocated between employers. The Government's opinion was that the burden of training costs were unfairly borne by relatively few firms: "While the benefits of training are shared by all, the cost is borne only by those firms which decide to undertake training themselves." So 'poaching' was not only unacceptable on economic grounds, it was also considered unacceptable according to some sort of moral criteria. That is, we can identify a standard that concerning equity in distribution of training costs.

Thus the change in standards gave greater weight to enhancing the role of the state in industrial training. These standards shaped the strategic policy choices and the associated programmes, perhaps most importantly in that action was to be set within a voluntary framework. But, as we shall see, although voluntarism was still the 'order of the day' what constituted voluntary arrangements post-1962 was certainly different to those of pre-1962. In particular, it meant that action was to be based upon *agreement*, voluntarily reached through the mechanisms set up by the state. However, before going on to discuss the programmatic element of the policy it is necessary to examine

more closely the processes leading to change. That is, we have examined the changes that took place in the standards; we now need to look more closely at how and why they came about in order to explain firstly, why industrial training policy took the form that it did at the time, and secondly, to provide a basis for our subsequent analysis of the implementation of the policy.

* * * *

Our focus to this point has clearly been upon Government as the primary 'actor' initiating change in this area. The reason being that internal processes, it is argued, were of greater significance in leading to a change in standards than was any direct political pressures for change exerted from the wider environment. This is not, of course, to suggest that the Government was operating in some vacuum, unaffected by less tangible influences or certain more manifest constraints. These are the less direct influences and constraints within which governments may be operating due to the power of certain interests or categories of actors due to their structural positions in society. Here the decisions and choices open to government may be curbed or structured by the needs of such actors either because at the one extreme their and the government's interests coincide, or, at the other, because of the sanctions at the disposal of such actors and that may be applied should government act in a way contrary to their interests. This situation in respect of government and capital in market economies is analysed by Lindblom.^{22} He describes the privileged position that capital enjoys and argues that many choices will be made by government in *anticipation* of the interests of capital: thus the mobilisation of group representation is unnecessary in relation to some issues.

What, therefore, is being argued is: that the impetus for change in industrial training policy that occurred in the early 1960s was governmental; that other interests exerted little *direct* pressure for change, such pressure as there was came, in the main, as a reaction to government proposals; that notwithstanding the above, the policy proposals put forward by government were formulated having regard to the interests of industry - and in particular industrial capital. In order to test the validity of these propositions we shall therefore in the following section, examine the part played by the various actors in this process of change.

THE PROCESSES OF CHANGE

One view of industrial training during this period would seem to suggest that the move to state involvement in training was largely the result of pressure from the more 'progressive' and enlightened elements of industry and commerce. For instance, that as "pressure on the Government continued throughout the remainder of 1962" it was "no longer possible to take refuge behind an Industrial Training Council whose own members were coming to the conclusion that the Carr recipe would not cure the deep-seated malaise by toothless exhortation, and were beginning to say so publicly. The need for a more drastic solution had become inescapable." The picture presented is that of pressure building up to an extent that the Government eventually and somewhat reluctantly abandons its position of 'holding the ring' in industrial training in favour of a more radical and interventionist approach. Our examination of

training prior to 1962, however, indicates that such a view oversimplifies the nature of the issues and forces leading to the apparent turn-around of governmental policy. It also discloses that the part played by groups in the policy formulation process was a marginal one. A change in wider opinion and attitudes indicating support for some form of intervention may have influenced the Government's decision, but it is argued here that what significance it had had more to do with when rather than whether to intervene. Also certain qualifications need to be made about the nature of this support. Firstly, much of the increased interest in, discussion and criticism of industrial training was the result of considerations about how to handle the problems and opportunities presented by the forthcoming 'bulge' of school leavers. Secondly, the increased attention given to training matters was largely confined to what might be termed the 'informed public' - certain sections of industry, education, academia and training providers - wider public discussion being virtually non-existent. (25) Thirdly, despite this increased awareness it is not possible to identify an undifferentiated group, particularly within industry, actively supporting intervention by government in training. Most of the calls for state intervention at the time came in fact from education interests in respect of the education and training of young people. (26) In other words, there might have been a heightened awareness and recognition of shortcomings inherent in the existing arrangements, but this by no means reflected some industry-wide conversion to the benefits of governmental action. Indeed, as we shall presently see, it is highly probable that a significant section of industry considered that there was more to be lost than gained through state intervention in training.

The situation in the two years prior to 1962 then was one of growing concern in some quarters with the unsatisfactoriness of training and a recognition that a remedy for the 'problem' was required. But this concern was not exhibited by all affected or interested parties, nor did it, more significantly, represent anything approaching a consensus about the desired solution. In fact, the evidence suggests that many employers and trade unions would have preferred to maintain the *status quo*. For example, some employers were content to allow trade unions to retain their traditional control over apprentice intake: this not only kept numbers down but also thereby, the costs of training, especially at a time when the wages of apprentices were at an historically high level and a greater proportion were attending day-release classes (i.e. were non-productive). Further, employer costs would only be increased if the period of apprenticeship was reduced and skilled rates had, therefore, to be paid at an earlier age.(27) This applied in particular to small firms. The lack of impact of the Carr Report and its progeny the ITC in securing a voluntary increase in the amount of training undertaken prior to 1962 is attributable to the low priority attached by the majority of industry to training relative to other economic considerations. It could, indeed, be argued that it was not in the economic interest of individual firms to augment their training output. Liepman, for example, argued a similar point:(28)

"employers and trade unions have found a *modus vivendi* as regards apprenticeship which is a compromise of a sort...The employers have acquiesced in the continued recognition of de-skilled occupations as apprenticeable trades and thereby in the existence of a privileged group of workers, non-justified by a superior skill; they have also by and large agreed to the rigid demarcation between the jobs not only of craftsmen but also of dilutees. In leaving the majority of workers, who are outside the apprenticeship system, without training which is required in the national interest, the attitude of the two sides of industry is the same, for different reasons: the employers' reason is the costs of training..."

Thus, whilst the FBI's 1960 Brighton Conference may be said to have marked a turning point in the adoption of planning, no such turning point can be readily identified relating to the decision to intervene in the area of industrial training for there was no significant pressure being exerted by the majority of employers for change. Entwistle's examination of the attitudes of the BEC membership supports such a view. These ranged from providers of 'excellent training schemes' to those that were hostile to any improvement or expansion in training provision. This division was reflected in the BEC's pronouncements which, for the most part, re-stated industrial orthodoxy - training was the responsibility of industry - with the occasional exhortation to firms to improve their training effort. Therefore, "during the period 1958-62 the Confederation was first of all directly opposed to such a policy [of governmental intervention], then later non-committal about it, and only in early 1962 was there a belated, tentative and vaguely-worded admission of the need for Government intervention."(29) It may be reasoned that employers would be far less likely to lobby for measures designed to increase the total volume of training than they would to lobby for economic planning. The reason being that the type of training being discussed - generally transferable skills training as opposed to training that is job-specific - imposes direct, tangible and additional costs on the firm. If as we discussed earlier, such training may be likened to a collective good then it is in the interest of individual employers to let others bear the cost, not to press for measures that will increase their share of those costs. Participation in economic planning on the other hand is not only 'costless' in this sense but additionally - at the national level - may be seen to enhance organisational status in a way that participation in training would not.

As far as the other side of industry was concerned the situation was matched by the lack of interest or pressure on the part of the TUC and most trade unions in any form of governmental intervention. Certainly the General Council of the TUC was concerned over issues such as the 'bulge' and education. It was, though, largely silent over the reform of the apprenticeship system, perhaps not surprisingly given that the General Council was principally composed of representatives of the main craft unions. To quote Liepman again: "The trade unions have acquiesced in the scanty training given to great numbers of craft apprentices and in dilution, i.e. the up-grading, without formal training, of semi-skilled operatives...[T]he craft unions' motive is that of maintaining exclusiveness of training as a means of protecting the privileges of their members."⁽³⁰⁾ Although, manifestly it was the craft unions which were most insistent on retaining traditional arrangements, occasional doubts about industry's ability to deliver the goods were heard from this quarter. W.J. Carron, for instance, President of the Amalgamated Engineering Union had said in 1957 that:⁽³¹⁾

"we are painfully aware of many other firms where little or no provision is made in this [training] direction. It is in regard to these latter, fairly numerous, establishments that increasing concern is being felt by those responsible in the trade union movement...There seems to me no means of influencing these circumstances within the present framework of our legislative provisions...Finally, and with utmost sincerity, I emphasise the need for tri-partite planning."

In the main, where demands were made for reform these came from the general workers' unions, although even here such demands were muted and it was not until we move into 1961 that there was any significant call for state intervention to be the basis of such reform.⁽³²⁾

Clearly neither the bulk of employers nor trade unions, whether individually or through their representative associations, were leading lights in forcing the issue of industrial training onto a wider public platform in the early 1960s. Significantly, however, neither group resisted the move toward state involvement when this began to look increasingly likely during 1962. There was, in fact, a perceptible change in industry's attitude towards the issue from 1960 onwards which represented a growing - if perhaps grudging - acceptance that state intervention was probably inevitable.

This was demonstrated in the lead up to, and publication of a NJAC Working Party Report, published in February 1962.⁽³³⁾ The Working Party, composed of representatives of the TUC, BEC, nationalised industries, and chaired by an official from the Ministry of Labour, examined the state of manpower and training in industry. It had been established following the submission - at the request of the Ministry of Labour - of a paper from the BEC, suggesting that the Council should give some attention to encouraging employers to broaden their training effort and in view of the shortage of skilled workers, discourage the hoarding of labour. The conclusions contained in the Working Party's report stressed the need for increases in apprentice training, re-training of adults, and broader-based training, and ended with the statement that: "While the primary responsibility must remain with industry, the Government may need in future to play a larger role in industrial training. If this principle is accepted, it will be necessary to examine more closely the form which the Government's contribution might take and the conditions under which more training of adults might be undertaken."⁽³⁴⁾ Thus for the first time the principle that some form of state involvement in training was necessary if

training was to be improved was being formally - if only tentatively - expounded by both sides of industry. Contained in this was the implicit acknowledgement that existing 'voluntary arrangements' had failed to secure such improvements.

One significant aspect of this change in industry's attitude is that it allowed those within the administration who were in favour of legislative provision to press for its introduction. That is, potential opposition was now judged to be a less constraining factor. Such a view is supported by reference to a statement made by the Minister of Labour, John Hare, in January 1963, in which he said: "It would have been a mistake to have tried to 'swop horses in mid-stream.' But far more important, I believe that general industrial opinion is now willing to accept fundamental changes in training to an extent that it would not have agreed to even one or two years ago. In any sphere of life, in making changes, the hardest, most time-consuming and yet utterly essential step is to obtain acceptance of the idea that change in fact is necessary."⁽³⁵⁾ It is debatable, however, whether the extent of opposition to legislative proposals would have been as great as the above passage suggests. For although interest in training issues increased from the mid-1950s onwards, such interest was confined to a relatively small section of those affected and, importantly, never became a politically controversial issue. Even had there been an earlier 'challenge' to the consensus over the division of responsibility for training it is doubtful whether this would have given rise to large-scale opposition.

The Government did in fact embark, albeit in a limited way, on a course of action contrary to prevailing voluntaristic principles when, in April 1960, it was announced that provision was to be made at eight Government Training Centres for training three hundred first year engineering apprentices. And in June that year a Circular was issued by the Ministry of Education requesting local authorities to develop courses in technical colleges for first year apprentices in basic skills training as well as education. Both these schemes were aimed at the small-to-medium sized firm. There is no evidence to suggest that either of these measures caused any problems with either side of industry, although there was an additional social objective tied in with these measures as they were to some extent connected to the problem of the 'bulge' of school leavers and opposition on these grounds was perhaps less likely or defensible.⁽³⁶⁾ This does, however conflict with earlier assessments of the schemes. Referring to Hare's speech to the BACIE Conference of September 1960, Gertrude Williams points out that Hare claimed the scheme "for providing the first year of apprenticeship in government training centres...had had a most disappointing response as there had been to the technical college courses offered with the same purpose in mind."⁽³⁷⁾ Nevertheless, it is clear that even had the Government been anxious to abandon the 'Carr' doctrine at an earlier stage, its view was that there would have been at worst opposition from industry (in particular trade unions, disagreements with whom the Conservative Government had been anxious to avoid, (see chapter 3) and at best - and probably more crucially - lack of the cooperation necessary to ensure effective implementation of any policy proposals.

In line with our earlier discussion, what has been demonstrated so far is that it is not possible to identify a point at which it can be said that industrial training, as an issue, had 'arrived' on the political agenda, nor is it possible to identify pressure being exerted by groups that was, by itself, strong enough to have forced the issue onto the agenda. Indeed, by this token one might claim that industrial training had in some form been on the political agenda throughout the period being examined insofar as it was an issue to which, from time to time, the Government - or its representatives - gave some attention, even if only to conclude that responsibility for training should continue to reside in industry and the role of the state should not be increased. But this, therefore, tells us little about why change occurred in this area. What the previous examination does reveal, however, is that the challenge to the prevailing standards was not the result of external pressure. Rather, it is proposed here, it was more the result of an internal re-assessment within the governmental and administrative machine. It is to this process of re-assessment that we now turn to examine.

INFLUENCES WITHIN GOVERNMENT

In a wider context we have already seen that, from the mid-1950s onwards there was a higher acceptance than formerly by Government of the existence of imperfections, or dysfunctions, in the working of the market, which led to increased state involvement in the management of supply. Further, that it was logical that this involvement should come to embrace the supply of labour. The

more specific reasons for this may be summarised as follows. Firstly, it was becoming increasingly clear that industry was not either capable or willing - or both - to voluntarily improve existing training arrangements. Secondly, there was a gradual increase in the attention that was being given to training issues; initially a response to the 'bulge' but thereafter incorporating wider questions including, for instance, those of education.(38) This served not only to heighten interest in the issue but, due to the greater amount of information being produced (especially the increasing number of reports that dealt directly or indirectly with training, (39) also enhanced awareness about the nature and scale of the problems and predictions of future consequences should existing conditions persist. Thirdly, the dissemination of this information and views about training were assisted by the increasingly frequent contacts - formal and informal - between interested parties, particularly following publication of the Carr Report in 1958. Although neither the NJAC nor the ITC were terribly potent forces in instigating reforms(40) constituted as they were on an advisory and voluntary basis, perhaps their real significance was that they acted as a forum for discussion of these issues. Members of these bodies also became frequent contributors to a succession of conferences organised by, for example the British Association for Commercial and Industrial Education (BACIE). In addition such contact was probably increased due to developments in other areas such as the establishment of the NEDC. Indeed the first report of the NEDC(41) stressed the relationship between improving apprenticeship and other training arrangements if the planned for 4% economic growth was to be achieved.(42)

Not only then was the problem more prominent - even if not entirely visible - by 1962, but fourthly, there was a growing climate of opinion in some quarters in favour of governmental intervention. Some of this was in the form of positive support whilst some was more negative but arguably equally as important in that it exhibited a lack of overt hostility on the part of industry. It is probably, however, no coincidence that the Government made no mention of its intention to intervene in training until after the pay-pause - introduced in the July 1961 emergency budget and which created a considerable amount of hostility between the TUC and the Government - was ended in March 1962.

In essence, whilst there may have been a process of re-assessment taking place, the Government's attitude - at least until publication of the White Paper - was cautious insofar as there was clearly a desire to proceed on the basis of agreement. It was not out to impose a solution upon hostile participants - real or imaginary. Lack of opposition thus meant that governmental involvement came to be viewed as politically, as well as technically, feasible. This lack of opposition was no doubt influenced by the enthusiasm for, or the 'swallowing'⁽⁴³⁾ by Government and industry of 'indicative planning' which had clearly become the 'flavour of the month'. The Government believed that it had found a formula for combining intervention with voluntarism and the adoption of indicative planning may be viewed as marking a threshold that the Government had crossed. Having crossed this threshold to intervention in the economic sphere, a similar form of intervention in the labour market was, perhaps, the next logical and acceptable step. Industrial interests too, had crossed this threshold. Whilst it was earlier argued that industrial

organisations would be more likely to lobby for participation and state involvement in economic planning than, say, industrial training, nonetheless it is likely that intervention in training would have been less favourably received without this form of intervention elsewhere. Finally, in support of the argument of an 'internal' re-assessment, the evidence indicates that *official* support for intervention had existed for some time (to at least as far back as the establishment of the Carr Committee) within the Ministry of Labour and that this was important in influencing the Government's decision.

One idea that had been around for some time was that of introducing some form of levy/grant system or a remissable tax as a means of increasing training output. Such proposals had been mooted by a variety of individuals since at least 1958.(44) It had also been put forward within the Ministry. In answer to a Parliamentary question put down by Reg. Prentice, then opposition spokesman, on 27 March 1961, the Minister of Labour stated that the Department was investigating the French *taxe d'apprentissage* levy system.(45) A visit to France by a team of officials had in fact been carried out in January of that year which had resulted in the production of a report, subsequently considered by the Economic Policy Committee of the Cabinet, recommending the adoption of a similar scheme for Britain. This in turn led to the appointment of an inter-departmental working party to consider the options available. This was the culmination of attempts by certain individuals within the Department, unhappy about the ability of the 'Carr doctrine' to induce change through exhortation, to have the issue of some form of training levy considered.(46)

It did, however, require the appointment in September 1960 of a Minister, John Hare, with a keen interest in training issues to give impetus to the proposals and 'steer' them towards legislation. Although we noted earlier the virtual lack of outside pressure for reform, Hare could hardly fail to be aware that where criticisms of existing training arrangements were being made and remedies propounded, they were coming from the education sector, and many of them envisaged a larger role for the Ministry of Education.⁽⁴⁷⁾ This was a time when virtually the entire educational system was coming under scrutiny, many aspects of which touched upon what was increasingly seen as the closely related field of industrial training, and claims were being made that the plans for improving the educational sector were not being matched within industry especially in relation to vocational training. Not surprisingly Hare (as well presumably as Departmental officials) appear(s) not to have been too enamoured of what might be regarded as a take-over bid of training by education. This territorial 'contest' may have some significance in explaining the greater prominence given by the Minister to training issues as well as the firm attempt to re-establish the Department's sovereignty over industrial training. Thus the statement in the House of Commons in March 1961 by the Parliamentary Secretary to the Ministry of Labour that: "we can expect education to play a growing part in industrial training...But I suggest that this does not mean that industrial training can be regarded, in the foreseeable future, as lying wholly or even mainly in the educational system."⁽⁴⁸⁾

Thus the convergence of three factors: Departmental officials convinced of the need to abandon the 'Carr doctrine'; a new Minister keen to secure improvements in training and; the desire to fend off encroachments from the Ministry of

Education, set within the context of a Government increasingly seeing the solution to the nations economic ills in improving the structure of the economy, combined to point towards the introduction of training legislation.

There were, however, initial problems which cast some doubt over the feasibility of legislation as envisaged at the time. The scheme originally favoured by the inter-Departmental working party (see above) was similar to that operating in France whereby a new national tax would raise the requisite revenue and firms would obtain refunds for providing approved schemes. Although there were other foreign models to draw on(49) it is, perhaps, not surprising given the enthusiasm for French style planning at the time, that the French training system should have been the one that was looked to for a solution. Closer examination, however, revealed both technical and political problems inherent in the adoption of such a scheme.(50) Some doubts were for instance raised in the working party by representatives of the Inland Revenue and the Treasury who were worried about the cost of collecting such a tax and the possibility of its avoidance. Knowledge that such an option was being considered clearly 'spread' outside the confines of Cabinet and official committees: concern was expressed that such a tax would prove a disincentive to employers particularly in recruiting apprentices.(51) Certainly additional information received by the working party at the end of 1961 confirmed that unless the levy was included in a wider payroll tax the cost of its collection would be disproportionately high. But of equal significance was the realisation that the French model was inappropriate for Britain as it lay outside the bounds of what was deemed an acceptable - in terms of the prevailing standards - form of governmental intervention. As with many other policy

areas, industrial training and vocational education in France was highly centralised and subject to a good deal of administrative control. As Williams pointed out in respect of France:(52)

"Whatever its provenance, all vocational education is supervised and partly financed by the State. The Directorate of Technical and Vocational Education, which is a branch of the Ministry of Education, administers the publicly provided establishments, including those provided by public bodies, reviews the curricula, allocates grants and organises the examinations... Each *Department* too has a body of technical advisers...to which the Government Directorate delegates its functions for the area."

To introduce a similar system in Britain would have conflicted with the Government's standards that allocation was most efficiently achieved through the market, that the major responsibility for training lay with employers and that the role of the state was to be supportive and facilitative rather than predominantly coercive. As the Government was still in effect searching for a solution where intervention could be combined with a voluntary approach, a scheme based on the French model was unacceptable.

So it seems that in late 1961 the proposals were abandoned with little else on offer. The only other option considered during the deliberations of the working party had been a flexible industry-by-industry scheme, but this seems to have been discredited owing to the desire of the majority of officials to see a nationally based system introduced. Having discredited this second option it did not seem feasible to resurrect it.(53) Given this situation it is possible that legislation on industrial training would have been much longer delayed had it not been for the speeches made at the May 1962 BACIE Conference - 'Industrial Training - Whose Responsibility?'. In particular the proposals put forward by Gertrude Williams appear to have re-animated work on the

levy/rebate scheme. Of significant note among her recommendations was the view that new arrangements were needed that should build upon traditional practices, which, in effect, meant retaining the principle of industry responsibility within a 'radically' reorganised framework. She recommended *inter alia* the setting up of a compulsory, tri-partite Apprenticeship Authority in each industry; apprentices to be indentured not to individual firms but to the Authority; apprentice wages to be paid by the Authority from a fund contributed by employers other than those exempted for providing approved training; different grades of skill to require different periods of training all of which would, however, culminate in a test.(54)

It is indeed relatively easy to trace the influence of these proposals in the subsequent White Paper. So much was in fact acknowledged by John Hare when addressing the January 1963 BACIE Conference, held to discuss the White Paper. Hare stated: "those of you who heard her then [the previous spring] will have no difficulty in seeing that these ideas have had an influence on Government thinking."(55) Interestingly Gertrude Williams had published a book during the period when the Carr Committee was deliberating based on research conducted since 1954. It might be assumed that this contributed to the debate at that time.(56) Present at the conference of the previous spring had been J.G. Stewart, Under Secretary at the Minister of Labour, who was one of the officials who had, for some time, been in favour of intervention (originally along French lines). Gertrude Williams' recommendations were readily grasped as offering the kind of solutions which would overcome the difficulties previously referred to. The key lay in the fact that they contained no requirement for the imposition of a national tax, thus Treasury and Inland

Revenue objections could be discounted. Further, such a scheme was apposite in that it seemed to retain a degree of flexibility and voluntarism within a framework that could contain a sufficiently coercive capability. The inter-Departmental Working Party was re-convened (minus Treasury and Inland Revenue officials) and its report - which formed the basis of the White Paper - went before the Economic Policy Committee of the Cabinet in October 1962. Given the economic recession of that summer and given the rise in unemployment especially among school leavers, the Cabinet obviously concurred in the view that early publication of a white paper was desirable; this duly appeared on 5 December 1962.

THE 1962 WHITE PAPER AND THE 1964 INDUSTRIAL TRAINING ACT

Whilst there can be little doubt that the Government would have preferred industry to put its own house in order in the matter of training, in the face of increasing evidence that this was unlikely one can identify a growing determination by Government to tackle the training problem. As we have seen, however, the Government proceeded cautiously in deciding to legislate insofar as it was concerned to 'carry' industrial opinion with it. The approach adopted was a mixture of on the one hand cajoling, persuading and exhorting industry by appeals to 'rational' argument and the national interest and on the other showing industry the 'yellow card'. If industry was not going to be reasonable and play the game then the Government could claim to have given fair warning if the 'red card' had finally to be produced - even if the Government had

decided to operate a slightly different set of rules. The flavour of the message being conveyed can be seen by reference to Hare's address to the May 1962 BACIE Conference.(57) Hare told his audience that figures showed that there had been some improvement during the previous two years due to "a new awareness among enlightened leaders on both sides of industry" and "a growing recognition in many firms that acceptance of the responsibility for industrial training means a responsibility for producing results." He praised the schemes established in Government Training Centres and Technical Colleges in their role as "standard setter and stimulator." But, "[s]atisfactory as the results may have been so far, I am absolutely certain that they do not represent anything like the maximum effort of which industry is capable...The sense of urgency in these matters is not by any means general. Nor is the quality of the training being given always all that it should be." He went on "our experience (in the past two years) does not bear out the view that industry is incapable of delivering the goods" however, "We must, and we do watch the developing situation very closely, and if things do not continue well, then we must be ready to adapt our actions accordingly." And finally, "We have seen even in the past 18 months or so the emergence of new forms of direct training by the public authorities. The State is not now merely standing on the sidelines exhorting others. The public authorities are directly in the field themselves. Nothing stands still. New possibilities are always challenging us. What has happened in the past two years shows that the Government's attitude is not rigid or doctrinaire - and certainly won't be in the future." Hare was as good as his word. Having dropped a few hints that were not picked up, having found a scheme that fitted the changed standards and having judged that

opposition from industry was unlikely, the Government consolidated its commitment to introducing legislation.

The period between publication of the White Paper in December 1962 and the passing of the Industrial Training Act in March 1964 was set aside for discussions with "representatives of employers' and workers' organisations" and "appropriate representative bodies in the educational world".⁽⁵⁸⁾ It is fairly clear that it was the Government's intention to have a policy that would have an impact, despite its 'voluntaristic' orientation: it was not in other words a 'placebo' policy. As the Minister himself put it: "the national interest is involved here and it is my intention to see that the national interest is not neglected. Of one thing I can assure you, I certainly do not intend to introduce a Bill into Parliament merely to give legislative sanction to the *status quo*."⁽⁵⁹⁾ It was for this reason perhaps, that, notwithstanding the brevity (three and a half pages) of the White Paper, it set out fairly clearly and forcefully not only the case for intervention and the strategic policy choices but also the outline of the associated programme elements in the form of the structure and possible functions of the proposed new training organisations. In one sense the policy could be described as a radical one in that it marked out a new area of responsibility for the state. It was not, however, entirely innovatory in character as it was to be built upon traditional arrangements for training. Or, put another way, the White Paper's proposals were seen as both "evolutionary in that they build on the system we already have" and "revolutionary" in that they will introduce compulsion where none existed before".⁽⁶⁰⁾ The Ministry seemed clear about the objectives of the policy and the type of structures and powers required to achieve them. At this

stage the initiative clearly remained with the Government. Nevertheless the White Paper did leave some of the details to be filled in at later stages - the first of which was the period of consultation prior to the passage of the Bill. Even so, as we shall presently see, the amount of 'filling in' that was left to be done appears to have been kept to a minimum.

There were a number of changes made to the Government's original proposals arising out of the consultation exercise. We shall, therefore, examine the proposals contained in the White Paper and compare these with those that were contained in the Act. A study of the nature and sources of the changes that were incorporated into the Act should then allow for an appraisal of the extent to which such changes were consistent with the standards previously outlined and thus how far - if at all - the Government was forced to modify those standards in order to accommodate other interests upon whom they were to be dependent for the implementation of the policy. It is in fact the contention that the differences between the White Paper proposals and the provisions of the Act were essentially changes to the programmatic elements of the policy: the standards and the intended impact of the policy remained relatively unaltered. The implications of this for the development of the policy together with an analysis of its implementation up to 1972 will be provided in the following chapter.

One of the most important proposals in the White Paper was the granting of statutory powers to the Minister of Labour to establish Boards, to be responsible for "all aspects of training in individual industries."⁽⁶¹⁾ The purpose of the Boards, through the use of levies and grants, was to provide a

system of deterrants and incentives which would operate so as to induce industry to change its behaviour in a direction that would lead to the achievement of the following policy objectives:(62)

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

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

(iii) to enable the cost to be more fairly spread.

In order to achieve these objectives the possible functions that Boards might be empowered to undertake were set down as:(63)

(1) Establishing policy for training in the industry, including such questions as admission to training (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 industry.

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

(5) Establishing qualifications and tests for instructors.

(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 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.

The White Paper also went on to suggest that even though legislation along such lines would leave the Boards with 'latitude' to decide their activities, the main priority for action should be in securing an improvement in first-year training. "The wider provision of opportunities for systematic training in the first year of apprenticeship would do much to improve our whole system by remedying it at its weakest point, that is to say, the haphazard and narrow training given all too often at the beginning." (64) As we shall presently see this was a sentiment that was to re-surface much later with the advent of the Youth Training Scheme in 1983. A Board that did concentrate its efforts on first year training, it was further suggested, might even consider bearing the costs, including the wages of such training. (65)

Despite the fact that there had previously been relatively few voices calling for training reform, and attitudes within industry having been unenthusiastic or at best lukewarm, the reception given to the White Paper was, in general, positive. Employers and unions were now publicly welcoming the proposals. (66) Whilst we have already discussed, with reference to planning, how a change in the broad climate of opinion can have significant effects in other, specific policy areas, we may discern two other - though not unrelated - reasons for the 'change of heart' on the part of industry. First, in view of the apparent evidence and growth in criticism of training arrangements, continued opposition to intervention would have been difficult to sustain given that it was now largely accepted that industry had failed in 'its responsibility' and was, by implication, therefore, partly to blame for Britain's poor economic performance. Second, having accepted that intervention was probably inevitable, industrial interests would wish to secure their own part in future

arrangements and be in a position to influence impending legislation and policy. Such influence could best be ensured from inside rather than outside the formal decision-making process. Not having held the initiative prior to 1962, neither side of industry would presumably wish to be in a position where they could not take the initiative in the future. Thus the likelihood, or actuality, of legislation which impinges upon the activities of outside interests, was almost inevitably to lead to the development of a more clearly defined network of interests where only a loose network had existed before.

The process of consultation resulted in some changes being incorporated in the subsequent Industrial Training Bill and a refinement - or filling in - of some of the programme elements of the policy. But with one possible exception - provision for the establishment of a Central Training Council (CTC) - such changes were fairly marginal. One possible reason might have been that despite some criticisms of the White Paper (although some accounts seem to suggest that these were considerable they do seem to overstate the criticisms⁽⁶⁷⁾) the Government seemed determined to see its proposals implemented as originally set out. This, however, might suggest rather more opposition than there does in fact seem to have been at the time the White Paper was published. As we shall see, despite the criticisms (most of which in fact came from education and direct training organisations) there was little in either the White Paper or the Bill which gave rise to direct conflict. Indeed, the Bill received an unopposed second reading in the House of Commons, and it was not until later - c1969/70 - that industrial training was to become a politically controversial issue. We shall therefore move on to consider the changes that were made to the proposals contained in the White Paper and incorporated in the Act.

Briefly, these were, a lessening of the boards' authority in some respects; giving boards an additional research function; extending the Act to cover all occupations; and establishing a Central Training Council.

The Industrial Training Act thus retained most of the envisaged structures (Industrial Training Boards) and functions but the overall tone and emphasis of the Act was more permissive than the White Paper. The three objectives to do with improving the quantity, quality and sharing of costs were retained (68) And although the same issues are dealt with - type of training, standards and tests of competence, provision of courses, raising of levies and payment of grants etc - the wording is less specific and more general. Compare, for example, the proposed function (1) above from the White Paper to do with *establishing* training policies for industries, to the statement in the Act that Boards: (69)

"shall from time to time consider such employments in the industry as appear to require consideration and publish recommendations with regard to the nature and length of the training for any such employment and the further education to be associated with the training, the persons by and to whom the training ought to be given, the standards to be attained as a result of the training and the methods of ascertaining whether those standards have been attained."

Clearly, establishing policy and publishing recommendations - albeit in respect of the same things - point towards different conceptions not just of the functions of ITBs but also of the exercise of those functions. In other words the power of boards to influence firms' training activities was to be more indirect; their role leaned more toward persuasion than direction. During the consultation process the Government had clearly given ground in 'behind the scenes' negotiations to industrialists' demands for greater autonomy from regulation. This signified that even among the better informed and committed

representatives of industry there was still antipathy towards state interference even in the mild form of the White Paper. A further instance of this related to the composition of the boards. Although no major structural changes were proposed there were some significant changes in *membership status* implied: thus, it was only employer and employee representatives who were entitled to vote on matters relating to the imposition of a levy; educational representatives were entitled to vote on all other matters; Departmental representatives (most notably of the Ministry of Labour, the Department of Education and Science and the Scottish Education Department) could attend and participate but were to have no vote; and the Chairman, who was to be a person having industrial or commercial experience, was similarly excluded from voting on the levy. (70)

It appears, however, that the Government did not view the relaxing of the proposed powers of the boards that occurred between the publication of the White Paper and the introduction of legislation as particularly damaging to the overall aims of the policy. But it would be wrong to imply that the consultation process was simply a one-way process of watering down the White Paper. Other provisions in effect marked an enhancement of the policy proposals and were a response to external criticism and pressure.

Firstly, a Central Training Council was to be established with the duty of: (71)

"...advising him [the Minister] on the exercise of his functions under this Act and on any other matter relating to industrial or commercial training which he may refer to it....The Central Training Council shall from time to time, and whenever directed by the Minister, make to him a Report of its activities, and the Minister shall lay a copy of every such report before Parliament."

The CTC was to be a co-ordinating body but, as its functions under the Act suggest, one with little independence. The CTC membership was: six employer representatives; six employee representatives; two representatives from the nationalised industries; no more than six chairmen of ITBs; and twelve others to be appointed following consultation with the Secretary of State and the Minister of Education. {72} The establishment of the CTC was largely due to pressure from the TUC as well as a number of opposition MPs who argued the need for a strong central authority. The TUC in fact pressed for the kind of body that was to be set up some ten years later in the form of the Manpower Services Commission, The TUC argument was that: "we needed a strong central authority to draw its strength both from its statutory responsibilities and from public money which it would make available in grants for those industries which suitably improved their training arrangements...We said that without a substantial contribution from the Government, and without inspection and strong local supervision, it was possible that the activities of some of the proposed Boards would be a bare minimum...".{73} The Government's preference, however, was clearly for a considerably less powerful central body.

Industrial Training Boards were also granted additional functions. Firstly, to enable them to "carry on or assist other persons in carrying on research into any matter relating to training for employment in the industry."{74} Between December 1962 and March 1964 therefore research into training matters had assumed a degree of significance it had not previously attained. This may be linked with the power granted to ITBs to obtain, on behalf of the Minister, returns and information from employers "necessary for the purposes of this Act."{75} Secondly, in response to criticisms of the narrowness of conception

of the White Paper, the Act was wider in scope in terms of occupational coverage. Boards' attention would thus extend to all occupations, including management, whereas in the White Paper the emphasis had been upon 'trainees' and apprentices. Nonetheless, having conceded the point, the Government's views about where the Boards' priority should lie was clear. The Parliamentary Secretary to the Ministry of Labour, William Whitelaw, for instance, stated: "I feel that it would be right for the boards to turn their attention first to the training of the young".⁽⁷⁶⁾ Such sentiments were not out of line with those of employers, some of whom had been opposed to the inclusion of management training. A little while later, the Minister of Labour also re-stated the position thus:⁽⁷⁷⁾

"[T]he main purpose of the Bill as I see it is to improve the supply and the quality of our skilled manpower and it is to this that I shall expect the boards to turn their early attention. The need to improve training for higher management is of first class importance also, but though this will not be excluded from the scope of the boards I think that most people would agree that the major contribution will have to be made by other agencies."

SUMMARY AND CONCLUSIONS

To overcome, therefore, the aforementioned weaknesses in training arrangements and in line with the modified standards about the nature of training and the role of the State in its provision, the 1964 Industrial Training Act provided for the establishment of new structures which, through the use of a levy/grant mechanism, was designed to improve training and, in particular increase the supply of skilled workers. State involvement was to take the form of a

'partnership' between Government, industry and education. In effect the Act was attempting to strike a balance between what the Government judged to be the needs of both industry and the national economy - meeting both without thwarting either. Intervention therefore was not to result in further direct provision of training by the state or its agencies, except in marginal circumstances, through the Government Training Centres. Instead, consistent with the standard that held that industry's requirements were best determined and met by itself, responsibility for training provision was to remain in industry's hands. As William Whitelaw, then Parliamentary Secretary to the Ministry of Labour said in the House of Commons: "We must remember...that the basic job of training must be one for industry. Anything that we say about training in the Government training centres for apprentices should be looked at against that background." (78) Devoid of any powers of compulsion to make firms train, the Boards had to rely on the judicial application of the levy/grant mechanism to increase the supply of skilled labour by making it financially attractive for firms to train over and above their immediate requirements - such firms being 'subsidised' by the levy imposed on those who used skilled labour but did not train. It was also presumably hoped that the attitudes of those firms who came into the latter category would change in that if they were incurring the costs of training they would be as well to provide it for themselves. In these two 'non-compulsory' ways, therefore, the supply of skilled labour was expected to increase. Further, the standard of training was to be raised by boards withholding grants from any firm that did not meet the standards they recommended. This had implications not only for employers but also for trade unions, because it would no longer be so strongly in the interests of employers to acquiesce in forms of training that were

regarded as outmoded or inflexible, ie the apprenticeship system. Thus the Act was intended to change the behaviour of unions in the field of training, but this was to be achieved *indirectly* through employers being brought under financial pressures to renegotiate arrangements with trade unions through collective bargaining. The actual rate of levy was to be determined by individual boards having regard to their policy and plans, administrative expenses, research activities and, although not of major import in total training provision, any direct or externally financed training. In practice, however, it is important to reiterate that only the industrial representatives on the boards were allowed to vote on levy matters. Included in the levy provisions was a discretionary power to exempt certain classes of employers - in actuality small firms - from payment of the levy.

During the formal period of policy formulation, dating from the early 1960s, it is apparent that the Government was giving the lead in the area of industrial training, and that industry and the trade unions in particular, lagged behind. The initiative was largely internal to the Government and the Ministry of Labour. However, despite the fact that industry and the unions were not taking the initiative at this time neither were they strongly opposed to intervention when it came. For one thing, industrial training was not a politically salient issue: apart from the relatively few 'better informed' individuals and groups it attracted only limited interest, although this did gradually increase following publication of the Carr Report in 1958. This took the form of growing criticism - mainly from the educational sector - and a greater awareness that there existed a 'training problem'. This problem centred around the scarcity of skilled labour. Thus the lack of any strong opposition was probably a

significant factor in persuading the Government that intervention was politically feasible. In any case the standards incorporated in the policy, that industry should retain responsibility for training and the state's role should be a facilitating one, were ones that were widely agreed. In other words, although the Government took the initiative and set out the standards that it wished to see pertain, it clearly had an eye to what would be acceptable to industry. So although there had been an absence of direct external pressure and influence towards intervention, the importance of indirect influence should not be discounted. Finally, intervention in the training field was more widely regarded as being acceptable due to the belief, made manifest in the adoption of indicative planning, that government could combine intervention with voluntarism to influence production. Thus a relatively similar form of intervention could be devised for industrial training.

Overall then the Industrial Training Act attempted to rely predominantly on voluntarism and private decision making rather than on compulsion and public decision making. The Ministry of Labour itself pointed out that "[T]he only obligation on an employer will be to comply with requests for information and to pay the levy."⁽⁷⁹⁾ Thus the Act provided the machinery but the "effective operation of that machinery requires that employers and trade unions show real readiness to re-examine existing arrangements critically and to accept the changes which such a re-appraisal shows to be necessary".⁽⁸⁰⁾ Although the Act was less regulatory in character than the White Paper it did nonetheless reflect the Government's belief that the behaviour of employers - or at least those that did not train and/or 'poached' - would be changed through financial incentives and penalties. Therefore, we can conclude in general terms that the

Act was a weak instrument of intervention, though what this actually meant for training provision and skills supply in practice, that is how weak it was relative to the scale and nature of the 'training problem' can only be accurately assessed when we examine the implementation of the policy programme in the following chapters.

FOOTNOTES

1. *Industrial Training: Government Proposals* (London: HMSO, 1962) Cmnd 1982.
2. See, for example, R W Cobb and C D Elder *Participation in American Politics: The Dynamics of Agenda Building* (Boston: Allyn and Bacon, 1972); J K Stringer and J J Richardson 'Managing the Political Agenda: Problem Definition and Policy Making in Britain' *Parliamentary Affairs* Vol 33, No 1 (1980); and J Benyon 'Going Through the Motions: The Political Agenda, The 1981 Riots and the Scarman Inquiry' *Parliamentary Affairs* Vol 38, No 4 (1985).
3. B W Hogwood and L A Gunn *Policy Analysis for the Real World* (Oxford: Oxford University Press, 1984).
4. Ordinary, simple and decent folk like myself.
5. A Heidenheimer, H Heclø and C Adams *Comparative Public Policy: The Politics of Social Choice in Europe and America* (2nd edn) (London: Macmillan, 1983) p 7.
6. G Gustaffson and J J Richardson 'Concepts of Rationality and the Policy Process' *European Journal of Political Research* Vol 7 (1979).
7. A Downs 'The Political Economy of Improving Our Environment' in J S Bain (ed) *Environmental Decay: Causes and Remedies* (Boston: Little Brown, 1973).
8. J Benyon 'Going Through the Motions: The Political Agenda, The 1981 Riots and The Scarman Inquiry'.
9. Quoted in P J C Perry *The Evolution of British Manpower Policy* (London: BACIE, 1976) p 83.
10. *Industrial Training: Government proposals* Cmnd 1892 (London: HMSO, December 1962) para 1.
11. *Industrial Training: Government Proposals* para 4.
12. *Industrial Training: Government Proposals* paras 14-15.
13. *Industrial Training: Government Proposals* para 5.
14. *Industrial Training: Government Proposals* para 19.
15. K Hartley 'Industry, Labour and Public Policy' in R.M. Grant and G.M. Shaw (eds) *Current Issues in Economic Policy* (Oxford: Philip Allen, 1975).

16. *Industrial Training: Government Proposals* para 6.
17. *Industrial Training: Government Proposals* para 10.
18. *Industrial Training: Government Proposals* para 5.
19. *Industrial Training: Government Proposals* para 11.
20. Other factors were also observed to contribute to the training problem. See, for example, the National Joint Advisory Council's 'Report of the Working Party on the Manpower Situation' *Ministry of Labour Gazette* (February 1962) pp 45-49, which discusses the extent to which factors such as labour mobility, turnover, 'hoarding', recruitment and selection and retraining are also significant.
21. *Industrial Training: Government Proposals* para 5.
22. *C.E. Lindblom Politics and Markets* (New York: Basic Books, 1977).
23. For certain 'omissions' in Lindblom's analysis, however, see D Marsh 'Interest Group Activity and Structural Power: Lindblom's Politics and Markets' in D. Marsh (ed) *Capital and Politics in Western Europe* (London: Frank Cass and Co, 1983).
24. Perry *The Evolution of British Manpower Policy* pp 97-8.
25. J K Stringer and J J Richardson 'Policy Stability and Policy Change: Industrial Training Policy 1964-1982' *Public Administration Bulletin* No 39 (1982).
26. See for example *Training for Skill: Recruitment and Training of Young Workers* ATTI and NUT joint publication (London: 1960); and *Training for Skilled Occupations* Report of an enquiry by the National Association of Youth Education Officers (1959).
27. R Entwistle 'Industrial Training Policy: A Study of Influences on Government Intervention' MA(Econ) Thesis, Manchester University (1965) pp 45-6.
28. K Liepman *Apprenticeship: An Enquiry into its Adequacy under Modern Conditions* (London: Routledge & Keegan Paul, 1960) p 196.
29. Entwistle 'Industrial Training Policy' p 52.
30. Liepman *Apprenticeship: An Enquiry into its Adequacy under Modern Conditions* p 196.
31. Quoted in Perry *The Evolution of British Manpower Policy* p 56. Perry also, and somewhat oddly, however, adds that Carron's conclusion was one long held by the trade union movement.
32. Entwistle dates the first - tentative - public denouncement by a union leader of *laissez faire* in training to a speech made in November, 1960 by

Sir Thomas Williamson, General Secretary of the National Union of General and Municipal Workers. Sir Thomas was also the chairman of the trade union side of the NJAC and had been a member of the Carr Committee, factors that were perhaps important when the Government came down in favour of a more interventionist approach. See Entwistle 'Industrial Training Policy' pp 71-2.

33. 'Report of the Working Party on the Manpower Situation' *Ministry of Labour Gazette* Vol 5 (Feb. 1962) pp 45-49.
34. NJAC 'Report of the Working Party on the Manpower Situation' p 48.
35. J Hare 'The White Paper - Cmnd 1892' *BACIE Journal* Vol 16 (1963) p9.
36. Small in scale as these measures were they were nonetheless used in the 1962 White Paper as indicators of the success of state action. *Industrial Training: Government Proposals* para 14.
37. See G Williams *Apprenticeship in Europe: The Lesson for Britain* (London: Chapman Hall, 1963) p 175.
38. This is manifest in the Report of the Central Advisory Council for Education (Crowther Report) *Fifteen to Eighteen* (London: HMSO, 1959).
39. Although not openly critical, the reports of the Industrial Training Council showed an increasing amount of concern about the state of industrial training. See, for example, ITC *Third Report* (April 1961 - December 1962). For others, particularly in the education field see Perry, *The Evolution of British Manpower Policy* pp 131-71 *passim*.
40. Entwistle 'Industrial Training Policy'; Perry *The Evolution of British Manpower Policy*.
41. *Growth of the United Kingdom Economy 1961-1966* (London: HMSO, 1963).
42. *Growth of the United Kingdom Economy 1961-1966* especially pp 19-25.
43. J Tomlinson, 'British Macroeconomic Policy Since 1940' (Croom Helm, London 1985) pp 86-92.
44. See Perry *The Evolution of British Manpower Policy* pp 53-90 *passim*.
45. HC Debs, Col 945-46 (26 March 1961).
46. This account is based on private information.
47. For example, the Oldfield-Davies Report recommended *inter alia* the establishment of a National Apprenticeship Council under the auspices of the Ministry of Education, which would be responsible for running a central apprenticeship training scheme financed through a levy on firms. *Technical Education in Wales* Report of the Central Advisory Council for Education (Wales), (London: HMSO, 1960).

48. Quoted in Perry *The Evolution of British Manpower Policy* p 83.
49. See for example Gertrude Williams' comparisons of the schemes operating in West Germany, the Netherlands, France, Italy, Sweden, Switzerland, and Belgium, in *Apprenticeship in Europe*.
50. Certain commentators have noted similar problems with other aspects of French style planning but which were apparently ignored in the British context.
51. See for example, HC Debs, Col 372 (31 May 1961).
52. Gertrude Williams *Apprenticeship in Europe* pp 80-81.
53. Private information.
54. See Gertrude Williams 'Industrial Training - Whose Responsibility?' *BACIE Journal* Vol 15 (1962) pp 1-11.
55. Hare 'The White Paper - Cmnd 1892' p 9.
56. G Williams *Recruitment to the Skilled Trades* (London: Chapman & Hall, 1957).
57. J Hare 'Industrial Training - Whose Responsibility?' *BACIE Journal* Vol 15 (1962) pp 41-44.
58. *Industrial Training: Government Proposals* para 6.
59. John Hare 'The White paper - Cmnd 1892' p 10.
60. John Hare 'The White Paper Cmnd 1892' p 10.
61. *Industrial Training: Government Proposals* para 9.
62. *Industrial Training: Government Proposals* para 7.
63. *Industrial Training: Government Proposals* para 10.
64. *Industrial Training: Government Proposals* para 15.
65. *Industrial Training: Government Proposals* para 16.
66. See the report of speeches to BACIE Conference, 15 January 1963, *Cmnd 1892 - The Next Step* (London: BACIE, 1963).
67. G T Page, *The Industrial Training Act and After* (London: Andre Deutsch, 1967) pp 60-71.
68. These objectives, however, were not set down in the Act, but they were nevertheless an integral part of it; see *Industrial Training Act 1964: General Guide, Scope and Objectives* (Ministry of Labour, April 1964).

69. *Industrial Training Act 1964*, Schedule 2-(1)(c).
70. *Industrial Training Act* Schedule 1, paras 3-6.
71. *Industrial Training Act* Schedule 11 paras 1 and 3.
72. *Industrial Training Act* Schedule 11 paras 2(a)-(e).
73. *Cmnd 1892: The Next Step* Report of the BACIE Conference p 13.
74. *Industrial Training Act* Schedule 2 para 1(g).
75. *Industrial Training Act* Schedule 6 para 1.
76. HC Debs, Col 1375 (1 February 1963).
77. Quoted in J Wellens *Technical Education* (January, 1964).
78. HC Debs, Col 1372 (1 February 1963).
79. *Ministry of Labour Guide* (undated, c1964) para 11.
80. *Ministry of Labour Guide* Foreword by the Minister, Joseph Godber, p 3.

CHAPTER FIVE

INDUSTRIAL TRAINING 1964-1970

INTRODUCTION

The focus of this chapter is on the implementation of the 1964 Industrial Training Act up to 1970, and certain aspects of labour market or manpower policy upon which this had a bearing. We stop at 1970 for three main reasons. The first being that by 1970 the training board 'picture' was complete in that no other boards were created after this time (although some were to disappear). The second relates to the change in government, and consequent changes in values, that occurred in 1970, and which we would expect would have implications for change in this policy area. The third is that 1970 marked a 'break' as it marked the beginning of a major review of the Industrial Training Act, the culmination of which was the 1973 Employment and Training Act.

Our main attention therefore will be directed towards: i) assessing how far the policy and programmes of the 1964 Act were intellectually and politically soundly based insofar as they provided a coherent framework for the achievement of the objectives through the process of implementation; ii) whether, during that process we can identify aspects of non-conformance

(intended or unintended) or policy development such that the policy was changed or modified; and iii) finally, through our analysis of the above, providing a basis for our consideration in chapter six of the interaction between implementation and policy change.

THE UNDERLYING FEASIBILITY OF THE POLICY

Technical Feasibility

This section provides a preliminary assessment of the extent to which the policy and its associated programmes were soundly based, technically and politically, to achieve the objectives of the policy. The starting point therefore is an examination of the way in which the training problem was defined. Clearly expressed in both the White Paper and the Industrial Training Act, was the view that insofar as industrial training was concerned the main problem was the shortfall of skilled workers. The major cause was assumed to reside in employers who did little or no training but who instead 'poached' their skilled workforce from those that did by offering higher rates of pay. Shortages occurred because firms, having no 'property rights' in trained labour, were reluctant to invest in further training provision where this would be lost to competitors. There may, however, be other reasons why labour or skill shortages occur. Lindley,⁽¹⁾ for example, argues that there are three main causes: (a) firms do not plan ahead; (b) manpower planning is done badly; (c) manpower planning is done reasonably well but firms find it uneconomic to

invest in training to meet future shortages. Whilst these may raise additional questions as to why, for instance, firms do not engage in manpower planning, - the costs of collecting the necessary data may, for example, be thought to outweigh possible pay-offs - the assumption of policy makers at the time was that the explanation largely resided in the third of these causes. Thus the White Paper stated that individual firms "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, the cost is borne only by those firms which decide to undertake training themselves." (2) Hence the 'strategic decision' in the policy to make it *uneconomic* for employers *not* to train through the use of financial penalties.

The fact was, however, that there was a lack of any, even reasonably precise, information regarding the relative costs and benefits of different types of training which must, therefore, raise considerable doubts about the causal explanation proffered in the White Paper. The evidence that does exist does not, for example, point to a scarcity of young people wishing to take up apprenticeships. (3) Indeed, the provision in the Bill for ITBs to foster research had emerged in response to increasing evidence and criticism that the nature and scale of the training problem was only vaguely understood due to the inadequacy of manpower statistics. It was for this reason, in addition to the prevalent mood for forward planning, that the Manpower Research Unit was established within the Ministry of Labour. (4) Until this time the only organisation that appears to have been seriously concerned to assess future manpower requirements in industry was the Committee on Scientific Manpower, of the Advisory Council on Scientific Policy, and which produced a number of

reports between 1953 and 1963.(5) In other words, the poaching argument seems to have become the 'accepted wisdom' without any substantial evidence by which to verify it. One possible reason might be the difficulty of collecting and measuring the necessary information because of the complex tasks involved in separating the costs of production from the resource costs of training.(6) Or, more likely perhaps, additional information was not sought because the cause of shortages was *assumed to be known*. The training problem, as well as its solution, was set out in economic terms (apart from a brief reference to the rising number of school leavers neither White Paper nor Bill placed any emphasis on possible social objectives). It is, however, at least questionable as to how far the economic causal explanation offered was sound. There may also be some truth in Lindley's assertion that the acceptance of the poaching argument was, in fact, no more than the dressing up in a 'pseudo-economic guise', of a moral judgement. That is, all employers would henceforth be expected to do their *fair share of training*.(7)

But despite the lack of evidence in support of poaching as a cause of skill shortages, we cannot simply assume that there was no correlation, and in any case it is highly unlikely, given the complexity of the issues involved, that the evidence could ever be conclusive. Nevertheless there is considerable doubt about the extent to which poaching does in fact constitute a distortion to the working of the the labour market resulting in skills shortages. Poaching only applies to training which is in general or transferable skills: training which is job specific is only of value to individual firms.(8) However, McCormick and Manley,(9) for example, argue that employers will only undertake general skills training where the outlay of training costs is likely to be recovered. But

further, the costs of general training is *actually* borne by employees in the form of offsetting reduced present earnings against the prospect of enhanced future earnings. This is clearly contrary to the assumptions built into the industrial training legislation which regards virtually the entire costs as being borne by employers. Therefore, "a shortage of skilled workers may arise for the following reasons. First, if there is a shortage of workers trained in general skills, it may be because workers are ignorant of the long-run earnings that can be earned by possessing these skills or are unable to bear the costs of acquiring them....Ignorance can be dispelled by the dissemination of information about earnings, whilst financial disability could be overcome by giving workers subsidies in the same way as university students receive grants. If, on the other hand, there is a shortage of workers with specific skills, the employers have only themselves to blame for not offering higher wages."(10) Such prescriptions are open to a number of criticisms, for example, someone who for economic reasons cannot afford to bear the costs of general training is unlikely to be tempted by some type of grant unless this was in addition to wages being received. Nonetheless, their analysis does suggest the possibility that skill shortages do not necessarily occur through poaching, in which case legislation that concentrates upon employers rather than employees is aimed at the wrong target and is unlikely to have the desired impact.

So, the 1964 Act was formulated in response to a problem perceived as a lack of skilled labour. But the 'causal theory' upon which the policy was based was predicated on a number of assumptions, and not a lot of evidence. There seems to have been little attempt to get to grips with the complexity of the issues,

which as we shall see later, surrounded the training 'problem'. Thus the 'technical efficacy' of the policy could be open to serious doubt.

Political feasibility

There is another important element in relation to feasibility, which is the extent to which the policy and programmes were capable of changing the behaviour of producer groups so as to achieve a degree of conformance necessary for the realisation of the policy objectives, that is its political feasibility. Irrespective of technical issues - for instance, where the policy is aimed at the wrong source then changing the behaviour of actors is unlikely to produce the desired results - it is important to consider the degree to which there was agreement surrounding the policy. There are, however, two interrelated sides to such an issue. The first concerns the orientation or attitudes of producer groups towards the objectives and the programme, which indicates the *extent* to which such behaviour needs to be changed. The extent to which, in other words, there is a potential 'conformance gap'. The second concerns how far the policy builds into the programmes appropriate mechanisms for tackling or closing this conformance gap.

We have already examined the attitudes of certain interests to the issue of state intervention in training and concluded that the Government judged there to be a sufficient degree of support for, or consent to, intervention from producer groups to make implementation feasible. But there are a number of points to be made about this. Firstly, the evidence for this view came as we have seen from an 'informed' but relatively small section of industry. The

views expressed by these individuals, or group representatives were not necessarily typical of producer groups as a whole and indeed, insofar as they were positively oriented to training legislation were not the prime target of the policy. The policy was aimed at those who did little or no training and they were the least vocal in the training debate. The most vocal were not, therefore, representative of those most likely to be in conflict with the intervention, as was indeed recognised in the 1962 White Paper.⁽¹¹⁾ Secondly, although the issue of industrial training engendered increasing interest in the early 1960s, it never became a politically controversial issue. One indication of this could be the fact that the Industrial Training Bill received a second reading in the Commons without a division and failed to attract much attention at the time. Thus industrial training appeared to be an area where conflict was 'low level'.

Such a view, however, may have been misleading. Given that the issue did not generate controversy in the national political arena it was much less likely to claim the attention of those who had a potential, practical interest in the matter. Their interest, and therefore, possibly their opposition, may only become evident at the point where they become directly affected i.e. during implementation of the policy. Just how far industrial training issues permeated the level of the individual firm or trade union at the time may be indicated by Perry's observation that when the first set of ITBs began sending out their levy demands some firms returned them with the comment that they were not interested in 'joining'.⁽¹²⁾ Such lack of knowledge may also be deduced from a reference to two courses organised by BACIE for training officers during 1963. Due to lack of takers, the first ran at half strength while the second had to

be cancelled - this at a time when industry might have been expected to be 'gearing up' for the imminent change.(13)

Thus, it is reasonable to argue that when industrial training policy was being formulated the extent of the 'conformance gap' was possibly misperceived. It was certainly likely that there existed some latent opposition but its magnitude would only be revealed during the policy's implementation. How far then did the policy acknowledge this and how far did it provide for mechanisms to bridge the conformance gap, that is to accommodate the political processes to be encountered during implementation? Bounded as the policy was by the standards of voluntarism and market efficiency the Government eschewed the use of coercive power relying instead mainly upon - to use Etzioni's terminology(14) - remunerative power, with a little normative thrown in, to achieve the policy objectives. Thus the main instruments of change - the ITBs - were to rely upon financial inducements or penalties, backed up by exhortation and persuasion to achieve the objectives of policy. On this basis doubts were expressed about the Boards' permissive functions and 'lack of teeth'. Given that ITBs could only issue recommendations about training, their only sanction against those not conforming was the withholding of a grant. The effectiveness of this would depend on a number of factors, for example the rate at which the levy was set, the the cost of meeting the board's recommendations, how far employers might be able to absorb or pass on the levy as a cost to customers, or how skilfully boards operated as consensus building structures. Some of these indeed are factors that we shall be following up later

One feature of the legislation that generated some debate and disagreement at the time was the issue of 'inclusion'. The most important aspect of which - and one that was to become increasingly significant - was the status of the small firm. Given that the legislation was directed against the so called 'poachers' the fact that ITBs were empowered to exempt small firms meant the potential exclusion of one of the main 'causes' of the training problem, as poachers were commonly believed to be predominantly smaller firms. However, following criticism on this the Government stated that this should be taken to mean establishments employing five or fewer persons.(15) If Boards followed this guideline then those excluded from the provisions of the Act could be considered marginal.

In practice, the main foundation for building change through the new ITB structures was the form of involvement of sectional interests - in effect, self-regulation. The incorporation of such interests in the decision-making process and granting majority membership of ITBs to producer groups was conceived as the basis for bridging the conformance gap. It was an acknowledgement of the need or desire for continued interdependence and thus also an acknowledgement of some degree of conflict of interest - for clearly if there is no interdependence there is no conflict. Successfully achieving the objectives of industrial training policy was therefore to be significantly dependent upon structures and individuals over whom the Government was capable of exerting only indirect influence: inevitably so given that training was still viewed as primarily a matter for industry. However, securing the participation of industry in the implementation process obtains at least their implicit acceptance of the objectives of the policy(16) and thus increases the

influence of government in the policy area and thereby the chances of bridging the conformance gap, although the extent of this will also be dependent on a range of other factors.

It was the need to secure such participation that also influenced the structuring of ITBs on an industry, rather than some other basis, at some possible cost to effectiveness. At least two other options existed which might have influenced the boards' structure based on a) occupations and b) geographic regions. Either of these would have cut horizontally across industry and, technically at least, might be argued to be superior to a vertical industry-based structure. The reason being that a greater degree of coordination and uniformity in the application of training standards would have been likely. Thus some of the overlaps inherent in industry-based boards - for example where many different boards would cover the same occupations such as engineering - or the need to establish coordinating mechanisms, would have been avoided. What weighed most heavily with policy-makers, therefore, was the political rather than the technical feasibility of the programmes. Given that the intervention was innovatory,(17) that the working out of the policy was subject to uncertainty, and that much would depend on 'trial and error',(18) - that, in other words, the policy was developmental in character - as close an involvement by and with industry was clearly seen to be necessary. Thus:(19)

"instead of being an external agency, an industry based training board can tie itself closely to the interests, problems and preoccupations of the firms which compose the industry...close collaboration between the two is essential to bring about acceptance and implementation of the recommendations made by the Board. To come within reach of the deep pervasive changes held to be necessary, the agent of change has to resort to intervention with a kindly face."

But we might also add the important point that employers' organisations were in any case structured on an industry basis, not on occupation or region (apart from Chambers of Commerce which were, however considerably weaker). There were, therefore, clearly identifiable organisations which the government could incorporate (as happened in other policy areas) into the decision-making process. Indeed to have proceeded on any other basis might have created difficulties by way of opposition from such groups. It should be added that this applies less of course to trade union organisation where occupation may be said to provide the dominant mode. We may - if only tentatively here - conclude from this that Government wished the most effective, or organised, voice to be that of employers. Finally, this close identification of interests between board and industry was to be engendered by boards being established as semi-autonomous structures - or to use a word not then in vogue, 'quangos'. (20) Consequently boards might hope to be considered at least as much the 'creatures' of industry as of the state.

To summarise this part of the discussion, we have been concerned with the feasibility of training policy insofar as it provided an intellectually and politically coherent framework for action. The conclusions to be drawn are firstly that the 'theory' underpinning the policy may have been based on a misleading premise, viz: that skills (and in the main this may be taken as referring to craft) shortages are caused by the disincentive effects of poaching. If such reasoning is found wanting then the assumption that a strategy of equalising the burden of training costs will lead to the achievement of the policy's objectives, ie an increase in the quantity and quality of training, also remains open to doubt. Secondly, that given the

Government's desire to proceed with legislation set within a voluntary framework, the consent and participation of industrial interests was crucial to the achievement of the policy objectives. This significantly influenced the shape and powers of the machinery that was established.

THE LABOUR PARTY'S APPROACH

Before going on to look at the implementation of industrial training policy, we need to take account of how far the election of a Labour Government in the autumn of 1964 led to a change in the standards surrounding the policy and the implications of this for the policy's implementation and subsequent changes. Like the Conservatives the Labour Party - not unnaturally perhaps - had enthusiastically adopted the concept of planning, in particular as a means to increasing economic growth, and adopted a 'supply-side' view of economic management.⁽²¹⁾ The 'consensus' between the two main parties on the desirability and priority attached to economic growth should not, however, lead to the conclusion that the Labour and Conservative Parties' commitment to planning were virtually identical.⁽²²⁾ Even observers such as Hayward appear to see little difference between the two approaches until after the 'demise' of Labour's National Plan in 1966.⁽²³⁾ The Labour Party's approach to planning differed in two important respects from that of the Conservatives: firstly in terms of the objectives that planning was designed to secure and secondly the way in which the instruments of planning were to be used.⁽²⁴⁾

Under Labour planning was to have more 'bite' than the 'toothless tripartism' (pace Hayward) of Conservative style planning. Above all it was to be a more comprehensive, coordinated and long-term strategy for securing increased national output, though largely through a more effective use of the planning mechanisms already in existence (principally the NEDC and the EDCs) and the creation of other institutions (for example, the Department of Economic Affairs). It was within this context, therefore, that the Government should, with some keenness, utilise the mechanisms available under the 1964 Industrial Training Act - the Industrial Training Boards - for an adequate and appropriately trained labour force was viewed as crucial to the achievement of the Government's economic objectives. Supply constraints - in this case labour - was regarded as one of the most pressing problems confronting government. (25) In words reminiscent of the 1962 White Paper, the Government stated that: "Shortages of skilled workers have long been a serious obstacle to economic growth." (26) So, although the Labour Government set out to make planning more effective, considerable emphasis was still being placed upon securing change through voluntary agreement. As such there was no impetus towards a change in policy at the time.

In general then the Industrial Training Act provided an acceptable framework for the pursuit of Labour's objectives in the area of industrial training. This does not, however, mean that as the policy was implemented it was likely to 'evolve' in the the same manner or direction as it might under a Conservative administration. Further, given the developmental characteristic of the policy and the lack of clarity surrounding the policy's objectives, - which effectively meant that many decisions were left to the implementation process

- the Labour Government did not regard the Act as imposing unacceptable constraints upon the kind of future choices they might wish to see made - either by themselves or producer groups - in the area of industrial training. As Ray Gunter, then opposition spokesman had said during the Debate on the Second Reading:(27)

"how it [the Bill] works will depend on the personnel who man the machinery. The Bill gives the broad outlines for industry to get down to this major task. But, because it is a machinery Bill, because we are only setting the broad pattern of how we may bring together the separate parts of industry, coupled with our educationists there are a host of questions that are not answered in the Bill....It could well be that in a year or two we shall want to look at certain aspects of this measure again in the light of experience."

Compatibility of standards, therefore, does not preclude differences in weighting or emphasis being given to the standards. Some idea of these and the different interpretation of the 'potentialities' of the policy by the Labour Government may be gained by reference to the National Plan of 1965 and in which the issue of labour supply figured prominently. For instance, greater weighting was given to the legitimacy of the state's role in influencing the working of the labour market and training policy was regarded as part of a wider 'active manpower policy'.(28) This was to involve a range of initiatives and interventions designed to improve the operation of the labour market which would in turn contribute to the achievement of the planned for levels of growth. Based on replies received to the Industrial Inquiry the plan predicted continuing and acute shortages, particularly of skilled manpower, in the construction and engineering industries which, if not overcome, would "retard the application of new production and management techniques on which productivity increases may depend."(29) But given that the rate of growth of the working population was slowing down so that the increased productivity

required to reach the 25 per cent growth target by 1970 could not be met by increased employment, this meant that it would have to be met by increased output per head of the working population. Not only, therefore, was an increase in the quantity and quality of trained labour valued in its own right, it was also regarded as a crucial part of the Government's overall plan for the economy.

Thus, in addition to increasing the level and quantity of skilled labour through the ITB structures, it was also considered essential to adopt or develop a range of other measures designed to improve the efficient use of available manpower. These included: a) improving facilities for the accelerated training and retraining of adult workers - particularly from declining industries in the less prosperous regions - through increased training provision at Government Training Centres; b) to end the under-utilisation of labour and to enhance mobility through the introduction of earnings related unemployment benefit, lump-sum redundancy payments (under the Redundancy Payments Act 1965), and improvement of the employment exchange service; c) the development of a comprehensive information system regarding future skills requirements by industry and by region; d) the tackling of restrictive practices in industry. The 'active manpower policy' was thus seen to have close links with other policy areas, in particular industrial policy and regional policy. The organisations listed as being actively involved were: Government; industry (or management and unions); NJAC; ITBs; EDCs; and Regional Economic Planning Councils and Boards. These measures were further supplemented with the introduction in May 1966 of the Selective Employment Tax and in September 1967 of the Regional Employment Premium.⁽³⁰⁾ Additionally, in relation to the

regions, the Ministry of Labour instituted a scheme in July 1966 which provided financial assistance and Ministry instructors (including Training Within Industry) directly to firms within development districts (extended to development areas with the passage of the 1966 Industrial Development Act). And on 18 December 1967, Roy Hattersley, then Parliamentary Secretary to the Minister of Labour, announced a new scheme of grants to firms in development areas to overcome shortages of skilled labour. Under the scheme two types of grants for craft apprentice training were available to firms which were: capital grants towards the cost of providing additional off-the-job training places or; per capita grants to employers taking on additional trainees.(31)

The election of a Labour Government in 1964 did not, therefore, mark a sharp break with the past. Indeed, there was a high degree of continuity in the general outlook towards economic intervention. Thus the Labour Government in industrial training, as it did in other policy areas, built upon and then extended the initiative begun under the Conservatives. There was certainly no sudden change of direction as implied in the adversarial model of British politics.(32) Whether Labour in due course went in the same direction as the Conservatives would have gone is obviously not possible to judge with any certainty. But what we shall see when we look at the implementation is that overall the Labour Government appeared happy to work with the framework laid down by the Conservative administration and did not seek to introduce any stronger element of central direction in training. In other words, there seemed to be, to all intents and purposes, a shared set of ideas concerning industrial training between the two parties at this time.

THE TRAINING MACHINERY

The Labour Government lost little time in starting to implement the provisions of the Industrial Training Act. Before going on to examine the implementation of the Act, however, we shall look in more detail at the machinery that either existed or was set up to deliver industrial training policy. The first three ITBs were in fact set up by the Conservatives before losing office in 1964. These were the Wool, Jute and Flax ITB established in June, and the Iron and Steel and Engineering ITBs in July. The Central Training Council was also established in May of that year. Thereafter the number of boards expanded rapidly. By the time of the publication of the National Plan a further six boards had been established covering construction, shipbuilding, gas, water, electricity, and ceramics, glass and mineral products. By November 1966 seventeen boards were in existence, and there were plans to increase their number to thirty. They did in fact 'peak at twenty nine by the beginning of 1970. Table 5.1 sets out the number of boards in existence in 1972.

As can be seen from the table the boards covered a range of industries.⁽³³⁾ There were some significant omissions such as banking and insurance and although the Labour government proposed to introduce boards for these sectors, other factors - in the form of opposition from banking and insurance

TABLE 5.1

BOARD	Date established	No. of establishments	No. of employees	No. of Staff
Agricultural, horticultural and forestry	Aug 66	79,000	245,000	295
Air transport and travel	Mar 67	2,895	93,262	51
Carpet	Mar 66	266	45,054	18
Ceramics, glass and mineral products	July 65	2,703	342,409	120
Chemical and allied products	Oct 67	3,800	460,000	102
Clothing and allied products	Oct 69	7,544	324,891	43
Construction	July 64	47,018	1,136,500	607
Cotton and allied products	July 66	1,697	199,680	57
Distributive	July 68	111,000	1,400,000	293
Electricity supply	June 65	17	199,500	7
Engineering	July 64	24,870	3,326,000	915
Foundry ITC	Mar 65	1,562	151,198	81
Food, drink and tobacco	July 68	70,307	1,214,778	145
Furniture and timber	Dec 65	4,319	211,902	112
Footwear, leather and fur skin	Nov 68	2,061	134,000	40
Gas	June 65	13	115,684	19
Hotel and catering	Nov 66	108,000	680,000	295
Iron and steel	July 64	581	299,732	72
Knitting, lace and net	Mar 66	1,670	159,922	55
Man-made fibres	Feb 66	43	52,497	4
Paper and paper products	May 68	1,730	220,000	80
Petroleum	May 67	1,498	84,487	46
Printing and publishing	May 68	10,336	369,197	149
Road transport	Sept 66	53,352	890,000	806
Rubber and plastics processing	Aug 67	2,053	301,025	64
Shipbuilding	Nov 64	1,020	115,800	63
Water supply	June 65	205	42,169	145
Wool, jute and flax	June 64	1,849	144,951	60
Totals		541,419	12,959,638	4,744

Source: Department of Employment 'Training for the Future - A Plan for Discussion' HMSD 1972 pp 64-65
Notes: In addition there were two voluntary boards covering Local Government and the Merchant Navy. A board for Hairdressing and allied trades had been established in december 1969 but subsequently wound up. The Foundry Industry Training Committee is a Committee of the Engineering ITB. The Agricultural Board is financed through the annual Farm Price Review not through levies.

organisations and the 1970 general election - intervened so that they never were, in fact, established. It is difficult to discern any precise logic governing the order in which boards were set up. Perry claims that there was a 'general intention' to set up boards first in those industries with practical training experience on the assumption that they would make fewer mistakes and serve as examples to later boards with less experience.(34) Whilst an OECD Report declared that "Boards were established first for industries where the promotion of vocational training seemed specially urgent or where the organisations of management and labour showed great interest in it, and where the latter had special experience of vocational training. In this way the good and bad experiences of the first Boards can be used by later ones."(35) What seems to be indicated from the sequencing of boards' establishment is that political considerations, in the form of resistance from sections of industry, were particularly influential - except in the later cases of banking and insurance.

Relating the different experiences of boards would be crucially dependent upon the capacity of the machinery to respond in this way. Information about the 'good and bad experiences' of boards was to be disseminated by the Central Training Council. As previously noted (Chapter 4) the CTC was an advisory, not an executive body, its terms of reference being to advise the Minister of Labour "on the exercise of his functions under this Act and on any other matter relating to industrial or commercial training which he may refer to it."(36) Constituted for three year terms of office the membership of the CTC again reflected the emphasis on industry participation.(37) In addition to the thirty three members (six each of employer, employee, education, ITB chairmen,

two from the nationalised industries, twelve others of whom six were to be appointed following consultation with the Secretary of State and the Minister of Education, and the chairman) the Council also contained representatives of the Ministry of Labour, Department of Education and Science, Scottish Education Department and other Government Departments. The first chairman was Sir John Hunter, Chairman of Associated Shipbuilders who served until 1968 when Frank Cousins, General Secretary of the Transport and General Workers Union took over. Cousins remained as chairman until the Council was disbanded under the 1973 Employment and Training Act.

Obviously too large and unwieldy as a deliberating and decision-making body, the Council set up seven advisory Committees: General Policy Committee (this committee was entirely composed of members of the CTC); Research Committee; Scottish Committee; Welsh Committee; Commercial and Clerical Training Committee; Training of Training Officers Committee (which had formerly existed within the Ministry of Labour) and Management Training Committee, the last three covering occupations which were common to most industries. In addition, although not strictly a committee of the CTC, there existed the Industrial Training Service (ITS). Originally established in 1960 by the Industrial Training Council as a consultative body for industry in the area of training development work, its functions were carried over in the new arrangements. The fourteen members - or directors - of the ITS were also all members of the CTC. The ITS in fact became self-financing by 1969, and it survived the 1973 reorganisation when it was incorporated into the newly formed Manpower Services Commission.

The CTC operated mainly through issuing memoranda and reports (including, in all, three Reports to the Minister: September 1965; June 1967 and; March 1969). These ranged over topics such as Industrial Training and Further Education, Safety Training, Training of Training Officers and Instructors as well as more general guidelines issued (through the Minister) to ITBs in order to facilitate a consistent approach to, for example, training standards and the raising of levies. Almost from the outset the structure of the CTC was the subject of criticism from a number of quarters. This had mainly to do with its lack of executive authority and inadequate secretariat arrangements (civil servants on secondment). These limited the Council's ability to conduct in-depth studies, to follow through on the implementation of recommendations, or to be in a position to make authoritative judgements about the efficiency and effectiveness of individual boards. Getting industry to respond to either longer-term or cross-sector training needs required, it was argued, a much stronger central authority. The Council generally met every two to three months and there was a fairly close relationship between the Council, its committees and the Training Branch within the Ministry of Labour. As Page put it, "The CTC operates from Ministry of Labour territory at 32 St James's Square, London SW1." (38) This was perhaps the chief source of whatever influence the CTC had on training matters. Given its advisory nature, its size, voluntary membership, and infrequency of meetings, its 'clout' resided in the fact that its recommendations were taken into account by the Ministry in deciding on grant provisions and the approval of Boards' training recommendations.

What executive authority was allocated under the Act resided with the Ministry of Labour. However, Page's interpretation that "The Industrial Training Act made no bones about it that the Ministry of Labour was to become a real executive power in the training land" (39) seems grossly overstated. Such is based on the assumption that because the Government now had a 'financial stake' in the form of £50 million for grant allocations and loans tight control would be exercised from the centre. Grants were made available to cover:

- (a) the administrative expenditure incurred by boards during their first twelve months existence (such expenditure thereafter to be covered from levy income);
- (b) 50 per cent of the costs of sending people on approved training officer, supervisor and instructor courses for the first twelve months, thereafter 25 per cent (these grants were also available to firms not coming within the scope of an ITB);
- (c) a contribution towards sandwich course costs (also available to firms outwith the scope of ITBs);
- (d) 50 per cent of the cost of research sponsored by an ITB and approved by the Minister (after advice from the CTC Research Committee);
- (e) 25 per cent of the costs of providing additional off-the-job training - excluding trainees' wages - up to 1970.

Loans, on the other hand, were made to provide ITBs with working capital or to finance the acquisition of fixed assets, during the early stages of their existence.

Other forms of control available to the Minister under the Act were: in the event of an ITB failing to produce proposals within a reasonable time of a Minister's request, or if such proposals were unsatisfactory, then the Minister was allowed to require the ITB to produce such proposals, or fresh ones, within a specified period of time; in the event of failure to produce satisfactory

proposals then the Minister *was allowed* to declare the ITB to be in default in which case its members *had* to resign and new ones be appointed; the Minister *was allowed* to amend or revoke an Industrial Training Order to change the scope of an ITB or disband it - in either case he *had* to consult the ITB, and employer and employee organisations beforehand; in the event of an ITB being wound up the Minister *was allowed* to make an additional levy on employers to cover any deficits. Given that the intention of the Act was to establish a decentralised decision-making structure,(40) such controls would seem to represent no more than the normal establishment of a code of accountability(41) not, as we shall presently see, the somewhat 'draconian' centralisation of power suggested by Page.

The other main responsibilities of the Ministry of Labour relating to industrial training of which we need to give some account to complete the picture, were those for the Government Training Centres (GTCs) and manpower research. We shall, however, postpone our consideration of the GTCs to a later section, as this should be seen in relation to the implementation of the ITA and the impact it had upon wider labour market policy. As far as manpower research was concerned reference has already been made to the inadequacy of the statistical information and the consequent establishment of the Manpower Research Unit within the Ministry of Labour. Its original purpose was conceived as the collection and interpretation of information necessary for the pursuit of the objectives of industrial training policy. However, given the wider commitment of the Labour Government to industrial planning the remit of the Unit was similarly widened. It was for instance closely involved in the Industrial Inquiry for the National Plan; with the National Economic

Development Office in the preparation of its national manpower surveys; with the Department of Economic Affairs especially in the area of regional manpower planning; and with ITBs and EDCs for particular industrial sectors. Although the Ministry of Labour's functions in the area of industrial training expanded following the passage of the ITA, such expansion was relatively modest. An improved statistical capability for manpower forecasting and planning was necessary but the ITB structure was conceived to operate free from close central supervision and direction, while the expansion of the vocational training schemes provided in GTCs was comparatively slow.

IMPLEMENTATION: THE ROLE OF THE BOARDS

The 1964 Act had made provision for the establishment of decentralised machinery - ITBs - with a fair amount of discretion to make decisions affecting industrial training in the light of the varying needs of different sectors of industry. In this section we are concerned to examine the ways in which the ITBs interpreted their roles in the period under study. During their first few years of operation boards' primary concerns were with setting the rate of levy, assessing the training needs for their industries and in deciding upon the nature and level of grants. Clearly the three are interrelated but the approach that boards adopted to these issues varied considerably. To some extent this was to be expected for the industries that ITBs were serving varied in such things as size - in terms of number of establishments, employees, as well as the size of establishments in scope; in the degree to

which the activities of firms covered were homogeneous; in resources; and in terms of training practices and traditions. But the divergent practices adopted by boards were also influenced by the differing interpretations that ITBs applied to their rôles. From their inception each board had an important operational choice to make: given that it was Government policy that ITBs should be regarded as part of the industry that they covered, what approach would best ensure their acceptance by industry.

There was no doubt some degree of role conflict inherent in such a position for in reality ITBs were not simply in existence to serve the needs of their industries, but also to ensure the achievement of wider, national economic objectives. If these objectives were compatible or reconcilable then there would have been little to concern the boards: if they were not then boards would have to make a judgement about where to place the emphasis and the right balance to strike. Important here is the extent to which the Ministry of Labour attempted, or refrained from attempts, to exercise close control over the activities of the boards. In fact the evidence indicates that within the general requirements of the Act boards were given considerable autonomy or discretion in exercising their functions, in particular as they related to levy/grant schemes. In the words of Roy Hattersley, "Wisely, the Government has given most boards a free hand, treating their submission of grant and levy proposals as a formality rather than as an opportunity for interference."⁽⁴²⁾ Apart from guidance by the CTC, the main source of central 'control' was the Departmental Assessors who sat in on board meetings. "In practice through its Assessors appointed to ITBs the Department has had knowledge of Boards' intentions and has been able to advise ITBs at a formative stage about the

Department's policy aims and on the likely acceptability of ITB's proposals and has thus usually been able to ensure that levy and grant proposals submitted formally for approval are acceptable in principle."⁽⁴³⁾ The above passage tends to suggest rather more influence exerted on boards by such means than other evidence would indicate. The system of assessors certainly did not manage to generate a uniform pattern in ITB proposals - especially in relation to levy and grant - even where the Ministry's view was clearly articulated. In the early years in matters of interpretation and discretionary decisions the views of ITBs generally appears to have prevailed over the Ministry in areas of conflict or dissension.

The different approaches adopted by boards to the level at which levy should be set may be seen by reference to table 5.2. From the beginning, the Engineering Industry Training Board (EITB), unlike the other boards, opted for a high levy of 2.5 per cent of payroll, while the lowest - Electricity Supply - was set at only 0.02 per cent. Some later ITBs adopted more complex levy/grant systems. The Ceramics, Glass and Mineral Products ITB (CGMP/ITB), for instance, introduced a differential levy whereby the pottery, glass and allied products industries were levied 1.5 per cent of payroll whereas only 0.75 per cent was levied on the other industries within the board's scope. This example was later followed by other boards such as Wool, Jute and Flax, Hotel and Catering and Chemical and Allied Products. In part this reflected a much more cautious approach by the majority of boards, but it also reflected a different rationale and set of objectives between boards. The 2.5 per cent levied by the EITB was generally equivalent to the estimated cost of the total training provided within the engineering industry, thus the grants paid out were also roughly

TABLE 5.2
DETAILS OF LEVY ORDERS

1965 LEVY ORDERS

Industrial Training Board	Basis of Assessment	Yield
Construction	0.5 per cent. of total emoluments	6,052,388
Engineering	2.5 per cent. of total emoluments	75,600,000
Iron and Steel	£7 per employee	2,304,185
Shipbuilding	0.55 per cent. of total emoluments	604,412
Wool	0.75 per cent. of total emoluments	818,469

1966 LEVY ORDERS

Industrial Training Board	Basis of Assessment	Anticipated Yield
Construction	1 per cent. of total emoluments	15,000,000
Electricity Supply	0.02 per cent. of total emoluments	50,000
Furniture and Timber	0.9 per cent. of total emoluments	1,760,000
Gas	0.25 per cent. of total emoluments	300,000
Iron and Steel	£14 10s 0d per employee	4,785,000
Shipbuilding	1.25 per cent. of total emoluments	1,513,000
Water Supply	1.1 per cent. of total emoluments	400,000
Wool, Jute and Flax	1 per cent. of total emoluments	1,286,000

1967 LEVY ORDERS IN PROCESS OF PREPARATION

Industrial Training Board	Basis of Assessment	Anticipated Yield
Carpet	0.5 per cent. of total emoluments	170,000
Engineering	2.5 per cent. of total emoluments	83,000,000

Source: *Ninth Report from the Estimates Committee 'Manpower Training for Industry' Session 1966-67* HC 548 (HMSO, July 1967) p 50.

equivalent to total expenditure. The approach adopted by other boards was to make grants available for specific, more easily identifiable, forms of training on the assumption that "where the need for systematic training schemes was not widely accepted, it was regarded as justifiable for Training Boards to begin cautiously in order to build up good-will. If the training organisation is expanded more rapidly than the industry is prepared to accept, or a board lays down at the outset unrealistically high standards of training, its efforts may be counter-productive."(44) Also, the fact that accurately assessing total training costs - initially at least - was extremely difficult may have put some boards off this approach. As the EITB discovered few firms actually knew how much their training cost them.(45)

We can see, therefore, that judgements varied, not only from board to board but between boards and the centre, about the best way to achieve the conformance of employers to the Act's objectives. Certainly, problems of acceptance in an environment where the prevailing culture was one of suspicion of state intervention and the desire to maintain the autonomy of private capital against the state(46) were real enough, and it is understandable that boards would not wish to alienate their 'clientele'. What is less clear is why, despite some closing of the levy gap in subsequent years, there should have been such marked differences. As the levy income of boards would vary significantly, from the standpoint of resources at least, it could be anticipated that some boards would have a greater impact than others. This lack of a coordinated approach was indeed picked up by the CTC in its first report(47) to the Minister. Whilst accepting some degree of divergence as inevitable, the Council concluded that every board should, as soon as practicable, aim to adopt

schemes which would cover the full cost of training. It was recommended that the Minister, without attempting to impose complete uniformity should use the powers of approval over boards proposals to this end. The Minister, Ray Gunter, accepted this recommendation which then became the broad intention of the Ministry.(48)

Some boards it seems, either refused to accept the logic of this recommendation, or felt that its application was too problematic.(49) Whether because it felt that there were real difficulties, or because it felt unable to significantly influence boards' decisions in this area, the CTC considerably modified its subsequent views and recommendations. In its second report it stated that "Experience has shown that these difficulties are very real and that a gradual approach to the objective of a fair redistribution of costs has many advantages."(50) By the time of its third and final report the Council seemed to have virtually accepted the existence of variations, or at least that it could do little about them: "All the boards are pursuing common objectives...But their judgement of the best way to achieve these objectives, having regard to customs, practices and training needs of their industries, has led to a wide variety of levy and grant schemes." The report went on "It may be a matter of judgement, having regard to the circumstances of the industry and the total policies of the board, what level of levy and grant will provide the most effective incentive to good training. This is not to dismiss the case for sharing the costs of training more evenly between employers...But it is to argue that total training costs should not be the main determinant of the level at which levy is fixed."(51) In effect the CTC can be seen as - if not exactly graciously - accepting the fragmentation that, perhaps to an extent

inevitably, was developing in the implementation of the Industrial Training Act.

The high rate of levy was in fact severely criticised by the Estimates Committee in its Ninth Report and, if anything, it supported an even more cautious approach than most other boards had adopted. The Committee claimed that the levy/grant system, far from achieving the purpose of the ITA, was actually "impeding the Boards from proper consideration of future training policy and is not serving as a proper incentive to firms to improve their training." It therefore went on "it should be the policy of a new Board to think first and to act afterwards, to avoid establishing a bureaucracy to administer a system which may be overtaken by events and to concentrate on long term planning of future needs...the Ministry of Labour should notify Industrial Training Boards that the Minister will not approve a proposal for levy which exceeds the minimum sufficient to cover administrative expenses so that Boards will make their first task a comprehensive study of the long term needs of industry."(52) To effectively *remove* the power of levy from the Boards - if only temporarily - would have been, to use the words of the CTC, 'premature' and 'unrealistic'.(53)

Ironically, however, it is the EITB that has often been cited as the most 'successful' of all the ITBs and certainly the high rate of levy by itself did not seem to alienate employers within the industry. The reasons why the EITB adopted that particular course of action appear to be twofold. Firstly for what has been termed 'psychological' reasons and secondly for its 'shock effect'. The EITB judged that adopting a gradualist approach would simply attract criticism

from employers each time the levy needed to be raised. Starting with a high levy not only got "firms to swallow the bitter medicine in one gulp",⁽⁵⁴⁾ it also meant that inducing firms to improve the quantity and quality of training could be done without having to raise additional levy. Further the "request to pay such a high amount was meant to be a shock, which would draw the attention of the higher executives to the training issue. It seems that this intention succeeded."⁽⁵⁵⁾ In brief, the EITB was demonstrating that 'it meant business' and one means at least of getting management to seriously consider training matters was to make a significant impact on the firm's budget. It has been claimed⁽⁵⁶⁾ that it was not, in fact, the level of levy which caused employers' complaints in the engineering industry but the complexity of the paperwork involved in claiming grants.

We have considered in some detail the levy policies of the ITBs during their early years of operation. One reason being that the operationalisation of this aspect of the Act was to generate a considerable amount of criticism at the beginning of the 1970s. We shall be returning to this shortly. The other side of the levy coin was of course the grant policies that ITBs adopted. An examination of these reveals boards' training priorities and something of the ways in which ITBs interpreted their roles under the Act. There were three main ways open to boards for the making of grants: to reimburse costs; to pay a fixed amount; and to pay grant as a percentage of levy. As referred to in the third report from the CTC, it appears that - as with levies - boards adopted a variety of approaches to the payment of grant as well as the training recommendations and criteria for eligibility that went alongside them.⁽⁵⁷⁾ To some extent - and in line with the provisions of the Act - this

reflected the views of the individual boards about the training needs and standards in operation within their industries. Where it was judged that training standards were in little need of improvement - such as Electricity Supply or Manmade Fibres - then there was not much point in engaging in a redistribution of training costs: both levies and grants were minimal.(58) The majority concentrated their initial efforts on increasing off-the-job training, particularly for first year craft apprentices, and on improving or up-grading current training practices. The extent to which boards attempted to raise the general level of training across occupations within their industries varied considerably - some ITBs again adopting a more gradualist approach than others. Generally speaking, the latter were those boards which also opted for setting a low levy and grants tended to be of fixed amounts (e.g. on a per capita basis) for specific programmes of training, for instance for operators, technicians, technologists, and training officers. Additionally some boards began to take into account such things as safety training and the establishment's training facilities in determining the level of grant, while others did not. The one area where boards did adopt a more consistent approach was in respect of management training, as the activities involved were seen to cut across most industries. It was not until after some prodding from the CTC, however, that recommendations for management training began to be developed.(59) In later years the emphasis of boards shifted somewhat to grant schemes related to the systems of training in operation within individual firms. These took into account the method by which firms assessed their training needs, established training plans and moved towards the achievement of the plans. However, although this change of emphasis was common to most

ITBs it continued to overlie significant differences in the levy/grant schemes of individual boards.

Thus depending on the type of training, the way in which it was carried out and the extent to which it was in line with board recommendations, a firm might have received in grant a proportion, the equivalent, or in excess of the amount of levy assessed on it. The main difficulty confronting boards during these years was in ensuring that they had an effective means of assessing firms' training activities for grant purposes. The larger the levy the greater was the amount available in grants, which meant the more complex was the task of assessment. An ITB such as engineering could not possibly hope to visit the near 30,000 establishments that came within its scope, even with its relatively large 'army' of 150 training officers. It had instead to rely on assessment based on two questionnaires: one measuring quantity, the other quality. The problems surrounding the verification of information obtained in such a manner are fairly obvious.(60)

To give a round picture, some further areas of boards' activities should be referred to at this point. Most boards, but especially those covering large numbers of small to medium sized firms encouraged the development of group training schemes. For the smaller firm such schemes offered a much more cost effective means of providing training. A variety of organisational approaches were adopted including, for example, larger firms providing off-the-job training for apprentices of smaller establishments.(61) Some boards also carried out direct training in their own centres for employees of small firms, but this was never planned to be on a more than limited scale. There can be

little doubt that the rise in the number of such schemes, from about 80 in 1964 to over 300 in 1968(62) was due to the weight attached to them by some boards, in particular the engineering board. However, a survey conducted at the time by the EITB discovered that whilst on average 21 firms participated in such schemes, the average number of employees for each firm was 120,(63) to some extent therefore lessening the case for their utility to the small firm. Finally, it appears, most boards moved fairly quickly in the areas of research and consultancy and advisory services. Thus, for instance, the Knitting, Lace and Net ITB sponsored research on the cost of training, Wool, Jute and Flax sponsored research on training needs and labour turnover in small firms while the Foundry Industry Training Committee looked at management career patterns.(64) The boards' advisory services were mainly carried out through their training staff in the field, of which there were 850 in all by the end of August 1968.(65)

ASSESSING THE IMPLEMENTATION OF THE INDUSTRIAL TRAINING ACT

Having looked at the establishment and organisation of the ITB system together with a consideration of the roles and priorities adopted by the boards, we turn our attention in this section to an assessment of the implementation of training policy up to about 1970, together with some related issues of its impact, and the implications of these for policy change. An important concern here is to clarify the extent to which, if at all, the operational choices made by ITBs served to modify the strategy contained in the policy. Thereafter, to

clarify the extent to which any such modifications may be seen as 'displacing' the original intentions of the policy by those responsible for its implementation, or as a 'development' designed to overcome limitations in the original policy. This should then contribute to our assessment of the degree to which the operationalisation of the policy contributed to the process of change in this policy area which culminated in the 1973 Employment and Training Act which we shall be considering in the following chapter. We shall, therefore, proceed by an examination of the impact of the ITBs with regard to the issues that attained prominence at the time, the problems that were seen to derive from the Act's implementation and the criticisms that were directed at the ITBs themselves.

The criticisms of the operation of the Industrial Training Act centred on four main areas, although they are of course inter-related. These were: the extent to which the objectives of the Act were being achieved; the adverse effect on small firms; overly bureaucratic boards and duplication of activities between boards; and the ineffectiveness of the CTC as a central coordinating mechanism. Whilst these issues became problematic during the implementation of the Act, it should be borne in mind that they may not necessarily be regarded as simply pertaining to the implementation level: that is they may be due to shortcomings or limitations at the strategic policy level.

Some of these difficulties became apparent fairly quickly whilst others were slower to materialise. But all gradually became increasingly prominent. A principal reason for this, it is claimed here, was the way in which, from the beginning of its formation in 1965, the CBI kept an extremely close 'watching

brief' over developments.(66) Generally speaking it adopted a stance which attempted to be both supportive and constructively critical: Having given its 'blessing' to the ITA the CBI was committed to its 'successful' implementation but was no doubt aware that not all its constituent membership would adopt such a benevolent attitude. The right kind of balance had therefore not only to be struck, but be seen to be struck, between support for the objectives of the Act and the protection of those interests which might be adversely affected by its operation. As early as 1966, for instance, the CBI announced that it had begun a general review of the Act which *inter alia* had led to discussions with the Ministry of Labour on a wide range of matters including criticisms of the ways in which the Act was being applied - especially by the EITB.(67) This review led to the statements in 1968 that: "More headway should have been made in tackling some of the fundamental issues which have long bedevilled our training situation." And further, that "As the paymaster in this operation, industry will be increasingly concerned to see that it gets value for money in terms of all the things which the Act sets out to achieve."(68) Because of this close interest and the information which it gathered, the CBI was - apart from the Ministry of Labour/DEP - probably the only organisation to have a fairly clear idea of the impact that the Act was having upon industry as a whole. In fact, in view of the Ministry's stance of letting boards get on with the job themselves, it could well be that the CBI had a fuller or clearer picture than had the Department. The CBI was, therefore, in a relatively favourable position to exert pressure for change where this was deemed necessary. As we shall see later this was so on certain occasions between 1970-73, but prior to then the CBI was instrumental in bringing some of these issues to the fore.

Achievement of the Act's objectives

Increases in quality

The three main objectives of the 1964 Act were to increase the quantity and quality of industrial training and to spread the costs between employers. We shall, therefore, consider the first two of these here, but leave the third to be examined when we look at the effect of the Act on small firms, as the two are intimately connected. To assess how far the objectives of the Act were being achieved was dependent upon having suitable indicators by which performance could be measured.⁽⁶⁹⁾ Making a quantitative assessment, whilst subject to certain difficulties, is relatively easy in comparison to a qualitative one. It was certainly claimed at the time, by the Minister, by the ITBs and by the CTC that the Act had resulted in a significant increase in both the quantity and quality of training. Yet it is difficult to see on what grounds claims about improvements in quality were made other than being based on an assumption that more training *ipso facto* equals better training. Whilst there may be a degree of accuracy in this assumption there is certainly no universal truth contained in it. There is in fact no doubt that during the first five or six years of the Act's operation training activity increased,⁽⁷⁰⁾ but the propensity was, it would seem, to base measures of quality on the same, or similar, indicators as measurement of quantity: output was tending to be measured in terms of input. For instance, the Secretary of State for Employment and Productivity, Barbara Castle, stated in 1969 that there was "hard evidence of how the *quality* of training has been raised." This 'hard

evidence' turned out to be no more than the publication and approval of over 120 ITB training recommendations covering all types of occupations.{71}

Admittedly, such recommendations were linked to the incentive of grant and were designed to improve training standards. But there are three closely connected issues here which raise questions about the magnitude of such improvements as were indicated by grant levels. The first concerns the matter of who is doing the assessing and the competence or expertise involved. Initially at least, there was no available pool of training personnel required by ITBs. In order to at least partially fill this gap ITBs apparently engaged in some 'poaching' of their own by offering more attractive salaries than were available in industry. Such poaching was perhaps not too difficult given the general position of training officers within industry prior to 1964, which was to be "responsible mainly for training at shop floor level...training for what were regarded as traditional, well-known or well-authenticated skills...working with a limited range of teaching techniques....The Training Officer was in the training job often because he himself had been good at the job he was teaching, and he was reasonably articulate. He was often the poor cousin of the technical college teacher, of relatively low status in his firm, relatively poorly paid, and knowing little about the results of his work."{72} A further source of recruitment for ITBs apparently was retired officers from the armed forces.{73}

Apart from the resentment that such 'creaming off' from industry caused{74} this indicates that boards were likely not only to be publishing recommendations but making decisions about training standards in industry and

hence grants on the advice of an inadequate - in terms of numbers and quality - supporting staff. Related to this is the second point that, in one sense, early decisions about grant eligibility may be seen as setting some form of precedent. This would make it much more difficult thereafter to alter the basis upon which grants were made, not least because of the complaints that such action would be likely to engender. Thus the best that might be hoped for would be a gradual 'push' effect on quality - as boards' staff became more qualified and as there was a general refining of methods and tightening up on grant conditions. And thirdly, it might reasonably be supposed that as the ITBs developed, so too would their own administrative interests. It would not, therefore, necessarily be disadvantageous to the promotion of those interests to claim that increases in the amount of grant paid out were indications of rising training quality. In sum, we can see that whilst it can be claimed that there was inevitably some increase in the quality of training, determining the magnitude of the increase was virtually impossible as there was no 'objective' method of evaluating the training recommendations and standards laid down by individual boards, nor means whereby their impact could be assessed. This was one of the consequences of the Department's deliberate policy of non-interference in boards' activities. As Mukherjee stated, "DEP interest has remained centred on evaluating each Boards' performance within the parameters which the Board has determined for itself." (75)

Increases in quantity

The second issue in relation to the objectives concerns the nature, or value, of the increased volume of training. Because of the already noted anxiety of

many boards to speedily establish a levy/grant system before appropriate mechanisms existed for adequately assessing training needs and standards in industry, many firms were able to take financial advantage of such a state of affairs. That is, many companies - especially the larger ones - adopted an entrepreneurial attitude towards training, i.e. maximise benefits (ITB grants) and minimise costs (Training and levy). Because firms that trained in excess of *the average* for an industry could obtain more in grant than they paid out in levy, it was considered that the levy/grant system was producing 'training for grant' rather than training for productivity or to meet future skills shortages.(76) Many firms were able to claim up to four or five times the amount paid out. Perhaps the most extreme example arose in the Construction ITB which got itself into considerable financial difficulties in the operation of its levy/grant system, ultimately requiring an £8million loan from the Government. In 1967 over 20 per cent of establishments in the construction industry had received grants of between two and four times the levy paid, whilst one firm had actually managed to claim twelve times its levy.(77) One of the reasons why this could occur was the tendency to base levy assessments on grounds other than detailed analyses of manpower and training needs.

Thus it is questionable how far the increase in the quantity of training reflected the real needs of industry, or how far it represented the most convenient means of obtaining a larger slice of the grant cake. It was, for example, the view of a significant section of employer members who took part in the CBI's appraisal of the ITA that many firms were employing training staff - or changing the designation of existing staff to that of 'training officer' - in order to have someone available to complete the ITB forms and

qualify for the maximum possible grant. The implication being that actual training was a secondary consideration. Indeed it is likely that some training that was in excess of the average for the industry simply reflected a higher than average labour turn-over, so that some employers felt aggrieved that the grant structure was tending to support firms with poor labour relations.{78} A final point to note in connection with quantity is that it was difficult to ascertain precisely how much of any increase was the result of ITB pressure and how much might in any case have taken place. A not untypical response from a member trade association to the CBI review pointed out that training was steadily increasing in the industry in 1967 before the establishment of the ITB and "It is difficult...to say that the quantity has been significantly effected(sic) by the Board since 1967."{79}

Spreading the costs and the small firm

The third objective of the ITA that we are considering in the context of implementation is that of the re-distribution of training costs. Because, however, such re-distribution was supposed to work against 'poachers', i.e. generally small to medium sized firms, this issue cannot be considered in isolation from the factors that gave rise to vociferous complaints from the small firm sector and so we shall consider these together. Given the rationale of the Act it might be assumed that such complaints were no more than was to be expected and that they were simply pleas for a return to the *status quo ante*. This was apparently the view taken by the CTC in 1967, although couched in diplomatic terms. While "it cannot be denied that a number of smaller employers genuinely believe that the levy and grant system is bound to operate

to their disadvantage, either because their training needs are modest or because of the form of training they are able to provide", the problem was seen as "to a large extent one of communication." It was important, therefore that boards take these complaints seriously, if for no other reason than that "in most industries the majority of firms are small, employing fewer than 100 employees" and "boards can ill afford to lose the goodwill of these employers".⁽⁸⁰⁾ By 1969 the views of the CTC had undergone some re-assessment, which suggested that there was in reality some basis for such complaints: although some were either a form of protest or exaggeration, "many do undoubtedly reflect a major problem which must be of concern to the Council and all training boards."⁽⁸¹⁾

In essence the complaints centred around the claim that the operation of the Act was working against the small firm and in favour of the large: the inequity that had been claimed to have existed prior to 1964 had not so much been reduced as reversed. The costs of complying with the Act in terms of fulfilling the requirements of the ITBs far outweighed any advantages to be derived it was stated. Such costs might include time spent in filling in complicated forms; the employment of specialist staff; and releasing workers for off-the-job training. This was compounded by the lack of flexibility and communication on the part of some boards towards such firms. One reason was that boards were generally unaware of the needs of such firms resulting from "the absence of anyone to represent the small man on the Central Training Council or the training boards."⁽⁸²⁾ The result was that many such employers came to regard the levy as simply another form of taxation. It was estimated "that some 5,000 firms pay the levy and make no attempt whatsoever to recoup

their losses - many simply add the levy on to their prices."(83) However justified such complaints (and given the absence of adequate cost benefit analyses across the board, justification is really another word for conjecture) the strength of feeling behind them was certainly sufficient to induce a response from most ITBs and Government.

The Government responded by acknowledging and giving credence to such difficulties. In June 1969 Roy Hattersley sympathetically stated: "We must make an increasing allowance for the needs of small firms. Boards are making great efforts to take into account the small firms, to improve communications with them and to help provide them with training services and advice. Clearly training is often more difficult to organise in the small firm than in the large."(84) One month later the President of the Board of Trade, Anthony Crosland, announced the establishment of a Committee of Inquiry on Small firms - known as the Bolton Committee.(85) One of the problem areas that was to figure prominently in the Report was the effect of the operation of the ITA, and the recommendations of the Bolton Committee were to have a significant influence upon subsequent legislation. As far as the ITBs were concerned, it is clear that, sooner or later, the majority took steps to respond to these criticisms. By the time that the Bolton Committee reported in 1971 there were twenty nine boards of which twenty four had small firms in scope. Of these twenty four, twenty were operating systems of differential levies and/or payroll 'cut offs' before levy became chargeable. For example, the Ceramics, Glass and Mineral Products ITB exempted the first £6,000 of earnings from levy and its levy varied between 0.75% and 1.5% of total emoluments by sector; while the Chemicals and Allied Products ITB had a £25,000 exemption cut off but a

single, 1.5% levy. The most complex and far reaching of all was the system applied by the Wool, Jute and Flax ITB which had *thirteen* rates of levy between nil and 1.5% and a cut off of £7,000.(86)

ITBs also increasingly adopted a system which came to be known as 'netting' whereby money was collected or paid out in a single transaction: the sum due being the net amount after allowing grant to be offset against levy. Fourteen of the twenty four boards above were operating such procedures by 1971.(87) Netting was an attempt to simplify and introduce greater flexibility into the paperwork involved in the levy grant system and whilst not being a measure specifically designed for the benefit of small firms, no doubt went some way towards meeting some of their complaints. In addition to developing advisory services for small firms the other area where, from the beginning, boards had tried to encourage training in small firms was in the development of group training schemes (see above). By 1971 some 712 such schemes were in operation and of these 215 were in the construction industry and 170 in the engineering industry.(88)

We can conclude from the foregoing, therefore, that as far as achieving the objective of a fair distribution of training costs was concerned, two important factors in this context militated against this. Firstly, with the exception of the EITB, the initial decisions to opt for low levies meant that the full cost of training was *not* being re-distributed. Although this was viewed as applying in the short term, few boards found it possible thereafter to increase their levies to a rate that would cover the full cost of training. This was due to the second factor which was the amount of criticism that the levy/grant system

generated, in particular from small firms. By responding to this with differential levies and cut offs (applicable to the EITB from 1970), ITBs not only abandoned cost spreading as an objective but also the rather more implicit objective in the Act that the financial incentive should be a means of improving training in all firms regardless of size.

Bureaucracy and duplication

Some of the reasons for the criticisms that ITBs were overly bureaucratic in operation are, of course, to be found in the above. Certainly in the early years of operation, fulfilling the boards requirements, for example, for information was a complex and time-consuming business especially where, as we might assume was the case for the vast majority of firms, such information either did not exist or did not exist in a readily accessible form. No doubt some element of criticism would have existed regardless of how sensitive boards were to the needs of firms, simply because any form of additional cost or regulation is negatively regarded. Nonetheless, there were certain common features such as complexity, inflexibility - especially where the needs of individual firms were seen to vary - and boards adopting somewhat 'dictatorial' postures that suggests some more tangible basis to such claims. It is, however, to an extent, difficult to generalise about the accuracy of such criticisms given as we have already discussed, the different approaches and attitudes adopted by boards themselves towards the firms in their industries. The corollary to this is, of course, that firms' experiences would differ and so too would their perceptions of the boards. This may in part explain apparent contradictions in the complaints and criticisms of the board system

in general: on the one hand board staff were too 'inspectorial', boards were financially inefficient and spent too much on buildings and employing too many staff, whilst on the other hand there was claimed to be a lack of personal contact, often due to boards employing inadequate numbers of training staff.

The other aspect that was a cause of dissatisfaction was the duplication inherent in the industry based board structure and the way in which companies could be brought within the scope of more than one ITB. For the purposes of the Act the relevant organisational unit was the 'establishment'. This, however, meant that where a company had a number of subsidiaries, then depending on the nature of the activities therein, it could fall under a different board from that of the parent company. One such firm that responded to the CBI's survey reported that through its subsidiaries it was involved with nine ITBs, and as all these establishments had works canteens, with the Hotel and Catering ITB also. This latter point similarly featured as a prominent complaint amongst other respondents.⁽⁸⁹⁾ Some of the difficulties arose because the training policies and recommendations of the boards differed. In this connection another company 'in scope' to both the construction and engineering ITBs reported that certain apprentices did not receive certificates from the EITB if they had trained only to the CITBs schemes. And finally, it was claimed that all of this placed additional burdens on the parent company which was having to answer queries and provide guidelines to subsidiaries. The main mechanism designed to avoid such problems was the CTC which we shall be examining in a moment. Boards themselves, however, had authority under the Act to create structures and procedures to avoid or overcome duplication. Thus a board may "join with one or more other industrial training boards in

appointing joint committees...".(90) The most notable example of such a development was the Joint Committee for Training in the Foundry Industry set up by the EITB and the Iron and Steel ITB. Other, more normal means of achieving cooperation and coordination were joint sub-committees or working parties. Also one ITB could request another to undertake training in a particular establishment on its behalf or an ITB could adopt the training recommendations and regulations of another board. Despite these provisions they were clearly not widely used. There was a "Reluctance on the part of Boards to collaborate on joint ventures, or to share accumulated experience; some worthwhile joint projects (eg in applied research) not undertaken."(91) Such reluctance may be taken as indicative of the development of inter-organisational rivalries

The Central Training Council

We turn finally in this section to the Central Training Council. It is evident from our discussions so far that some of the reservations expressed prior to the passage of the ITA regarding the CTC's role as a coordinating mechanism were borne out by subsequent events. Being at one remove from the delivery of policy, the Council did not generate a great deal of criticism or comment from employers. Indeed it is likely that the majority were only vaguely aware of the CTCs existence: very few respondents to the CBI survey, for example, made reference to the Council. Only a small proportion of ITB chairmen were represented on the Council and there is some evidence to indicate that boards felt 'divorced' from the Council's work.(92) Given that boards' primary 'loyalty' lay with their industries the advice of the council was, it would seem, ignored

or given low priority where this was judged by boards to be not in the immediate interests of their industry. And as we shall explore further, the Council was virtually ineffective in ensuring that boards' activities contributed to the achievement of wider labour market objectives. There was, in this respect, an inherent contradiction - or perhaps dilemma - in the position of the Ministry of Labour/Department of Employment. On the one hand it commended the work of the Council and exhorted boards to follow the training recommendations laid down by it, but on the other was anxious not to interfere - or be seen to be interfering - and to preserve the autonomy of the ITBs. It can even be argued that the Department made it less, not more, likely that the Council would not be regarded as the authoritative voice on training matters through attempting to foster its own links with the boards. This was reflected in Roy Hattersley's statement that: "I hope that the boards do not and will not see the Central Training Council as something which stands between them and the Ministry... they may be reassured to know we are giving active consideration to organising formal procedures by which chairmen of boards could have the regular opportunity of discussing mutual problems with the Ministry. Obviously the informal opportunity has always existed and has been used." (93)

As early as 1967 the operation of the CTC had been the subject of unfavourable comments from the Commons' Estimates Committee, which had declared itself as not 'entirely happy' with the CTCs achievements. (94) The Committee therefore proposed a review of the Council's work. It was two years before the Secretary of State accepted the recommendation and in 1969 he announced the establishment of a committee: "To review the functions and organisation of the

Central Training Council and to make recommendations...on whether any changes are necessary."(95) Of all the organisations and individuals that had given evidence to the select committee, however, only the TUC had called for radical change, similar in fact to the views it had put forward in 1963 and which had been "strenuously opposed by the Ministry of Labour". The TUC stated that the "General Council see no reason so far to depart from their view as to the the need for a more powerful and more independent central body to give strength and direction to the work of the Boards."(96) Interestingly enough, despite the fact that Frank Cousins (who was also at the time Chairman of the CTC) chaired the Review Committee, the views of the General Council again failed to prevail. Minor modifications, not radical change, were the order of the day. This seemed to broadly reflect the balance of evidence submitted to the Committee.(97) Following publication of the Review Committees report the CBI commented that "It was gratifying that the...recommendations were closely in line with the CBI's own evidence."(98) The recommendations were that the advisory character of the CTC should be retained but that it should take a more positive role in initiating and influencing the work of the ITBs. There was, in effect, an implicit acknowledgement of the CTC's 'lack of teeth' in the proposals about what needed to be done(99) but, apart from some reorganisation of its committee structure, there was little to indicate *how* its role could be performed more effectively. In other words it was to carry on doing the same job, only better. It is probable, however, that in view of the general disquiet over the operation of the ITA, that it was not considered propitious timing to disturb what had already been established by recommending a strengthening in the powers of the CTC.

STATE PROVISION AND GOVERNMENT TRAINING CENTRES

Before moving to our concluding section we turn to consider the related developments that were occurring in the area of state-sponsored vocational training. The importance attached to this type of training provision clearly grew during this period (and indeed continued in the 1970s, see Chapter 6). There was a steady expansion in the training and retraining functions, the first of which came in 1963 when the Chancellor announced in his budget statement that facilities in GTCs would be doubled.⁽¹⁰⁰⁾ This in fact amounted to the provision of 18 new centres - a relatively insignificant number according to the Labour opposition when it was considered that in 1962 GTCs only numbered 13 and the total number of trainees as at November 1962 was 2,317, of which 1,188 were either disabled people or able-bodied ex-Regular soldiers.⁽¹⁰¹⁾ By 1967 the number of GTCs stood at 32 with 6,400 places;⁽¹⁰²⁾ by December 1968 there were 42 and 9,000 respectively⁽¹⁰³⁾ and in July 1971 52 and 10,700.⁽¹⁰⁴⁾ Although somewhat difficult to quantify, the approximate cost of adult training in GTCs, including the cost of trainees' allowances, was estimated to be about £8.1 million in 1967/68, with an additional expenditure of over £2.6 million by departments other than the DEP on the provision of premises, heat, light, power and other services.⁽¹⁰⁵⁾

Although the social role of GTCs was never abandoned it became increasingly marginal to the emphasis placed on economic objectives of growth and within that the need to increase the supply of skills in those occupations - and regions - where persistent shortages occurred, in particular construction and

TABLE 5.3
GOVERNMENT TRAINING CENTRES
Places available, Places Occupied and Numbers awaiting admission, November 1966

Trade	Scotland		Wales		England		Total		Numbers awaiting admission
	A	B	A	B	A	B	A	B	
Bricklaying	80	67	48	45	512	404	640	516	240
Carpentry	192	176	54	62	544	473	800	711	434
Heating and ventilating fitting	-	-	16	16	144	134	160	150	95
House painting and decorating	-	-	-	-	36	28	36	28	66
Plastering	-	-	-	-	128	85	128	85	17
Plumbing	-	-	-	-	192	163	192	163	165
Slating and Tiling	-	-	-	-	16	13	16	13	5
Contractors' plant maintenance	-	-	32	32	192	177	224	209	160
Electrical contracting	-	-	12	12	108	94	120	106	90
Street masonry and paving	-	-	-	-	60	42	60	42	5
Draughtsmanship	16	11	16	16	128	94	160	121	34
Draughtsmanship assessment/workshop	-	-	-	-	24	14	24	14	3
Fitting - general	-	-	48	21	204	173	252	194	102
Fitting - jig and tool	12	5	24	25	36	27	72	57	9
Sheet metal work	-	-	-	-	96	84	96	84	22
Instrument bench and machine work	24	24	-	-	108	108	132	132	62
Centre lathe turning	70	63	20	19	250	206	340	288	266
Capstan setting operating	120	108	40	40	320	288	480	436	526
Milling setting operating	60	56	20	20	210	177	290	253	253
Precision grinding	40	33	10	10	100	101	150	144	130
Welding - electric arc	-	-	36	34	204	196	240	230	555
Welding - oxy-acetylene	-	-	-	-	60	57	60	57	114
Agricultural machinery repairing	64	60	-	-	80	54	144	114	86
Boot and shoe repairing	-	-	-	-	16	10	16	10	-
Canteen cooking	3	2	3	3	24	20	30	25	34
Furniture - cabinet making	-	-	-	-	12	10	12	10	2
Scientific (bench) glassblowing	-	-	-	-	12	11	12	11	1
Hairdressing (men's)	36	18	12	10	144	129	192	157	51
Instrument maintenance	24	21	12	11	48	43	84	75	34
Motor repairing	88	79	56	56	372	338	516	473	389
Heavy vehicle repairing	-	-	-	-	12	12	12	12	19
Radio, television and electronic servicing	48	34	24	11	252	207	324	252	270
Screen process printing	-	-	-	-	24	23	24	23	30
Storekeeping	4	1	2	1	17	12	23	14	50
Tailoring (retail bespoke)	-	-	-	-	36	33	36	33	24
Typewriter repairing	-	-	-	-	108	86	108	86	52
Vehicle building - body building	-	-	-	-	16	15	16	15	22
Vehicle building - coach painting	-	-	-	-	16	7	16	7	17
Watch and clock repairing	12	12	-	-	72	57	84	69	11
Woodcutting machining	-	-	-	-	80	58	80	58	20
	893	770	495	444	5013	4263	6401	5477	4465

Source: *Ninth Report from the Estimates Committee* Session 1966-67, HC 548, (HMSO, 1967) p 30.

engineering. Table 5.3 shows the number of places available, occupied, and awaiting admission for different occupations at GTCs as at November 1966. Increased state provision should not, however, be taken to indicate a change in government standards concerning the division of responsibility for training between the state and industry, despite a more generally interventionist approach from 1966 onwards.⁽¹⁰⁶⁾ That Government-sponsored training provision should continue to be a residual element of total training provision remained a basic assumption of both industry and Government throughout the period. One illustration of this being the statement in the memorandum submitted by the Minister of Labour to the Estimates Committee in January 1967 that: "training at all levels below the professional, including the industrial training of apprentices and the training of factory workers in semi-skilled processes, has always been primarily the responsibility of industry.... This situation has not been basically altered by the coming into force of the Industrial Training Act 1964 and the setting up of industrial training boards. The Government is now much more closely involved with industrial training but industry still retains the major responsibility for the provision of training."⁽¹⁰⁷⁾ But whilst we are claiming that there was no change in standards, we can also see that developments at the implementation level were subjecting those standards to challenge. The result was a 'tension' between the two sides of training policy: government committed to a residual role but, in the face of continuing evidence of skill shortages and the apparent lack of impact by ITBs in this area, being more drawn into marginal increases in state provision

The expansion of the GTCs was also a result of the emphasis upon the need to improve the efficient working of the labour market at a time when the labour

force was growing less slowly than target outputs required. Traditional apprenticeships took 4-5 years to complete; the majority of courses at GTCs took six months. GTCs were therefore seen as increasingly important mechanisms for the rapid redeployment of labour and training to meet the additional demand for skill. Nonetheless, significant as this expansion was in its own terms, even by 1970 it represented only a tenth of total industrial training provision, or 0.01 per cent of the labour force.⁽¹⁰⁸⁾ That people trained on such schemes found difficulty in gaining subsequent employment because of trade union opposition has often been cited as a reason why GTC expansion was not carried further. It was, however, clearly stated in the Donovan Report, a considerable amount of whose deliberations centred upon restrictive practices in industry and their impact upon the provision of training, that "This expansion [of GTCs] is being carried out with the full co-operation of employers' representatives, and leaders of the unions concerned."⁽¹⁰⁹⁾ It was not the leadership that posed the real problem. The questioning of witnesses from the Ministry of Labour and the TUC indicates that the real source of the problem as far as national objectives were concerned resided in the *autonomy* that local branches had in deciding who would be granted union membership: in some branches this obviously meant only those who had served a specified period of time as an apprentice prior to the age of 20 or 21 years.⁽¹¹⁰⁾ Although in many instances this would be contrary to the views expressed and agreements reached at national level, the trade unions' leadership were reluctant to press their views where local opposition existed.

How significant this problem was regarded at the time is not altogether clear. Certainly, unlike practices in some other countries such as Sweden where state sponsored retraining is available to individuals regardless of their subsequent employment prospects, the attitude of the Ministry of Labour had always been to link the courses and places available in GTCs to the demand (existing and future) for labour and the likelihood that such trainees would be accepted as skilled men on entering employment.⁽¹¹¹⁾ There was some indication in the Ministry's evidence to the Donovan Commission that strong local trade union opposition would curtail the activities of GTCs, but the view was also expressed that the problem was a relatively small scale one. Certainly some observers have expressed the view that "The main problem is not the acceptance of the retrained men: with determination this could be overcome. The real problem is the puny size of the retraining effort."⁽¹¹²⁾ Whether or not the acceptance of 'dilutees' as GTC trainees were known constituted a significant problem in attempts to overcome skill shortages will be explored further when we examine industrial training at the level of the firm. What we can say, however, is that it did not appear to be the major constraining factor in the 1960s in holding back the rate of expansion undergone by GTCs. Indeed the expansion that took place between 1966-68 was actually speeded up as a response to increases levels of unemployment.⁽¹¹³⁾ Of greater significance in this respect was the belief that state-sponsored training should remain residual to the efforts of industry.

CONCLUSIONS

In our assessment of the implementation of the ITA up to 1970, a number of important factors emerge. The one crucial assumption underpinning the Act's conception - and its subsequent acceptance by the Labour Government - had been that the behaviour and attitudes of industry not only could but, in line with prevailing standards, should best be changed through organisations whose membership was principally drawn from industry. And that within the broad limits set down in the legislative framework such organisations should be allowed considerable operational autonomy. Implicit in such arrangements, however, was an acknowledgement of political constraints: a recognition that there was not complete consensus among affected interests to state intervention in industrial training. Government was dependent upon private actors in order to achieve its broad policy objectives, but as Young has pointed out with reference to the similar concerns of industrial policy, "bitter experience has shown that independent, private sector firms cannot be relied upon to complete projects partly sponsored by government."(114) As evidenced by the findings of the Devlin Commission,(115) one important reason was the fragmentary character and weakness of many business organisations.(116) The ineffectiveness of such organisations (not just in terms of resources but also in terms of the degree of 'control' over the membership) therefore was likely to militate against the development of a system of industrial self-regulation necessary, at least from government's point of view, for training policy to be effective.

Such organisational 'imperatives' produced a fragmented structure which had a number of significant consequences. Firstly there was a considerable degree of variation in the way that ITBs interpreted their functions and in the

priorities that they adopted. Whilst this in part reflected their industry focus nevertheless there was an absence of any real capacity to evaluate the individual achievements of ITBs within their own industries. Secondly and partly related to the first point, the overall impact of the Act was unclear as there were no satisfactory or comprehensive mechanisms for monitoring and evaluating the performance - whether in relation to the objectives of the Act, or some other set of objectives - of those organisations engaged in the delivery of policy. There was no way of making comparisons between boards' effectiveness because there appeared to be no common or agreed criteria upon which to base such comparisons. Much of the 'evidence' of improvements, or otherwise, in training was either impressionistic or rested upon rather dubious statistics. The fragmentary nature of the ITB structure had no compensating mechanism with sufficient influence, or with a willingness to exert such influence, to achieve a greater degree of coordination.

In the final analysis, by the time the ITB network was complete, around 1969/70, the impetus and direction of industrial training policy had become increasingly subject to uncertainty. This largely resulted from the growing ambiguity surrounding the extent to which ITBs were contributing to the achievement of the policy objectives. This is not to imply that there was a lessening of commitment by the Government toward the ITB system *per se* but rather, that there was a growing awareness of shortcomings inherent in the system. In 1969 and 1970 Roy Hattersley and Barbara Castle both made speeches extolling the virtues of the Act's achievements, but which then proceeded to elaborate problems and aspects in need of improvement but without any firm proposals for change.⁽¹¹⁷⁾ This may be represented as posing a challenge to

the prevailing standards, in particular as regards the division of responsibility between the state and private industry, but which as yet generated no clear response from the Government. Such pressure was evident in the expanding role given to the GTCs. A major factor in this expansion was the way in which boards interpreted their roles, which to all intents and purposes effectively excluded from their activities training for wider labour market needs. Certainly one of the objectives of industrial training legislation was to close the gap between demand and supply of labour. ITBs were either not inclined, or were unable, to close that gap for two principal reasons. First, engaging in activities to increase the supply of skills through adult retraining have clear industrial relations implications and it is evident that most boards wished to avoid treading a path that might bring them into direct conflict with trade unions. (118) Second, that the direction that boards' activities took were primarily influenced by industrial pressure, in particular the desire to avoid evoking a critical reaction to board proposals. Hence the emphasis in training recommendations became less to do with the needs of industry and more to do with meeting the training needs of individual firms within the industry. Thus ITBs, established as intermediate organisations, designed to achieve greater consistency between governmental objectives and the needs of industry were not operating as originally conceived. The 'pull' of industrial interests was stronger than the 'push' of governmental intervention.

Thus, in terms of our framework, we can see that by 1970 there had occurred a number of *de facto* changes to industrial training policy. The clearest expression of these were to be seen in the watering down of the objectives of the Act, in particular the equalisation of costs. These changes had arisen at

the implementation level partly in response to problems of technical feasibility and and partly to avoid generating hostility on the part of those whose behaviour the policy was designed to change - industrial interests. The policy had established a weak and fragmented structure to tackle a global training problem. Implicit in the policy was an assumption that the aggregate efforts of ITBs would equal the achievement of national objectives which were to eradicate skills shortages and contribute to an improved economic performance. That this did not happen was in part due to the limitations and contradictions inherent in the legislative framework and in part to the way in which ITBs chose to interpret their roles within that. In other words there was a degree of incompatibility between the standards of improving the performance of the labour market so as to enhance industrial and economic performance, and securing such improvements through voluntary agreement. The standard of voluntarism had resulted in the establishment of a form of machinery that relied heavily upon self-regulation by industry, the effective operation of which required a significant change in attitude towards training on the part of the majority of employers and trade unions. Such a change in attitude did not materialise on any extensive or consistent scale. Inevitably ITBs identified with their industries, and neither they, nor the firms within their industries appear to have attached much priority to the achievement of national objectives: there is certainly no evidence to indicate that national and sectoral priorities were seen as synonymous, indeed if anything the contrary would be indicated. Whilst ITBs were obviously concerned to increase the quantity and quality of training they can be said to have moved outside the bounds of the strategic framework laid down by the policy insofar as they sought to accommodate the pressure of interests from their 'constituencies' at

the expense of wider national interests. This especially applied to what was by 1970 a virtual abandonment of the objective of achieving a redistribution of training costs. Such changes may be said to represent a displacement of the original policy. Whether or not they were likely to lead to a modification in the standards resulting in, for example, such changes being incorporated into policy, we shall consider in the following chapter.

FOOTNOTES

1. R M Lindley 'Economic Decision-Making and Active Manpower Policies' workshop paper presented to the European Consortium for Political Research, Brussels (1979).
2. *Industrial Training: Government Proposals* Cmnd 1892 (London: HMSO, 1964) para 5.
3. S Mukherjee *Changing Manpower Needs: A Study of Industrial Training Boards* Broadsheet 523 (London: PEP, 1970). pp 37-40.
4. On this point see, for example, the comments made in the National Economic Developments Council's *Growth of the United Kingdom Economy 1961-1966* (London: NEDO, 1963) esp p 25; also H C Debs (1 February 1963) Cols 1285-1378; these problems were also highlighted in a number of contemporary reports, in particular the Robins Report on *Higher Education* Cmnd 2154 (1963).
5. On this see P R G Layard 'Manpower Needs and the Planning of Higher Education' in B C Roberts and J H Smith (eds) *Manpower Policy and Employment Trends* (London: LSE&PS, 1966).
6. P Ryan 'The Costs of Job Training for a Transferable Skill' *British Journal of Industrial Relations* Vol 20 (1982).
7. R M Lindley 'Economic Decision-Making and Active Manpower Policies'
8. Though such a rigid distinction between general skills training and job specific training cannot be held in practice: some degree of overlap is inevitable.
9. B J McCormick and P S Manley 'The Industrial Training Act' *Westminster Bank Review* (February 1967). McCormick and Manley are broadly following G S Becker's theory which states that general skills training will only be provided by employers where they do not have to bear any of the costs. For an exposition of his line of argument see G S Becker, *Human Capital* (New York: National Bureau of Economic Research, 1964) esp pp 7-29. But for a criticism of the application of 'Beckerian principles' in industrial training legislation see B O Pettman 'In Partial Defence of the Industrial Training Boards: Some Criticisms Examined' *British Journal of Industrial Relations* Vol 10 (1972).
10. McCormick and Manley 'The Industrial Training Act' p 50.
11. *Industrial Training: Government Proposals* para 3.
12. P J C Perry *The Evolution of British Manpower Policy* (London: BACIE,

- 1976) p 181.
13. HC Debs (20 November 1963) Col 1049.
 14. A Etzioni 'A Basis for Comparative Analysis of Complex Organisations' in A Etzioni (ed) *A Sociological Reader on Complex Organisations* (2nd Edn) (London: Holt, Rinehart and Winston 1969).
 15. William Whitelaw, Parliamentary Secretary to the Ministry of Labour, HC Debs (1 February 1963) Col 1369.
 16. D S Van Meter and C E Van Horn 'The Policy Implementation Process: A Conceptual Framework' *Administration and Society* Vol 6, No 4 (1975) p 468.
 17. B Hogwood and B G Peters *Policy Dynamics* (Brighton: Wheatsheaf, 1983).
 18. G Majone and A Widavsky 'Implementation as Evolution' *Policy Studies Review Annual Vol 2* (London: Sage, 1978).
 19. Mukherjee *Changing Manpower Needs* p 45.
 20. For such a classification of ITBs at a later date see G Bowen *Survey of Fringe Bodies* (London: Civil Service Department, 1978).
 21. M Stewart *Politics and Economic Policy in the UK since 1964* (Oxford: Pergamon, 1978) p 28.
 22. G Polanyi *Planning in Britain: the Experience of the 1960s* (London: IEA, 1967) pp 20-22; J Tomlinson *British Macroeconomic Policy since 1940* (London: Croom Helm, 1985) p 94.
 23. J Hayward, 'Change and Choice: The Agenda of Planning' in J Hayward & M Watson (eds) *Planning Politics and Public Policy* (Cambridge: CUP, 1975) p 14.
 24. W Beckerman 'Objectives and performance: an overall view' in W Beckerman (ed) *The Labour Government's Economic Record 1964-1970* (London: Duckworth, 1972). See also, D Coates *The Labour Party and the Struggle for Socialism* (Cambridge: CUP, 1975) Chapter 5.
 25. N Kaldor *Causes of the Slow Rate of Economic Growth of the United Kingdom* (Cambridge: CUP, 1966).
 26. *The National Plan* Cmnd 2764, (HMSO, 1965) p 40.
 27. HC Debs (20 November 1963) Cols 1017-18.
 28. *The National Plan* pp 10-11.
 29. *The National Plan* p41.
 30. J Hardie 'Regional Policy' in Beckerman (ed) *The Labour Government's*

Economic Record.

31. Ministry of Labour, Press Notice, 18 December 1967.
32. S E Finer (ed) *Adversary Politics and Electoral Reform* (London: Anthony Wigram, 1975).
33. The Gas and Electricity Supply ITBs were wound up under the 1973 Employment and Training Act with responsibility for training in water supply being vested in the National Water Council, whilst the Agricultural, Horticultural and Forestry ITB became the Agricultural ITB, responsible to the Minister for Agriculture. See Chapter 6.
34. Perry *The Evolution of British Manpower Policy* p 176.
35. Organisation for Economic Co-operation and Development *Manpower Policy in the United Kingdom* (Paris: OECD, 1970).
36. *Industrial Training Act 1964* Section 11 para 1.
37. For a list of the membership of the 1964 CTC see G T Page *The Industrial Training Act and After* (London: Andre Deutsch, 1967) pp 104-6.
38. Page *The Industrial Training Act and After* p 106.
39. Page *The Industrial Training Act and After* p 131.
40. Which the Labour Party wished to see continue, as evidenced by Ray Gunter's statement during the Bill's second reading debate that: "I have said before, and some people have not liked it, that I have never believed that the man in Whitehall knows what is best for industry...because he is never aware of the atmospheres and forces, and so on, that flow in industry." HC Debs (20 November 1963) Col 1017.
41. See for example, A Gray and W I Jenkins *Administrative Politics in British Government* (Brighton: Wheatsheaf, 1985) esp. pp 140-46.
42. R Hattersley 'Helping Industry to Help Itself' *Guardian* 24 August, 1970.
43. Training Services Agency, unpublished paper 'Introduction to the Work of the Training Services Agency' (TSA, 11 December 1973) para 4.
44. OECD *Manpower Policy in the United Kingdom* p 197.
45. See Ninth Report from the Estimates Committee, together with the Minutes of Evidence taken before the Sub-Committee on Economic Affairs, Appendices and Index *Manpower Training for Industry* HC 548, Session 1966-67, para 114.
46. S Young 'Industrial Policy in Britain, 1972-1977' in J Hayward and O Narciewicz (eds) *Planning in Europe* (London: Croom Helm, 1978) p 99.
47. Central Training Council *Report to the Minister* (London: HMSO, 1965).

48. Ninth Report from the Estimates Committee, para 121.
49. Apart perhaps from the Iron and Steel ITB which doubled its levy in the second year to around 2 per cent of payroll.
50. Central Training Council, *Second Report to the Minister* (HC 486, 7 June 1967) para. 25.
51. Central Training Council, *Third Report to the Secretary of State* (HC 146, 3 March 1969) paras 45, 48.
52. Ninth Report from the Estimates Committee, paras 42 and 44.
53. Central Training Council *Third Report* paras 10 and 11.
54. Mukherjee *Changing Manpower Needs* p 54.
55. OECD *Manpower Policy in the United Kingdom* p196.
56. Mukherjee *Changing Manpower Needs* p 55.
57. Central Training Council *Third Report* paras 47, 49, 54.
58. F T Malm 'Britain's Training Act: A Manpower Revolution?' *Industrial Relations* Vol 11, No2 (1972).
59. See for example, The Central Training Council *An Approach to the Development of Managers* (London: HMSO, October 1967); and Central Training Council *Training and Development of Managers - Further Proposals* (London: HMSO, January 1969).
60. Page *The Industrial Training Act and After* p 96.
61. See, for example, the evidence of J H Roberts Group Personnel Officer, G A Harvey Group Services Ltd, Ninth Report from the Estimates Committee paras 612-3.
62. Central Training Council *Third Report* para 6.
63. D Lees and B Chiplin 'The Economics of Industrial Training' *Lloyds Bank Review* (April 1970) p 36.
64. Malm 'Britain's Training Act: A Manpower Revolution?' p 254.
65. Central Training Council *Third Report* para 7.
66. Much of the evidence for this and later chapters of employer attitudes is derived from information, eg correspondence, meetings, obtained by the CBI during its various reviews of the Acts operation and which were placed at the disposal of the author.
67. CBI *Annual Report for the Year Ending 31 December 1966* p 36.

68. CBI *Education and Training Bulletin* Supplement to September 1968.
69. See for example, H Wolman 'The Determinants of Program Success and Failure' *Journal of Public Policy* Vol 1 (1981); M Carley *Rational Techniques in Policy Analysis* (London: Heinemann, 1980) esp. Chapters 8 and 10; and M Carley *Social Measurement and Social Indicators* (London: Allen & Unwin, 1981).
70. Various sets of figures can be provided as indications of this: for example, increased numbers undergoing training and increased numbers of training officers and qualified instructors. DEP figures claim an increase of 15 per cent between 1964 and 1969 for the former category while statistics for the latter, in engineering, showed an increase of full-time training staff from 6,430 in 1965 to 10,582 in 1968. As for courses for training staff these increased from 31 courses and 367 students in 1965/66 to 90 courses and 1,249 students in 1967/68. See also Lees and Chiplin 'The Economics of Industrial Training' pp 33-4.
71. B Castle, 'Industrial Training Today' *BACIE Journal* Vol 24 (March 1970) p 6.
72. W S Barry 'The Challenge of Change: The Manager's Viewpoint' *The Training Officer* (November 1969) p 325.
73. Stated in an interview with the author by an official of the Ceramics and Allied Products Industry Training Board.
74. See various examples in the evidence of the Ninth Report from the Estimates Committee.
75. Mukherjee *Changing Manpower Needs* p 93.
76. This view was repeatedly confirmed in interviews with members of ITBs, trade associations and individual companies during interviews conducted by the author between 1979-1981.
77. For more details see Perry *The Evolution of British Manpower Policy* pp 199-201.
78. Supported by CBI survey material.
79. CBI survey material.
80. Central Training Council *Second Report* p 20.
81. Central Training Council *Third Report* p 19.
82. G Tavernier 'Small Firms versus the Industrial Training Act' *Personnel and Training Management* (January 1968).
83. Tavernier 'Small Firms versus the Industrial Training Act' p 19.
84. R Hattersley, Speech to industrial Training Seminar organised by the

Observer DEP Press Notice (24 June 1969).

85. *Small Firms: Report of the Committee of Inquiry on Small Firms* (Bolton Report) Cmnd 481 (London: HMSO, November 1971).
86. Bolton Report *Small Firms* pp 250-55.
87. Bolton Report *Small Firms* pp 250-55.
88. Bolton Report *Small Firms* pp 250-55.
89. Indeed, in 1968, the Royal Automobile Club successfully appealed against its inclusion within the scope of the Hotel and Catering ITB, claiming that members' clubs were outside the scope of the Act. The success of the action resulted in the exclusion of some 200,000 employees in other institutions - including local authorities. The Bill introduced in the Commons in January 1970 to restore the excluded sectors was lost when Parliament was dissolved in May.
90. *Industrial Training Act 1964* Section 3 para 1(b).
91. Ceramics, Glass and Mineral Products ITB internal document (1973) supplied by an officer of the board.
92. R Hattersley, Speech to the Industrial Training Seminar (1969).
93. R Hattersley, Speech to the Industrial Training Seminar (1969).
94. Ninth Report from the Estimates Committee para 51.
95. *Review of the Central Training Council* Cmnd 4335 (London: HMSO, April 1970) p 1.
96. TUC Memorandum of Evidence, Ninth Report from the Estimates Committee, p 153.
97. *Review of the Central Training Council* p 16.
98. *CBI Annual Report* (1970) para 49.
99. For instance amongst the functions needing to be carried out by the CTC were listed the following: advising on overcoming the obstacles to the development of modern training systems; evaluating the role of ITBs; coordinating the work of ITBs and GTCs; making assessments of the impact of various aspects of the ITA, e.g. levy/grant schemes; ensuring a coordinated approach to cross sector training, manpower forecasting and between training and further education.
100. HC Debs (3 April 1963) Cols 477-78. See Chapter 3 for a description of their role prior to 1962.
101. HC Debs (20 November 1963) Col 1101.

102. Institute of Personnel Management, Edinburgh Group Report (1967) p 83.
103. OECD *Manpower Policy in the United Kingdom* p 77.
104. Unpublished paper: 'Introduction to the Work of the Training Services Agency' (TSA, 11 December 1973) para 35.
105. OECD *Manpower Policy in the United Kingdom* p 77.
106. S Young with A V Lowe *Intervention in the Mixed Economy* (London: Croom Helm, 1974) chapters 3 and 4.
107. *Manpower Training for Industry* Ninth Report from the Estimates Committee, House of Commons Session 1966-67, HMSO 1967, p 2.
108. R Hattersley *Guardian* 24 August 1970.
109. *Report of the Royal Commission on Trade Unions and Employers' Associations* Cmnd 3623 (London: HMSO June 1968) p 86.
110. See for example Minutes of Evidence (parts 2 and 3) by the Ministry of Labour to the Royal Commission on Trade Unions and Employers' Associations, 2 Novemembr 1965 and 9 November 1965, (HMSO 1966) especially paras 590-606; and Minutes of Evidence (parts 61 and 65) by the TUC to the Royal Commision on Trade Unions and Employers' Associations, 29 November 1966 and 31 January 1967, (HMSO 1967) especially paras 9707-9723.
111. Ninth Report from the Estimates Committee paras 21-5.
112. IPM, Edinburgh Group Report p 83.
113. OECD *Manpower Policy in the United Kingdom* p 191.
114. Young 'Industrial Policy in Britain, 1972-1977' p 99.
115. *Report of the Commission of Inquiry into Industrial and Commercial Representation* (Devlin Report) Association of British Chambers of Commerce and the Confederation of British Industry, (London, 1972).
116. In similar vein see also W Grant and D Marsh 'Government and Industry: A New Pattern of Representation?' *Public Administration Bulletin* No 14, (1973); and W Grant 'Studying Business Interest Associations: Does Neo-corporatism Tell us Anything we Didn't Know Already?' Paper presented to the annual conference of the Political studies Association of the United Kingdom, Newcastle-upon-Tyne, (April 1983).
117. R Hattersley, Speech to the Industrial Training Seminar (1969); see also, Barbara Castle 'Industrial Training Today'.
118. S Mukherjee *Changing Manpower Needs* pp 86-88.

PART FOUR:
THE 1973 EMPLOYMENT AND TRAINING ACT

CHAPTER SIX

POLICY CHANGE: THE 1973 EMPLOYMENT AND TRAINING ACT

The groundswell of criticism relating to the operation of the 1964 Industrial Training Act 'peaked' at about the same time that the 1970 General Election produced an unexpected Conservative victory. Opponents of the Act might well have felt justified in anticipating, if not the repeal of the legislation, some significant diminution of its provisions. During the previous four years the Labour Party initiated its policy of selective intervention in industry, and despite its acknowledgement of the weaknesses inherent in the training board structure, was clearly committed to its perpetuation, if not indeed its extension, suitably improved.⁽¹⁾ No such assumption, however, could be made about the incoming Conservative Government with its different doctrinal outlook, which we are now going on to consider.

THE CONSERVATIVE S' APPROACH TO THE ECONOMY

Since losing the 1964 election, and under Edward Heath's leadership, the Conservative Party had distanced itself from the kind of voluntary

collectivism that had developed in the 1960s, in pursuit of a set of programmes more heavily influenced by market liberalism. Whilst this was not the result of some 'right wing' takeover(2) it was, as various observers have pointed out, the consequence of greater pressure from the right wing tendency within the party. The economic crises of the 1960s, the loss of the 1964 election, gave greater authority to those within the party who would challenge the post-war consensus.(3) This, plus that after 1964 Conservative policy making was removed from the influence of the civil service and powerful interest groups such as the TUC(4) meant that the programmes were largely the product of the party. By 1970 the Conservatives may have been one of the best prepared opposition parties, but many of the policies were worked out in relative 'isolation' from the wider political system, the consequences of which *inter alia* were problems encountered in attempting to implement such policies.

The outcome was the philosophy of 'disengagement',(5) the central characteristics of which might be summarised as less government, greater competition, and the introduction of more rational decision making techniques in the policy process,(6) in particular business methods and management techniques. Although gradual, by the time of the 1970 Selsdon Park Conference(7) it represented a clear rejection of the commitment to economic planning exhibited by the pre-1964 Conservative leadership. The emphasis was still upon higher productivity and economic growth, but by other means. In the public sector nationalisation was to be halted and certain industries were to be 'privatised' or returned to the private sector and wherever possible parts of the public sector were to be 'hived off' as semi autonomous agencies. The thinking here was heavily influenced by the Report of the Fulton Committee,

1966-68 on 'The Civil Service',⁽⁸⁾ One of the clearest expressions of this 'new style of government' was to be found in the 1970 White Paper on the reorganisation of central government.⁽⁹⁾ As for the private sector the Government sought to abandon the previous policies of intervention, to "close down all the boards and agencies of intervention, to reintroduce criteria of competitive efficiency into industry, to undertake a big reduction in taxation, and to introduce legislation that would reduce the bargaining strength of the trade unions."⁽¹⁰⁾ The role of Government should be limited to setting or creating the climate within which private industry could function efficiently and productively and - with a few exceptions such as aircraft, shipbuilding and new technologies- the 'lame ducks' of industry should be left to their fate. Faith in the 'new managerialism' was the hallmark of the Conservatives in the early 1970s.

The creation of a more competitive economic environment would result in higher productivity which would, in turn, provide the necessary incentive for management to tackle restrictive practices in industry, the eradication of which - along with the regulation of incomes - were seen to be management responsibilities. In other words, the 'share out' of this increased productivity should be a matter for industry not government - or rather not as a result of deals struck between government and the great interest groups, about whom the Government exhibited a great deal of 'suspicion'.⁽¹¹⁾ Not only were interventionist bodies, such as the Prices and Incomes Board, the Industrial Reorganisation Corporation⁽¹²⁾ and to a lesser extent the Little Neddies therefore undesirable⁽¹³⁾ they were also unnecessary. Nonetheless, the vigorous pursuit of a 'competition policy' signified one area in respect of industry

where the state was seen to have a legitimate role. Here the regulatory activities of the state were set not to diminish, but rather to increase.(14) Industrial training policy 'straddled' the divide of these two approaches: as at 1970 there existed a range of interventionist boards which under the philosophy of 'disengagement' appeared ripe for abolition;(15) on the other hand an important facet in achieving a more competitive economic environment was the view that the function of public policy was "to stimulate the labour market into operating with maximum efficiency",(16) thus implying an enhancement of some form of intervention.

TRAINING FOR THE FUTURE

Predictably enough perhaps, a review of industrial training policy was included in the 1970 Conservative election manifesto,(17) but the priority attached to reform in this area is indicated by its inclusion in the Queen's speech.(18) As far as the Government was concerned, given the amount of criticism that had been generated, the indications were that any moves to decrease the operation of the Industrial Training Act would have the support of the employers' side of industry. It is therefore unlikely that any opposition encountered from the labour side weighed heavily with a Government which, in any case, was determined to curb the powers of the trade unions and which, initially at least, eschewed consultation and bargaining as a desirable form of formulating policies. In any event, it might even have been considered that the trade union movement would have little energy to spare to oppose measures in the area of

industrial training when confronted with industrial relations legislation. The latter might in fact have had some substance had not the review on training taken an inordinately long time to complete, It was initially due for completion at the end of 1970(19) but by the beginning of 1971 it was clear that there was developing some impatience and uncertainty (particularly on the part of ITBs) due to the non-appearance of the review. On 23 February 1971 Robert Carr told the House of Commons that these "are complex and important questions and I now anticipate that it will be some months before I am in a position to publish a consultative document." Meantime he went on to issue guidelines to ITBs which gave some indication of the direction of the Government's thoughts. These included greater financial efficiency in relation to grant schemes and administration; greater selectivity of choice in training priorities; no increase in the rate of levy; a general introduction of the 'netting' principle; and significantly greater exemption for small firms.(20)

The reasons why publication of the review was delayed are not entirely clear, but the evidence that does exist suggests that there was a considerable amount of inter-departmental conflict - in particular between the Employment and Education Departments(21)- and possibly disagreement between the views of Department of Employment officials and some sections of the Government, over the future shape of, and responsibility for, the training system. Further, there is little to indicate that the Government had a very clear conception of what future arrangements should be, certainly Robert Carr, once again in the 'training seat' as Secretary of State for Employment, made no definitive statement before early 1972. It is of course, likely that what also contributed to the delay was the amount of the Department and Ministers' time and effort

that had been consumed over the formulation and introduction of the industrial relations legislation.

It can be surmised with relative certainty, however, that DE officials with responsibility for training were supportive of some form of continued intervention. Some of the, by now senior, officials at the DE had been associated with various aspects of industrial training as far back as the Carr Report. One example is John Cassels who in 1973 was appointed as the first Chief Executive of the Training Services Agency. Cassels had joined the Ministry of Labour as Assistant Principal in 1954 and had risen to Under-Secretary by 1968. He had also been Secretary to the Donovan Commission and was at the Prices and Incomes Board until its abolition in 1971, thereafter spending eighteen months on secondment to Dunlop before returning to the DE in 1972.(22) Given that one of the formative influences on training legislation pre-1964 had been from officials within the Ministry (see Chapter 4) it seems unlikely that there would not have been some resistance if it was thought that the Government's inclination was to dismantle the structure established under the 1964 Industrial Training Act. It was certainly rumoured at the time that six years experience had convinced John Hare, the former Minister of Labour, that the training board system had been a mistake.(23) However, given the difficulties that the Department had experienced in achieving coordination of boards' activities some support for more effective mechanisms of control probably existed.

The Government finally published its proposals *Training for the Future* in February 1972, in the form of a consultative document(24) which was in fact

made up of two components. First, *decisions* already taken to increase the amount of training provided by government to 'meet the needs of individuals'. Second, *proposals* for consultation on the 'widest possible basis'. Precisely why the Government decided upon a full-scale consultation exercise is not absolutely clear. There are, however, a number of factors that suggest themselves as likely explanations. Firstly the evidence points to the fact that there was a considerable amount of *internal* disagreement over future arrangements (see above). Consultation may, therefore, have been seen as a means of legitimising the Government's proposals - especially if, as seems likely, it was assumed that the weight of 'external opinion' would favour those proposals. Secondly, and perhaps most importantly, some dissension could be anticipated from external groups, in particular the ITBs and the TUC. Whilst the objections of the boards might be 'played down', the TUC was by 1972 a different matter. The TUC General Council had been 'gravely affronted' by the Government's refusal to consult over the Industrial Relations Bill(25) and this had produced a significant degree of hostility on the part of the TUC. (The CBI on the other hand were consulted, but their views were all but ignored.) As the Government's priorities began to change and in particular as it wished to reach an agreement on pay(26) the Government - especially Robert Carr, sponsor of the Industrial Relations Bill and now sponsor of *Training for the Future* - were anxious to adopt a more conciliatory approach and to assuage the hostility that had built up. The Government was thus at considerable pains to give reassurances of the genuineness of the exercise: "let me emphasise that the proposals in "Training for the Future" are genuinely for discussion and consultation, and we are very anxious to listen to those who are interested in, and involved in, training. We shall not refuse to make changes in our plans if

people's arguments carry conviction with us. When we talk about consultation we mean it, as we demonstrated recently with the first and final drafts of the Code of Industrial Relations Practice."(27)

As far as the firm decisions went, the Vocational Training Scheme was to be expanded into a more comprehensive and widely available Training Opportunities Programme (TOPS) and followed on increased measures in July 1971. This involved increasing the capacity of GTCs and making greater use of further education college facilities to raise the throughput of trainees from the then 16,650 a year to 100,000 a year as soon as possible, but with an interim target of not less than 60-70,000 by 1975.(28) A figure of 100,000 had interestingly first been mentioned in a speech in Scotland by Edward Heath in November 1969 when he "pledged the next Conservative Party to an unprecedented programme of training..."(29) A total of 64 GTCs (to become known as Skillcentres) were to be operating by 1975, compared to the 1972 total of 52, and the running costs of the scheme were estimated to rise from £25m in 1972/73 to about £60m a year.(30) It was also planned to increase the range of courses available: "The main demand is expected to be for training for skilled manual and non-manual occupations. ranging from craft, technician and equivalent commercial and clerical skills, and through to professional and managerial qualifications. But where possible courses will be maintained in semi-skilled occupations, and in such clerical occupations as typing and machine operating."(31) Thus we can see that it was not so much intervention in training *per se* that was regarded as undesirable by the Conservative administration, but the particular form that intervention had taken following the 1964 Act. Although it should be added that even here, direct intervention

through the GTC/Skillcentre network was to be regarded as marginal to that carried out by industry.

As for the proposals that formed the basis of the consultation exercise, although not recommending full-scale abolition of the ITB structure, had the Governments's plans been implemented the boards would have been stripped of their powers and rendered virtually impotent in influencing firms' training decisions. The rationale for this move apparently was that boards had largely achieved the objectives set by the 1964 Act: they had rendered such a 'shock' to industry that they had secured a "permanent shift in attitude in British industry...".⁽³²⁾ This argument had been around since the late 1960s although the Labour Government for one was not convinced of its efficacy. In 1969, for example, Barbara Castle had stated that there would be no 'withering away' of the levy incentive in the foreseeable future.⁽³³⁾ By 1972, however, new the Government was convinced of its soundness.⁽³⁴⁾ As the Government saw it, therefore, "There is a danger that levy/grant might become an obstacle to the development of boards' other activities....The Government proposes to introduce legislation to relieve boards of the obligations to raise a levy."⁽³⁵⁾ The document stated that the inherent limitations of the ITB system were: the impossibility of covering the whole economy due to the heterogeneous nature of industry; it was ill-suited to deal with the problems of small firms; it was ill-suited to to deal with occupations common to many or all industries; management training was not sufficiently dissimilar from one industry to another to make an industry based system the best approach; ITBs were not equipped to deal with local and regional labour market needs and retraining.⁽³⁶⁾ The existing fragmented and uncoordinated structure therefore

left significant gaps in training provision which could only be overcome by fairly drastic re-shaping of the existing machinery.

What was proposed, following the abolition of levy/grant schemes, was that boards should continue, in an advisory capacity, to analyse and develop programmes to meet the needs of their industries, including standard setting and the development of 'model' training programmes, encouragement of group training schemes, and the provision of advisory services to firms. The boards would have remained as then constituted, for the document commented that it was "desirable to continue to have the help and commitment of employers, trade unionists and educationists to the development of adequate training programmes in particular industries",⁽³⁷⁾ but they would have been considerably streamlined and subsumed within a new National Training Agency which it was proposed to establish⁽³⁸⁾ and which would 'assist' boards in carrying out their responsibilities. Boards' staff were to become the employees of the Agency which would also assume responsibility for the provision of boards' premises. In addition, and most importantly, as boards would no longer derive any income from levy the cost of their activities (which would now be 'relatively modest') would be funded by the Agency. Thus, in order to "bring together responsibility for the various policies", to "remove the risk of duplication and waste of effort between the various programmes", to "manage the greatly expanded Training Opportunities Scheme" and to "fill the gaps within the present structure of the Boards"⁽³⁹⁾ the functions of this proposed Agency would be to:⁽⁴⁰⁾

- (a) take on responsibility from the Department of Employment for the Training Opportunities Scheme and for all other governmental schemes for promoting training;

- (b) co-ordinate the work of the Boards on matters of general concern and carry out standard-setting and similar functions for occupations which cut across industrial lines, including management;
- (c) meet the cost of approved training programmes of work by Boards when they cease to operate levy/grant schemes;
- (d) develop an effective national training advisory service for employers and operate this itself in sectors not covered by the Boards.

In conformity with the Government's preference for hiving-off and the establishment of accountable management units, it was proposed that the Agency's status be that of a non-departmental body. Unlike the body finally set up - the Manpower Services Commission - no provision was made for industrial, or other, representation. Instead it was to be composed of a chief executive, a board of full-time executive directors, and be staffed by non-civil servants. The Minister would be responsible for giving general guidelines and directions but the Agency would be responsible for day-to-day operations as well as playing an important part in decisions of general policy.(41)

The proposals contained in *Training for the Future* represented an attempt to overcome the weaknesses of the existing system within a framework set by standards concerning the desirable division of responsibility between the state and private organisations, and the most efficient means of managing the training system. Yet it was never made entirely clear in *Training for the Future* where the balance lay in the ascription of 'blame' for the difficulties encountered in the 1964 Act's implementation: whether due to intellectual limitations of the original policy or to the way in which boards had chosen to interpret that policy. There did, in fact, appear to be a peculiar logic operating whereby it could on the one hand be claimed that boards had achieved

one of the primary purposes of the Act (ie more and better training accompanied by a permanent shift in employers' attitudes) but on the other gave credence to the criticisms levelled at the ITBs - as, for example, the way in which the findings of the Bolton Report were 'uncritically' accepted by the Government. The Bolton Committee was firmly convinced that the "machinery set up under the Industrial Training Act is fundamentally inappropriate to the needs of most small firms..." on the grounds of: administrative costs; the inappropriateness of a board's requirements to the needs of the small firm; there was less need for continuous training in small firms; and the inappropriateness of the levy/grant mechanism to secure improvements in training.(42) As it was almost unanimously held that there were no satisfactory indicators by which to measure boards' effectiveness, it would seem to follow that measures of ineffectiveness would be similiary problematic. Despite the length of time that it took to complete the review it contained little evidence to support either contention. As it was put in the document, "Precise measurement of the achievements of the Boards is difficult because the statistical data is incomplete, because qualitative judgements are inevitably involved, and because of the problem of comparing what actually happened with what might have been expected to happen had there been no Board system."(43) Only 'broad conclusions' could be drawn. Thus there were inherent contradictions in *Training for the Future* such as the claim that a permanent shift in attitudes had been secured while later stating "More recently however the volume of training in industry has fallen off. It is generally believed this is mainly the result of a slower rate of economic growth involving both pressure on firms' costs and higher unemployment."(44) In a sense these statements emphasise the difficulty of assessment: the volume of training is

influenced by factors other than the operation of ITBs, for example, the level of unemployment, general economic conditions, employers future expectations regarding the performance of the economy, regional aid policies, labour shortages, labour turnover and the substitutability of capital and labour.(45)

As presented the balance of evidence was fairly 'evenly divided' about the achievements of the board system. That the Government came down in favour of greatly reducing their functions and scope seems to have been due to its desire to see a reduction in intervention in this area of training provision. Given that it was still held that the needs of industry were best determined by industry - and most industrial opinion seemed to be in favour of reducing intervention - in the absence of positive evidence that the system was more efficiently managed by ITBs than it would have been if left to firms, then there was little to justify retention of the existing board system. But to base the running down of the board system on their having achieved a permanent shift in industrial attitudes appears to have been a *non-sequitur*. Maintaining and improving the ITB system never seemed to be an option that received serious consideration by the Government, which might indicate that it was, all along, predisposed towards diminishing the board system. What was being proposed was a shift in the balance of training provision: handing back to industry what was 'rightly theirs' and allowing employers to get on with the job of training without interference, while the state extended its activities at the margin to fill the gaps necessary for the achievement of national economic objectives.

The expansion of government-sponsored vocational training was consistent with the Government's views on the importance of stimulating the labour market to perform more efficiently. It might legitimately be argued, therefore, that this represented an abandonment of the standard that the main responsibility for providing training should reside with industry and that government provision should be largely residual. The adherence to this standard had in the past resulted in a number of limitations pertaining to the supply of labour. These were: in scale - in relation to the overall numbers trained and when compared to similar schemes operating in other Western European countries;⁽⁴⁶⁾ in range - in terms of courses offered, the majority of which were in skilled trades in the engineering and construction industries; and in responsiveness - there was little or no spare capacity to be taken up during periods of high demand, resulting in under-provision.⁽⁴⁷⁾ The net result, it was claimed, was that serious skill shortages persisted even in periods of high unemployment. Despite the planned scale of increase in adult retraining, however, the Government was adamant that it was not 'poaching' on employers' territory: "Government schemes will never compare in scale with the provision by employers themselves, since they aim at filling important gaps in the system, and not at taking over functions which properly belong to employers."⁽⁴⁸⁾ Taking this together with the planned concurrent scaling down of the scope of ITBs, however, it is clear that the standard of voluntarism was still strongly adhered to.

The TOPS scheme was designed to complement, not supplant⁽⁴⁹⁾ industry's responsibility and was therefore still claimed to be residual. Thus the exclusion from the schemes of anyone under the age of 19 years, and the

retention of the principle that trainees would be unemployed or prepared to give up their present employment to obtain a place. In one essential respect such claims were entirely accurate. Whilst the 1964 Act had been established on economic grounds, to be judged on economic criteria, what was being proposed in Training for the Future was the extension of industrial training policy to meet social objectives.(50) Thus the document made a clear distinction between meeting the needs of industry (read economic objectives) and meeting the needs of the individual (read social objectives), and it quoted the CTC's interpretation of the 1964 Act as being:(51)

"to ensure that enough workers with the requisite skills are available in the right places at the right time to do efficiently the jobs needing to be done, to provide better opportunities to individuals to develop their skills and use their abilities to the full."

This, it was claimed "emphasised the dual aspect of training - the economic gains which can result to individual enterprises and to the community, and the social importance of wider opportunities for individuals. *Future policies must provide for both.*"(52) But the distinction is not as neat as this suggests, and the expansion can be seen to represent some *distancing* from the standard of industry responsibility: if the state's role was still residual, then residual had acquired a somewhat different meaning to that operating pre-1970.

The purpose of meeting the needs of individuals therefore was twofold: to train individuals to meet national (or macro) economic needs which went beyond the needs of particular industries - that is in general or transferable skills in order to raise the *general level* of skills in the labour force; and to train individuals to enable them to obtain employment which they could not get without first acquiring new skills. Although not stated in the consultative

document, given our contention that this was also a response to rising unemployment, we might add a third function, and one which was to assume even greater importance, which was that of acting as a counter-cyclical instrument. The social objectives were clearly different from those previously operating and which had related to the training needs of groups such as the disabled and ex-regular servicemen. The development of TOPS can therefore be regarded as, at least in part, the first significant governmental response in the training area to unemployment.(53) Not only was eligibility and the range of courses to be widened but training allowances were to be made more generous so as to make a TOPS course a more attractive option than the dole.(54) In some cases the allowance could be £5 a week more than unemployment/supplementary benefit) And in order to enhance labour mobility financial assistance for moving area was increased.(55)

TRAINING FOR THE FUTURE: THE CONSULTATION PROCESS

The proposals contained in Training for the Future were primarily the product of the interaction of two variables. The first was the Government's judgement of, in the light of its operation, the capacity of the structures established under the 1964 Act to 'deliver the goods'. The second was a change in standards, post 1970, that related to the division of responsibility between the public and private sectors for the provision of industrial training. However, as the consultation process was to demonstrate, such standards by no means formed the basis of a consensus between affected and interested parties

and were subject to challenge. The pressure brought to bear by outside interests was of sufficient strength to mean that the standards could not be sustained: the Government was constrained to modify them and reformulate its strategic policy choices. We therefore turn to examine this process in more detail.

The Government received 'well over 1,000 representations' in the four months allowed for consultation.(56) Investigation certainly suggests that the vast majority of such representations were critical of key parts of the proposals as they related to training within industry. This undoubtedly applied to the main interests involved: the TUC, the CBI and the ITBs.(57) It is highly likely that the Government was caught unawares by the amount of hostility towards its proposals, one important reason for this being the 'political isolation' referred to earlier and, therefore the lack of contributions and influence of the main interest groups during the period when policies were being formulated. While such opposition was by no means a universal plea for retention of the existing system, it was a clear indication that a return to a situation similar to that existing prior to 1964 was unacceptable to 'majority opinion'. Announcing the changes resulting from the consultation exercise, Maurice Macmillan, who had succeeded Robert Carr as Secretary of State in April 1972, declared:(58)

"As to the opinions that we considered, there are those which training boards put forward as agreed views, those which their members, both employers and employees, put forward separately and those put forward separately by the educationists. The main point of them, and the key to the criticisms, such as they were, of the plan set out in "Training for the Future" was that a financial sanction was required.

This was, however, a somewhat disingenuous statement. It was certainly a major area of divergence (although the degree of commitment to the mechanism of the levy/grant system varied), but it was by no means the only basis of the criticisms. The others centred around the status and functions of the National Training Agency, and the resultant loss of boards' autonomy. We shall, therefore, go on to look at these issues in the context of the dynamics of the consultation process and the reasons why the various interests were able to successfully exert pressure for change.

We have already referred to one important factor in this context which was the Government's desire to adopt a conciliatory and accommodating approach towards the TUC, and perhaps to a lesser, but still significant extent towards the CBI. Another influential factor was the sheer weight of the opposition. That the Department had received over 1,000 submissions to Training for the Future indicates the extent to which there had developed a 'community of interests'⁽⁵⁹⁾ within this policy area.

As far as employer input was concerned, many operated on three fronts: more informal representations direct from the company to the Department, or even MPs; representations through the relevant employers organisations and/or trade associations; and representations through the CBI. The persistence of informal, as well the more formal, arrangements as one of the 'striking features' of business representation in Britain has been noted by several observers.⁽⁶⁰⁾ Nonetheless, although the views of the wider 'community' were not unimportant - in this case particularly because there seemed to exist some general agreement - the greatest weight, from the employers' side, was attached by the

Government to the views espoused by the CBI. A number of reasons seem to account for this. Firstly, the CBI could claim to be an authoritative voice on industrial training having kept a continual watch upon and taken regular soundings about the Act's operation since 1966.(61) Secondly, there was the desire of the Heath Government for a restructuring of relations to include a much greater degree of closeness and effective collaboration between government and industry.(62) And thirdly, the importance attached to efficient management predisposed the Government towards dealing with a strong and efficient central organisation rather than a range of - in many cases less efficient - bodies. Many civil servants are similarly sceptical about the organisational capabilities of most trade associations.(63) The comment of a former Education Officer of one of the largest trade associations in the construction industry makes a telling point in this respect:(64)

"It was, and still is, very easy for the staff of a trade association to oppose a Government initiative or to call for the abolition of some regulation, whether in safety, product liability, environmental control, employment or taxation. It is no problem to act in these areas for firms' interests without consultation and have the action endorsed later. One even gets a reputation for being a brave champion of the industry's well being, when in fact no personal risks are being taken at all. On the other hand, to prepare a strategy or plan to act in essentially positive ways requires both considerable personal motivation, tact and major allies in the industry."

Thus it was to the CBI that the Government turned to listen about the views of employers. However, as we shall see, the views of the officials of the CBI and the majority of its membership did not co-incide in all respects.

Training Opportunities and the ITBs: Reactions to the proposals

In general, across the wider range of views expressed, the TOPS measures were positively received although two areas of criticism may be discerned. The first relates to the economic rationale and benefits to be derived from retraining and the inadequacy of the increased provision. The costs of retraining relative to the benefits were estimated to be small.(65) But given that the increase in unemployment was largely structural, with as many as an estimated 600,000 workers a year having to change their jobs through redundancy, the planned expansion was likely to fall significantly short in terms of the labour force it was supposed to serve.(66) Second, the increased emphasis on the social objectives of training led to criticisms that insufficient attention was being paid to ensuring that the output would match the demand for labour.(67) In its evidence to the DE the Manpower Society argued that "Retraining without a clear idea of jobs to be filled could lead to a large number of "trained unemployed"."(68) It was, for example, claimed that in the trades for which training had been given at GTCs there were 75,000 persons unemployed,(69) nearly half of all GTC places being in engineering and over a quarter in construction although employment in these industries had declined during the previous five years by 7.6% and 23% respectively.(70) In other words, many critics argued, a manpower -planning capacity superior to that existing was required if the measures were to be effective.

Although interest in the field of manpower planning had grown significantly during the previous decade.(71) there were still significant inadequacies in "existing manpower information gathering and forecasting techniques....While British manpower statistics are among the best in the world, there are deficiencies including the divided responsibility for their collection and

dissemination."(72) This applied also to unemployment statistics which understated *inter alia* a general downturn in labour demand and presented an inadequate picture of the incidence of unemployment by industry and occupational group.(73) Despite its claim to be a major review of training facilities in Britain, and despite being 18 months in the making, *Training for the Future* was virtually silent on this topic. Taken as a whole, however, the above were not regarded - either by government or wider interests - as seriously undermining the TOPS proposals.

Turning to the other proposals, as Macmillan's statement above demonstrates, many of the criticisms were sceptical of the claim that abandoning the levy/grant system would not lead to a falling off in training provision. The Director of the EITB, for example, claimed:(74)

"The need for finance to help secure the supply of skill has been dramatically illustrated in the last year when, in the present difficult economic situation, the Board intervened by offering 2,500 training awards to school leavers. The incentive mechanism of the levy/grant scheme is complex, but, to sum it up crudely, we find that small firms have responded to the offer of grant, whereas larger firms have been concerned to avoid having to pay a levy. Even over the last year the small firms have kept up their recruitment and standards of first year craft and technician training under the incentive of cash sum grants. The reduction of 6,000 in the normal intake of 26,000 for basic craft and technician training was almost entirely in the larger firms."

The view of the TUC was that there was little evidence to support the ending of levy/grant and that there had been "much uninformed criticism of the work of the industrial training boards and a concerted campaign from certain quarters and from one newspaper." And, therefore, "the General Council of the TUC would not accept that the levy/grant system should be dismantled."(75) Numerous other organisations and individuals expressed similar views and

reservations.{76} The CBI was, however, more circumspect in its attitude to levy/grant. The recommendations of the CBI were formulated in the light of a major review of members' attitudes that it had initiated in April 1970, and further consultation following the publication of *Training for the Future*.{77} In its 1970 review the CBI received the views of some two hundred organisations and firms together with the results of Regional Councils' discussions, the findings of which were published in February 1971.{78} The submissions received were by no means unanimous about future levy/grant arrangements - a few were fully supportive of the ITB system and 'their' board - but there was a clear majority in favour of its abolition or drastic amendment. In its statement the CBI commented however that "employers still give general support to the principles and intentions of the Industrial Training Act" but that this "endorsement is more qualified than before..."{79} And later it concluded "No one expected that they [ITBs] would be able to improve the state of training without a fair period of trial and error. Neither was it to be expected that they would prove to be popular instruments. What worries the CBI is their high degree of continuing unpopularity amongst employers."{80}

Nevertheless, despite this high degree of unpopularity - which was certainly borne out by an examination of the submissions - the CBI called for no 'disengagement' or sweeping away of the Act's provisions which, had it done so one might assume would have caused no great expressions of regret from its membership. Rather, the CBI recommended a series of changes *within* the existing framework designed to improve the operation of the Act in its members' interests. The view was that "this is not the time for precipitate

action, but rather for re-defining objectives and re-fashioning machinery and practices in the light of experience, and for exploiting and building upon the undoubted areas of success, with the object of getting effective training accepted throughout industry and commerce. The momentum is clearly present and the CBI will play its full part in helping it forward on constructive lines."(81) There was certainly no claim here of a permanent shift of attitude having been secured. The suggestions upon which particular emphasis was laid in respect of future action were that there should be:(82)

- (a) A more measured pace overall, with action based on experience, evidence and, above all, thorough consultation.
- (b) A progressive shift of emphasis away from the mechanics of grant and levy, with attendant high rates and cost-sharing aims, towards a monitoring role and the provision of a high-quality consultative service.
- (c) Long-term planning, based on consultation, to set objectives in terms of training developments, manpower forecasting and levy/grant policy, set against a time scale.
- (d) Better financial control and information, a more discriminating use of levy and grants, particularly where small firms are concerned, and a very circumspect approach to capital projects.
- (e) A review of the statutory framework, to assist in eliminating both major and minor anomalies
- (f) More emphasis on re-training and more consistent emphasis on safety, health and hygiene.
- (g) A greater measure of central influence by the Department of Employment.

Some similarities can clearly be discerned between the CBI's views and the proposals contained in *Training for the Future*, particularly in respect of the direction of change - a movement away from levy grant towards a consultancy role for ITBs. The major difference stemmed from the fact that the Government's proposals were singularly more radical, both in substance and

timing, than those put forward by the CBI. This raises two crucial questions: why did the CBI not take the opportunity, presented by the arrival of a Government wishing to reduce the size of the public sector, to try to rid itself of what many of its members regarded as an encumbrance; why, following the publication of *Training for the Future*, did the CBI apparently *continue* to hold on to its more moderate views? The reasons, it is claimed, reside in a combination of four factors. Firstly, that the views expressed reflected the thinking of CBI officials concerned with education and training - particularly that of the Director of Education and Training. Secondly, that certain of the proposals in *Training for the Future* were seen by the CBI to be out line with the interests of employers. Thirdly, the CBI was less in tune, or aware of, Governmental thinking than it was with the thinking of DE officials. And finally, the CBI was concerned to preserve its relationship with the TUC in the training field.

In relation to the first point, since 1964 the CBI had consistently given its support to the principles behind the Act while keeping a wary eye on its operation. This position had not changed by the early 1970s despite the increasing volume of criticism from its members. During the 1970 review, for example, in response to a letter from a member company which complained bitterly about the Act's operation and in particular the levy/grant arrangements, a CBI official replied that although unable to commit the CBI to a particular line at that stage, "I think it is likely to find that levy and grant are the best method of fulfilling the intentions of the Act, though it may well recommend measures to overcome certain anomalies."⁽⁸³⁾ This line was reinforced in late 1970 by the appointment to the position of CBI Director of

Education and Training of Micheal Bury, who until then had been the Director of an ITB. Whilst there can be little doubt that the Director's loyalties lay with his new employers, and there may indeed have been some advantage in having a 'poacher turn gamekeeper', his views were clearly informed not simply on the basis of an awareness of problems on the employers' side but also on the side of the ITBs. The problems that had been encountered, he believed, were primarily the result of early difficulties stemming from lack of experience and poor advice from the centre (the CTC and the DEP) (84)

Secondly, it was believed that much of the inflexibility of which boards were accused resulted from the inflexibilities built into the Act. Future legislation should therefore allow boards the power to exempt establishments from the payment of all or part of the levy and empower the Secretary of State to transfer an establishment from the scope of one board to another where this was agreeable to the employer and the boards. Thus, given that most boards had or were overcoming the early problems and seemed to be moving in the right direction as far as the interests of employers were concerned, modifications, not radical change was required. Although a *gradual* phasing out of the levy/grant system was desirable the CBI view clearly departed from the Government's that this should no longer be a statutory obligation of ITBs, as the following comment from the Director of Education and Training illustrates: "My personal feeling, having seen both methods of work, is that the national interest probably requires that training should always have a bit of a statutory push behind it." (85) These views were clearly imprinted upon subsequent documents and communications under the imprimatur of the CBI and

it is suggested had an important bearing upon the eventual shape of the legislation.

Whilst it was stated earlier that the Government may have been taken unawares by the degree of hostility it encountered in respect of its proposals, by the same token the CBI seems to have been similarly taken unawares by the extent of the proposed changes. Commenting upon the likely impact on future training arrangements within industry the CBI's Director of Education and Training referred to the "discrepancy here between the policy, proposed in the document, of a simultaneous phasing out of general levy/grant schemes after 1972/73 and the policy hitherto advocated by the CBI of progressively running down the levy/grant element in each particular industry in step with the development of sound standards of training...I think we shall have to work hard not to lose the ground which has been gained, albeit at the cost of a good deal of rough justice and hard feelings, in the past few years."(86) One reason why the CBI may not have been expecting such radical proposals relates to our third point above, that, at least as at the end of 1970, 'informal' contacts between the CBI and officials from the DE Planning Branch showed that "their [DE] views were very much in line with ours"(87) Thus the CBI's expectations were more than likely that the final proposals would be broadly similar to the line taken by DE officials in their discussions. This also fits our earlier contention that the Government, or perhaps the Secretary of State, was out of step with departmental officials regarding future developments, this being one reason for the delay in the production of the consultative document. Certainly the CBI believed - mistakenly as it turned out - that their and the final proposals would be largely the same.

Finally, it is suggested that the CBI felt that the proposals should also be reasonably palatable to the trade unions. An important principle introduced by 1964 Act had been the sharing of responsibility in the provision of training by employers and unions. It was, for instance, the CBI's views that "the development of Industrial Training will suffer if there is not a reasonable measure of political agreement on the subject".(88) Actions that aroused the hostility of the unions were likely to upset what was, in general, viewed as a cooperative, non-partisan approach to training.(89) Such hostility might also have spilled over into the closely related field of industrial relations. The CBI had in fact built up a fairly 'close' working relationship with the TUC during the period up to the passage of the Industrial Relations Act.(90) But unlike events surrounding the processing of the Industrial Relations Act this relationship was utilised to good effect in the sphere of industrial training.

It is though, fair to say that there was a greater distance between the CBI and the TUC over levy/grant arrangements than other aspects of Training for the Future. The TUC was strongly committed to the retention of the financial incentive of levy/grant: the CBI's reservations had more to do with the precipitate way in which it was planned to phase it out. As, however, suggested in the preceding discussion, there was something of a gap between the views of CBI officers and the wider membership. Such was acknowledged by the CBI's Director of Education and Training when he stated that:(91)

"I feel, however, that I should be far less than frank if I were to give the meeting the impression that the uneasiness felt by many people connected with industrial training will be reflected in the general opinions ultimately expressed by industry. If I may use a medical analogy, the patient, having been told that his condition required a long and in some respects disagreeable treatment, has now been told authoritatively that he is better. To expect him in these circumstances to say that nonetheless he would prefer to continue with the treatment would be unrealistic.

This gap was re-affirmed, if not widened, during the consultation period. By April it became clear that "Although a number of employers were of the opinion that without the influence of levy/grant systems the current training effort might deteriorate, it was clear that the majority generally welcomed the prospect of an end to the present system in 1973."⁽⁹²⁾ Nonetheless, although publicly recognising that this was so, and clearly stating that it was "ready to support individual industries when they have decided what course will be in their best interests"⁽⁹³⁾ the CBI was clearly still worried by the effects that such a course of action would have upon industrial training. It is, therefore, suggested - and subsequent events lend credence to the view - that the CBI did not, in its negotiations with government argue too strongly in support of this proposal. The reasons why are to be found in the greater concern about, and desire to change, the functions and status of the proposed new Training Agency, and the belief that the cooperation and agreement of the trade unions was necessary to the successful operation of future arrangements.

The decisive influence of joint CBI, TUC action

The CBI had consistently *opposed* the establishment of a central executive body in the training field: the TUC on the other hand had consistently argued *for* the establishment of some kind of central manpower board or commission. Indeed, the TUC's proposals about the structure and functions that such a body would possess were already developed in some detail.⁽⁹⁴⁾ We might, therefore, have expected a parting of the ways between the TUC and the CBI over the establishment of a central training Agency. Not so: both were united in their opposition to the Agency by the belief that it would in some important

respects breach the principle of industry responsibility for training. Both organisations were concerned that industry's control over 'its own' training arrangements would be seriously weakened in a situation where boards' staff would be the Agency's employees, and their plans and finances would require the approval of an Agency with *no employer and trade union representation*, accountable only to the Secretary of State.

The CBI and the TUC were thus at one, the CBI stating that: "It is therefore considered that the new structure should provide for employers and trade unions, *inter alia*, to share in the responsibility for both the financial and policy work of the Agency";(95) whilst the TUC position was that the "exact construction of the manpower board is something we would be quite willing to discuss, though obviously we would regard it as essential that the TUC and the CBI were included."(96) This was the crucial aspect. The CBI wanted greater coordination of boards' activities *not* greater control. The CBI's Director-General even went as far as to claim that "Absurd though the idea may seem, when first compared with the alternative of a free government-run service, it might well be that a few substantial industries with a tradition of running their own training affairs would do well to examine the merits of retaining an ITB with a general levy/grant scheme as the price for keeping a greater degree of control and effectiveness than might otherwise be possible."(97)

The TUC and the CBI engaged in discussions of their own at this time. Although there were some clear differences of emphasis, they had, by June 1972 established a considerable amount of common ground. And it was on this basis that a joint letter, signed by Victor Feather, General Secretary of the TUC and

Campbell Adamson, Director General of the CBI, was sent to Maurice Macmillan at the DE. The letter contained the statement that: "If the Government decides to proceed along the lines proposed in *Training for the Future*, we shall, in the interests of the employers and workpeople who will be affected, take such steps as are open to us to counteract the loss of impetus which we believe will result."(98) A significant development was the movement that had occurred in the CBI's position regarding the establishment of a National Manpower Board along the lines proposed by the TUC. Although it had not examined this possibility in its own evidence, the CBI was not now 'opposed to it in general principle'.

The letter set out three areas of major concern which the Government was requested to re-examine before reaching any final decision. Firstly, it was felt that interest within industry in participating in the work of ITBs would considerably diminish if, and when, they were subsumed within an agency managed only by appointed officials. How far employers would be prepared to utilise - even a free - advisory service where staff were not expert in particular industries was in doubt. Any such an Agency, therefore, "should have a board of management, including representatives of employers and trade unions, to which the staff of the NTA should be accountable. The Board should be small enough to be effective - we suggest a chairman and, say, eight members - and appointed by the Secretary of State after consultation with the representative bodies concerned."(99) Secondly, concern was expressed that the funds proposed for the NTA would be inadequate as incentives for training especially if there was a cessation of levy/grant systems. And finally, although supporting the objectives of the Training Opportunities Scheme, disquiet

was felt about the separation of training from the employment services, in other words the view was that training was not being effectively coordinated with other aspects of manpower policy. The employment services had, in fact, recently undergone 'modernisation' with the creation of the Employment Services Agency - within the Department of Employment - following publication of 'People and Jobs'.(100) Thus the letter went on "we feel that very careful consideration will need to be given to ensuring that training opportunities for individuals are reasonably matched with employment opportunities. Close consultation with employers and trade unions will be essential."(101) The Government had considered (in one short paragraph) in *Training for the Future* the creation of a wider organisation concerned with manpower services in general, but: "The Secretary of State has, however, decided that at this point of time it is not possible to think in terms of anything like a National Manpower Commission as a body separate from the Department."(102) The TUC and CBI claimed that it was possible. A month and a half later, so did the Government.

A final interesting and additional insight into a rather more indirect influence upon the Government's decision to create a Manpower Services Commission, (see below) was the part played in this process by an 'academic expert', Santosh Mukherjee. In both the work cited earlier and in a 1972 publication, which provided a comparative analysis of labour market policy in Sweden and the UK, Mukherjee, strongly influenced by the model of the Swedish Labour Market Board, argued for the establishment of a Manpower Commission for the UK.(103) There is no doubt that officials within the DE at the time were aware of Mukherjee's work. It is also interesting to note that DE

officials attached little significance to this work as being in any way a formative influence upon the creation of the Manpower Services Commission. Investigating the impact (or lack thereof) of academic research findings upon decision making in the sphere of social policy, Patricia Thomas notes the comment of one such senior official that "the fact that an academic commentator had suggested the creation of a Manpower Services Commission would not have had the slightest effect." (104) Such may or may not have been the case. But it begins to lack a degree of credibility when set against the proffered civil service interpretation of what actually was supposed to have been the case. Thus: (105)

"The reasons it was set up were partly socio-economic, partly political. Like Mukherjee, civil servants and their Ministers were aware of the growing number of unemployed and the lack of facilities for retraining and redeploying them. The Department of Employment considered it inappropriate that employment services were caught up in the Department. The Conservative Government was at the time anxious both to reduce the number of civil servants by 'hiving off' sections of the civil service to quasi-independent bodies and to instil more management discipline into areas of the civil service where it might be suitable. Thus the Employment Services Agency (ESA) and the Training Services Agency (TSA) were established as inter-departmental agencies. The Confederation of British Industries advised against the creation of two separate bodies and the government saw the creation of a Manpower Services Commission as a way of coordinating them and collaborating with the CBI and TUC."

While not materially inaccurate, by presenting only part of the story the above paints a distinctly different impression of the influences at work. Civil servants and their Ministers were, after all it would seem, intending all along to create a Manpower Services Commission; perhaps the proposals disappeared at the printers. Nevertheless, it is unlikely that, by itself, Mukherjee's work would have induced the Government's change of mind. But it also is almost certainly the case that it had a significant, though indirect, influence in shaping the change in policy. This was because Mukherjee, as well as being a

former Economic Advisor at the DEP and the Treasury, had also been senior assistant to Len Murray at the TUC. The TUC proposals for a Manpower Commission bore an uncanny resemblance to those propounded by Mukherjee.

NEW PROPOSALS: THE 1973 EMPLOYMENT AND TRAINING ACT

The impression of the Government's position during this period is one of it having a general stance on industrial training, but a not very clear view about what it wished to do. It had formulated its proposals without the close involvement of industry, but under the impression that they would meet with the approval of employers. Confronted with an unexpected degree of opposition, the Government 'retreated' in some important respects. Thus, under considerable pressure, most notably the joint CBI/TUC approach, Maurice Macmillan, on 8 August 1972, announced some significant alterations to the Government's proposals on training. Except for small firms which would henceforth be wholly exempt from levy, the levy/grant system was retained, but in a modified form. Levies would no longer be allowed to exceed 1 per cent of payroll and ITBs would be required to exempt from levy all firms which satisfied the board that it was training to meet its own needs. The case for bringing the employment and training services together had clearly been accepted, but before reaching a final conclusion on the form of organisation, it was proposed to "have further talks with the TUC and CBI. The purpose will be twofold: to co-ordinate the employment and training services, and to involve employers and employees in both these activities. "Meantime, stated the Minister he was "reorganising the

training services within my Department under a Chief Executive to match the management structure of the Employment Services Agency."(106)

The response of the TUC and the CBI was, this time round, much more positive. Speaking to a BACIE conference organised to discuss the decision the CBI's Director of Education and Training neatly side-stepped the "the fact that the retention of levies, even in a restricted form, will be unwelcome to the majority of employers"(107) by claiming that the Government's decision was compatible with the CBI's objective of phasing out levies as quickly as was compatible with the rate of training progress in each industry. In any case a 'judicious amount of leverage' was necessary due to the importance and inherent nature of the training function. What seems not to have been altogether compatible was the views expressed by the majority of CBI members with the views of its permanent officers. The TUC on the other hand felt that the Government had not yet moved far enough: for example it wished to see a higher levy exemption limit, an extension in boards' scope, and an 'objective examination' of the training needs of small firms rather than a blanket exemption system.(108)

The future shape of what was to become the largest, most important public sector training organisation in Britain - the Manpower Services Commission - was hammered out in a number of meetings between DE officials, Ministers, the TUC and the CBI between October 1972 and 22 November 1972 when the Secretary of State announced the decision to establish a Manpower Services Commission (MSC).(109) although debate and discussion continued through the period covering the publication of the Education and Training White Paper(110) in

March 1973 and the passage of the Act in July 1973.(111) The TUC kept up its pressure for the inclusion of a variety of measures in the legislation. It proposed, for instance, that the Commission should have powers to mount temporary job creation schemes on a substantial scale; that there should be enabling provision for the introduction of the compulsory notification of vacancies to the ESA; that boards' authority in relation to small firms should be maintained; and that the levy limit should be raised above 1 per cent. It was only on the last point that the Government were prepared to move, if only marginally. In February the Government announced that the legislation would permit an order to be made providing for ITBs to levy above 1 per cent, if the Secretary of State considered it appropriate, if it had the agreement of industry and subject to an affirmative resolution in both Houses of Parliament.(112)

The 1973 Employment and Training Act entirely replaced the 1948 Employment and Training Act and substantially amended the 1964 Industrial Training Act, and was to come into effect on 1 August 1974. It was a complex piece of legislation: replacing the 1964 Act would have been administratively and technically much easier but was not seriously contemplated because it "would have greatly alarmed the industrial training boards which regard the Act as a kind of charter".(113) The Act provided for the creation of "three bodies corporate" - the Manpower Services Commission, the Employment Services Agency and the Training Services Agency. The MSC was to be composed of ten members appointed by the Secretary of State: three after consultation with organisations representing employers (the CBI), three after consultation with organisations representing employees (the TUC), two representing local

authorities, one concerned with education, and a full-time chairman. The Agencies were to consist of three persons: a director appointed by the Commission with the approval of the Secretary of State and two others appointed by the Commission following consultation with the director. The Commission and its Agencies were "not to be regarded as servants or,...as agents of the Crown..."(114) unless "performing functions by arrangement on behalf of a Minister".(115) And the staff of the Commission and Agencies were *not* to be civil servants.(116) The Commission was to have only a small staff, the operation of the employment and training services and coordination of the work of ITBs was to fall to the Agencies subject to the direction of the Commission. The powers of the Commission were to be 'broadly comparable' with those of the Secretary of State under the 1948 Act. The Commission was to be financed by an annual grant-in-aid (although some income would accrue from fees, eg training within industry scheme, professional and executive recruitment scheme (PERA)) and would be required to submit accounts to parliament. It was also liable to examination by the Public Accounts Committee and the (then) Expenditure Committee of the House of Commons.

Industrial training boards were now to be 'pulled in' to what was intended to be a more coordinated approach to labour market policy. Boards were to retain much of the autonomy that Training for the Future had threatened to remove - in particular boards' staff were not to become the employees of the Commission - and that the Government had seen as the cause of many of the previous difficulties. These difficulties were to be overcome by the new relationship between boards and the Commission, or more particularly the TSD. The relationship between the Commission/TSD and boards was a complex one. Boards

were to be left with "both the authority and the responsibility to secure adequate training in their industries, and it will be for each board to identify needs and priorities in its own industry, and to develop its activities accordingly."(117) The Commission, on the other hand "will have a co-ordinating role, and one aspect of its work will be to ensure that the resources at its disposal are used effectively and with a due sense of priorities".(118) The forward plans and budgets of boards were to be discussed and agreed with the Commission, providing in theory a basis on which to "compare the results achieved in practice with what it was planned to achieve".(119) The Commission was also to be responsible for approving Boards' proposals for grant schemes and training recommendations, and although the Secretary of State was to retain the responsibility for establishing, abolishing or amending the scope of a board this was now only to be done following a recommendation from the Commission.

As stated above levy/grant was to become a levy/grant/exemption system, small firms were to be wholly exempt and except in 'quite exceptional circumstances' the rate of levy was subject to an upper limit of 1 per cent of payroll. Boards no longer had the *duty* to raise a levy, but had a *power* to do so. As many firms would no longer be paying a levy the administrative expenses of boards were to be met from the Commission's grant-in-aid, as were grants to boards to encourage key training activities. The only industry to object to this provision was the Foundry industry.(120) On this point, one interesting amendment was made to the Bill as a result of representations from the Construction Industry Training Board. This was that where it could be shown that where there was substantial support from employers (more than half) a

board may be allowed *not* to exempt some, or all, firms that trained to meet their own needs, where this was necessary to encourage adequate training in the industry (ie the levy/grant system could be retained, although subject to fairly stringent criteria).

SUMMARY AND CONCLUSIONS

The 1973 Employment and Training Act sought to provide a more coherent framework for the implementation of industrial training policy. Statutory, industry based boards were to be retained, with limited powers and with the same basic functions. There was, however, a re-ordering of boards' priorities which in effect formalised the developments of the previous eight or nine years. That is, industrial training policy had undergone a prior process of development which was a significant element in the policy change that occurred in 1973. So, formally abandoned was the objective of equalising the costs of training between employers, and boards were now to concentrate upon increasing the quantity and quality of training insofar as this was consistent with the business needs of individual employers. The hived-off Training Services Agency was to be the main integrating mechanism - for both board and non-board sectors - which also had responsibility for the state's share of training provision in the TOPS Scheme. Combined with the Employment Services Agency the two Agencies were to represent a new coordinated approach to labour market policy, oversight of which was to be the responsibility of the Manpower Services Commission. It is clear that the Act did not set out to create

institutions with extensive new powers. The functions of the MSC and its two Agencies were initially limited to a certain of those previously exercised by the Minister. The Act was therefore about creating the right institutions for the effective implementation and management of industrial training policy.

Our analysis of the events leading to the Act discloses that the interaction of three factors were primarily responsible for the ultimate shape that the policy took. These factors were : views about the way in which the 1964 Act had been implemented and the impact that it had had; the advent of a government with a different set of norms, which initially gave impetus to changing the policy, but which themselves were subject to a number of changes thereafter; and the need to take cognisance of the views of the 'community of interests' that had in effect been created by the 1964 Act and could thus claim an authoritative voice on training matters. As far as the division of responsibility for industrial training was concerned, it is clear that the Conservative Government held to the view that the main responsibility resided with industry. Therefore at this level there was no change in the prevailing standards or norms. However, given that the Government in the first half had adopted a philosophy of disengagement and was committed to enhancing managerial efficiency in the public sector, this meant that a different perspective was held of the utility of the training board system. In the first instance the Government was not convinced that ITBs were the most efficient or effective mechanisms for securing improvements in training and they were accordingly seen as one of the areas where the state had become too involved in the affairs of the private sector. The Government's original proposals therefore would have effectively turned boards into purely 'voluntary' bodies

whose survival would have required the support of their constituencies. Such support was not likely to be forthcoming.

The fact that such views were not entirely shared by industry, however, seems to have taken the Government 'off guard' and led to a reformulation of the proposals. There had, in effect, developed a consensus between both sides of industry - firstly at the sector level through participation in the board system, but also at the national level through the greater involvement in training matters by the peak associations, although it is important to note that such consensus was not the same at each level. Such involvement not only enhances the amount of influence that organisations may have over policy, it also confers status upon them. The Government's proposals threatened to remove both. On the one hand statutory powers were to be vested in semi-autonomous agencies with no external representation and on the other the status of the ITBs - and thereby of the organisations represented on them - was to be so reduced that industry would be unwilling to serve on them. The challenge to the proposals therefore may be represented as industrial interests seeking to retain - and indeed in the case of the peak associations enhance - their influence and status over industrial training policy. Although the Government was not prepared to retain the *status quo* so far as the boards were concerned, it was prepared to concede in large part to the demands of industrial interests. There were two main reasons for this: firstly the desire to establish a greater degree of cooperation and collaboration with industry; and secondly the Government's general change in stance and priorities that had occurred between 1970-73.

FOOTNOTES

1. For example, the Bill introduced in 1970 by the Labour Government to restore the *status quo ante* following the successful RAC case (see Chapter 5, fn 89), contained provisions to extend the scope of the legislation to employers and the self-employed.
2. A Gamble *The Conservative Nation* (London: Routledge & Keegan Paul, 1974) p 92.
3. See also W H Greenleaf *The British Political Tradition Vol II, The Ideological Heritage* (London: Methuen, 1983) esp pp 326-346.
4. M Moran *The Politics of Industrial Relations* (London: Macmillan, 1977) p 60.
5. For a fuller discussion of this concept and its application see S Young with A V Lowe *Intervention in the Mixed Economy* (London: Croom Helm, 1974) Chapters 11-13.
6. J J Richardson and A G Jordan *Governing Under Pressure* (Oxford: Martin Robertson, 1979) pp 36-39.
7. See D Butler and M Pinto-Duschinsky *The British General Election of 1970* (London: Macmillan, 1971) Chapter 6.
8. *The Civil Service Report of the Committee, Cmnd 3638* (London: HMSO, 1968). See also Grant Jordan 'Hiving-off and Departmental Agencies' *Public Administration Bulletin* No. 21 (August 1976).
9. *The Reorganisation of Central Government Cmnd 4506* (London: HMSO, 1970). The White Paper does in fact contain a section entitled 'A New Style of Government' which owed much to the CPC pamphlet (No 453) of the same name and date, written by David Howell.
10. Gamble *The Conservative Nation* p 221.
11. Moran *The Politics of Industrial Relations* p 89.
12. Which originally, however, the Conservatives were going to retain: see W G McClelland 'The Industrial Reorganisation Corporation: An Experimental Prod' *Three Banks Review* No 96 (June 1972) pp 41-42.
13. Although no great supporter of the NEDC, its existence was never seriously under threat from the Government. See J Leruez *Economic Planning and Politics in Britain* (London: Martin Robertson, 1975) pp 242-45.

14. Young and Lowe *Intervention in the Mixed Economy* p 127.
15. The views from the right of the Conservative Party about the ITB system at the time were encapsulated in Enoch Powell's reference to the 'Great Training Robbery' at a speech to the Nottingham Branch of the Institute of Marketing, *The Times* (12 January 1971).
16. Moran *The Politics of Industrial Relations* p 63.
17. *A Better Tomorrow* (1970).
18. H C Debs, (2 July 1970) Col 47.
19. CBI internal paper V.142.70, on the 'Operation of the Industrial Training Act' prepared for the Education and Training Committee, dated December 1970.
20. HC Debs (23 February 1971) Cols 118-9.
21. Interview with Manpower Services Commission official, 27 September 1978.
22. Cassels' commitment to industrial training policy, and in particular his belief in the worth of the ITBs can be gauged from: 'John Cassels: Man of the Moment' *Personnel Management* (February 1973); See also 'The Work of the Training Services Agency' *Industrial and Commercial Training* (April 1974).
23. Interview with MSC official who was at that time employed in the DEP, 16 October, 1978.
24. *Training for the Future: a plan for discussion* (Department of Employment, 1 February 1972).
25. Moran *The Politics of Industrial Relations* Chapter 5.
26. D Howells 'The Manpower Services Commission: the First Five Years' *Public Administration* Vol 58 (Autumn 1980) p 307.
27. Sir Paul Bryan, Minister of State for Employment, 'Training for the Future' Address to the Institution of Training Officers, 6 April 1972, *The Training Officer* (July 1972). See also Robert Carr's announcement and statement on *Training for Skills* to the House of Commons, HC Debs (1 February 1972) Cols 249-251.
28. *Training for the Future* para 65.
29. Referred to in HC Debs, (6 November 1969) Col 1171.
30. *Training for the Future* paras 121-122.
31. *Training for the Future* para 109.
32. *Training for the Future* para 31.

33. See B Castle, 'Industrial Training Today' Address to the 1969 BACIE Conference *BACIE Journal* Vol 24 (March 1970) p 8.
34. See also D Lees and B Chiplin 'The Economics of Industrial Training' *Lloyds Bank Review* (April 1970) pp 38-9.
35. *Training for the Future* para 151.
36. *Training for the Future* paras 37-42.
37. *Training for the Future* para 80
38. *Training for the Future* paras 77-86.
39. *Training for the Future* para 85.
40. *Training for the Future* paras 121-122.
41. *Training for the Future* para 130.
42. *Report of the Committee of Inquiry on Small Firms* (Bolton Report) Cmnd 4811 (London: HMSO, November 1971): For a critical assessment of the Report's recommendations relating to industrial training see D Lee 'Policy or Prejudice?' *Further Education* (Spring 1972).
43. *Training for the Future* Annex 1, para 5.
44. *Training for the Future* Annex 1, para 8.
45. See for example, B O Pettman 'In Partial Defence of the Industrial Training Boards: Some Criticisms Examined' *British Journal of Industrial Relations* Vol 9 (1971): For a more up-to-date discussion see *A Challenge to Complacency: Changing Attitudes to Training* (A Report to the Manpower Services Commission and the National Economic Development Office by Coopers and Lybrand Associates, November 1985).
46. 'Training in other Countries' *Training for the Future* Annex 2.
47. Training Services Agency unpublished paper 'Introduction to the Work of the TSA (11 December 1973).
48. *Training for the Future* p 5.
49. *Training for the Future* para 105.
50. For a similar discussion of the conflict between these two objectives in the area of education see M Kogan *The Politics of Educational Change* (Glasgow: Fontana, 1978) Part 1.
51. *Training for the Future* para 1.
52. My emphasis. *Training for the Future* para 1.

53. To some extent this was true of the GTC expansions of the 1960s, but such expansions were extremely modest by comparison and were linked to rising levels of redundancies. See also S Mukherjee *Changing Manpower Needs* pp 22-25; and J Cassels 'Industrial Training' in D G Lethbridge (ed) *Government and Industry Relationships* The Lubbock Memorial Lectures, 1974/75 (Oxford: Pergamon 1976) pp 42-3.
54. *Training for the Future* para 113.
55. *Training for the Future* para 114.
56. Department of Employment, 'Government Proposals on Industrial Training' Press Notice, 8 August 1972.
57. Evidence for this is based upon material obtained directly from the CBI, TUC and certain ITBs, as well as a variety of other, more general sources.
58. HC Debs (8 August, 1972) Col 1508.
59. Or a 'training industry' as it was referred to by R Redmond, H C Debs (8 August, 1972) Col. 1510.
60. For example, W Grant 'Studying Business Interest Associations: Does Neo-Corporatism Tell us Anything We Didn't Already Know?' (Paper presented to the Political Studies Association Annual Conference, Newcastle University, April 1983); W Grant 'Large Firms and Public Policy in Britain' *Journal of Public Policy* Vol 4 (1984).
61. In fact a panel had been established by the British Employers Confederation when the 1964 Act was being formulated. It had the function of keeping the operation of the Act under continuous review and with the formation of the CBI continued in being and reported its findings to the Education and Training Committee. The panel is composed of representatives from employers organisations.
62. W Grant and D Marsh, 'Government and Industry: A New Pattern of Representation?' *Public Administration Bulletin* No 14 (June 1973) p 18.
63. W Grant 'Studying Business Interest Associations' p 37.
64. Letter to the author from B J Cave, Director, Foundry Industry Training Committee, dated 4 February 1981.
65. J Hughes 'The Role of Manpower Retraining Programmes: A Critical Look at Retraining in the United Kingdom' *British Journal of Industrial Relations* Vol 10 (1972) pp 206-23.
66. Hughes 'The Role of Manpower Retraining Programmes'
67. See, for example, E J Singer, 'The Way Forward for Industrial Training' *Personnel Management* (May 1972) pp 22-5.

68. The Manpower Society, Press Release, 31 May 1972.
69. E Tindall, Director Road Transport ITB, letter to *The Times* 28 February 1972.
70. K Graham 'The TUC's View on Manpower Policy' *Personnel Management* Sept. 1972, p 38.
71. A R Smith 'Developments in Manpower Planning' *Personnel Review* Vol 1 (1971) pp 44-54.
72. G Hansen 'Now we are Six' *Personnel Management* (August 1970) p 13: See also M Blaug *An Introduction to the Economics of Education* (London: Penguin, 1972) for a discussion of some of these issues and a commentary on the lack of knowledge of the economic effects of training and the implications of this for educational planning in particular, but also manpower planning in general.
73. N Bosanquet and G Standing 'Government and Unemployment' 1966-70: A Study of Policy and Evidence' *British Journal of Industrial Relations* Vol 10 (1972).
74. E Metcalfe 'Big Questions for Robert Carr' *The Times* 7 February 1972.
75. K Graham, Secretary, Organisation Department, TUC *BACIE Journal* (June 1972) pp 64-5.
76. Some examples would include, J Wellens 'Comment: Reactions to the Consultative Document' *Industrial and Commercial Training* (June 1972). In this article Wellens also claims "ample evidence of companies which have already closed down their training departments in expectation of the cessation of levy in 1973."; The Manpower Society 'Manpower Society Criticises Government Training Proposals' Press Release, 31 May 1972; The Industrial Training Foundation 'Training for the Future' (May 1972); E J Singer 'The Way Forward' *Personnel Management* (May 1972) pp 22-5; Managements Consultants Association, Submission to the Department of Employment dated 2 May 1972.
77. The CBI allowed the author access all the documents and submissions received by it during this period.
78. 'Operation of the Industrial Training Act - Statement by CBI' *Supplement to CBI Education and Training Bulletin* (February 1971).
79. CBI 'Operation of the Industrial Training Act' p (ii).
80. CBI 'Operation of the Industrial Training Act' p (vii).
81. CBI 'Operation of the Industrial Training Act' p (vii).
82. CBI 'Operation of the Industrial Training Act' p (vii).
83. CBI letter dated 1 September 1970. The reply from the company concerned

- was not altogether a polite one.
84. It was claimed that the DEP should have been given a 'good slating' for failing to provide boards with effective guidance for the establishment of a common framework for assembling data on employment and training. Confidential letter, CBI files, October 1970.
 85. Letter to a member company dated 23 November 1970.
 86. M Bury, excerpts of a speech made to a meeting of Colleges for Further and Higher Education, 24 February 1972, CBI Press Release.
 87. CBI correspondence dated 29 October 1970.
 88. 'Training for the Future: Statement of Comment' CBI Paper, V.55.72, April 1972.
 89. This view was confirmed in many interviews with both employers and trade unionists.
 90. M Moran *The Politics of Industrial Relations* pp 88-96.
 91. M Bury, speech to the Colleges for Further and Higher Education, February 1972.
 92. CBI, 'A CBI Report on the Government's Consultative Document on Training' Press Release, 19 April 1972.
 93. CBI 'A CBI Report on the Government's Consultative Document on Training'.
 94. See K Graham 'The TUC's View on Manpower Policy'; Also 'Trade Unions and 'Training for the Future'' (TUC, 1972).
 95. Graham 'The TUC's View on Manpower Policy'.
 96. K Graham, TUC 'Training for the Future: A Trade Unionist's Standpoint' *BACIE Journal* (June 1970).
 97. W O Campbell Adamson, Excerpts from a speech to BACIE conference, CBI Press Release, 11 February 1972.
 98. Text of the joint TUC/CBI letter to the Secretary of State for Employment, CBI Press Release, P.64.72, 16 June 1972.
 99. Joint TUC/CBI letter.
 100. *People and Jobs: A Modern Employment Service* (Department of Employment, 1971). See also the later document *Into Action: Plan for a Modern Employment Service* (Department of Employment, December 1972)
 101. Joint TUC/CBI letter.
 102. *Training for the Future* para 86.

103. Mukherjee *Changing Manpower Needs*; Also S Mukherjee *Making Labour Markets Work* Broadsheet 532 (London: PEP, January 1972).
104. P Thomas *The Aims and Outcomes of Social Policy Research* (London: Croom Helm, 1985) p 60.
105. Thomas *The Aims and Outcomes of Social Policy Research* p 60.
106. HC Debs (8 August, 1972) Col 1501.
107. M O Bury 'The Employers' Reaction' *BACIE Journal* (December 1972) p 132.
108. L Murray 'The Trade Union Point of View' *BACIE Journal* (December 1972).
109. *Future Arrangements for Industrial Training* (Department of Employment, 30 November 1972).
110. *Employment and Training: Government Proposals* Cmnd 5250 (London: HMSO, March, 1973).
111. *Employment and Training Act 1973* (London: HMSO, 25 July 1973).
112. See the Employment Developments Policy Committee's Report to the TUC, *Report of the 105th Annual Trades Union Congress* (TUC: September 1973) pp 3-7.
113. S Mukherjee 'Manpower Services: The Quiet Revolution' *Personnel Management* (August 1973)
114. *Employment and Training Act* Section 1.(1)-(7).
115. *Employment and Training: Government Proposals* para 20.
116. *Employment and Training Act* Schedule 1, paras 10-12.
117. *Employment and Training: Government proposals* para 68.
118. *Employment and Training: Government Proposals* para 68.
119. *Employment and Training: Government Proposals* para 68.
120. "Our industry, as represented by all its many trade associations and trade unions, was unanimous in 1972 that it did not want the FITC to be funded by the Government, mainly on the basis that, if Government pays, then civil servants will ensure that they control and industry will still have to train. Events seem to have proved them right!" B J Cave, Director, Foundry Industry Training Committee, letter to the author dated 4 February 1981.

CHAPTER SEVEN

IMPLEMENTATION AND THE MANPOWER SERVICES COMMISSION

The Manpower Services Commission (MSC) was officially 'born' on 1 January 1974. Since that time its operations in its various spheres have attracted some scrutiny, and a fair amount of criticism, the bulk of such attention having been devoted to aspects of its operations in relation to 'Special Programmes'.⁽¹⁾ It is not, therefore, the intention in this chapter to rehearse these issues again, although some reference to them will need to be made, but to focus attention on the nature of the MSC as a decision making institution, and on the Training Services Agency's (later the Training Services Division) role in shaping policy and policy change in the area of industrial training, in particular the implications of the relationship with Industrial Training Boards.

THE CHARACTERISTICS OF THE MANPOWER SERVICES COMMISSION

The supposedly 'novel' character of the MSC generated some debate amongst

political scientists during the mid-late 1970s about whether or not it could be regarded as a corporatist institution. This has implications not simply for the way in which decisions are processed and the kind of decisions that emerge, but for the subsequent implementation of such decisions. It is not the intention here, however, to become entangled in the complexities of the issues surrounding what corporatism is (or is not),(2) but to question some of the premises upon which this label has been applied to the MSC.

The attention that the MSC attracted, and indeed continues to attract,(3) as a corporatist body, perhaps found its clearest expression in the statement of Grant's that the MSC is one of the "most unambiguously corporate institutions in Britain."(4) Here three characteristics that distinguish the MSC from other organisations are claimed to confer the corporatist status upon it.(5) These are firstly, that its creation was specifically linked, by Maurice Macmillan, the then Employment Secretary, to the philosophy of 'tripartism'.(6) Secondly, through the MSC, the CBI and TUC are directly involved in the executive operations of government, that is their participation is not simply on an administrative or advisory basis. And thirdly, the major producer groups are given both power and responsibility for the decisions and actions taken. Thus the MSC has been seen as the product of the post-1972 Selsdon Man era, the 'new' doctrine of which was increased intervention into production through attempts to involve the peak associations in the formulation of policy. And the 1973 Employment and Training Act represented an endeavour to overcome at the central (or 'trans-sectoral') level the failings inherent in the ITB system at the sectoral (or meso) level. Or, as put by Vickerstaff, "[W]ith the creation of the MSC, policy moved away from the attempt to create a meso-level neo-

corporatist consensus, opting instead for a national tripartite legitimating body, and effectively, heralding a more active role for the state."⁽⁷⁾

A number of difficulties confront us over this classification however, one of which ignores the events prior to the much quoted statement by Maurice Macmillan in 1973. The assumption that it was the Government's intention to establish a tripartite or corporatist body is based on an inadequate, or partial knowledge of events leading to the MSC's creation.⁽⁸⁾ As we saw in the previous chapter, the composition of the Commission was not prompted by the Government's desire to create a tripartite institution. The initial proposals had far more to do with organisational objectives and the desire to create separate, accountable management units. As Howells notes the "DE was a prime field for applying these ideas, since most of its services were clear candidates for hiving off".⁽⁹⁾ There is no evidence to suggest that the incorporation of groups in such a structure was given any real consideration until proposed by the TUC and CBI. Clearly, when it came to the push, the Government did not oppose such representation, but this had as much to do with attempting to re-establish relations between the Government and the TUC and to reach agreement over pay and prices,⁽¹⁰⁾ as it did with any belief that the participation and cooperation of producer groups was necessary to secure agreement and implementation of manpower policy - although such might have come to be seen as an additional advantage. The point is that although the MSC may have *come to display* certain characteristics inherent in corporatist institutions, it was not originally conceived as such. Further, the composition of the Commission cannot really be labelled tripartite in the sense in which it is used by such writers to describe the relationship between the

government, labour and capital, and as applied to other bodies such as the NEDC. The reason being that a) it contains no governmental representatives and b) interests other than producer groups (ie labour and capital) are represented on the Commission. Indeed, certain writers would appear to classify the MSC as tripartite based on the erroneous claim that it comprises "matched proportions of representatives drawn rfrom the CBI and the TUC, together with a third element composed of 'the State'..."(11)

Related to the above is the status of the membership. Given that the MSC was both an advisory and executive body its members were not expected to act as delegates but as group representatives who in the words of Macmillan "must keep in mind the general views and interests of those who helped to put them there".(12) But we may also note the comment of Sir Denis Barnes, first chairman of the MSC, that "just as individual Commissioners are expected to bring to the Commission the view of their constituent organisations, so also they have a responsibility to support within these organisations decisions they take as Commissioners".(13) This aspect more readily seems to fit the conception of corporatist arrangements whereby the incorporation of groups into the decision making process is designed to remove, or at least alleviate, the threat posed by group autonomy to the interests of the state: the granting of functional representation enhances compliance through the regulation of the behaviour of group members. Even here, however, one might question how far such a view could not be taken of purely advisory bodies such as the NEDC, where consistent failure by one or more parties to support the 'agreed line' would render such organisations profitless.

There is little doubt that the performance of executive functions by such bodies is consistent with corporatist theorising. But must we then *ipso facto* regard the MSC as corporatist? One way of avoiding this has been the claim that the *type* of executive functions exercised are not really those to do with policy formulation.(14) But, despite the fact that the Secretary of State retained responsibility for general manpower policy,(15) it was clearly stated by the Government that "[A]s far as the employment and training services are concerned, the MSC certainly will be the policy making body."(16) Even so, such a combination of policy and administrative functions may be exercised by other organisations, similarly constituted,(17) most notably perhaps Industrial Training Boards themselves.

The essence of the argument here, therefore, is that in some respects the MSC displays certain characteristics consistent with what one might expect to find in corporatist institutions, but that these are neither exclusive to the MSC nor such that they allow us to dub it an 'unambiguously' tripartite or corporatist structure. In other words, the actual structure of the organisation is not of the central concern. A much more important issue which the corporatist debate has raised, is whether, and to what extent, the incorporation of groups into formal positions with executive and administrative responsibilities leads such groups to act less in a self interested and more in a 'public regarding' manner. Within the confines of industrial training policy this in itself could be regarded as significant in that it could be seen as a moving away from, or a re-casting of, the voluntarism prominent in previous policies in that the role of the peak associations was to be a quasi-public one whereby their status is that of

intermediaries between their members and the state. In other words those from peak associations lost some of their purely private representative role to a public regulatory role.⁽¹⁹⁾ The question that arises, therefore is how significant, if at all, was this dual role, and what at the end of the day it actually meant in practice for industrial training. As we shall discover, there is little evidence to suggest that where the representatives on the MSC perceived the interests of their membership to be seriously threatened, that group autonomy was abandoned. A premium may have been placed on obtaining accommodations, bargains and compromises, but as we shall see, dissension and refusal of support did occur when interests were threatened.

The evidence presented above would suggest that the outlook of the post-'72 Heath Government was in part important to the development of the MSC, but it also more fundamentally indicates that when viewed in a longer term perspective of the evolution of industrial training policy it is not such a radical and innovatory a development as has been portrayed in much of the literature, particularly that written in the 1970s. Similarly, we have seen that the *pre-1972* outlook of the Heath Government had an important influence upon its creation. In some significant respects, whilst the genesis of the MSC is important to the above discussion, a full assessment of some of the issues raised depends crucially upon an examination of the way in which the Commission and its Agencies subsequently operated and the decisions they reached. This we shall be doing in the present chapter when we examine some of the early activities of the MSC, although a more detailed analysis will be provided when we look at the internal working of the Commission during the period that it undertook the review of the 1973 Employment and Training Act.

However, before going on to look at the operation of the MSC in its early years, we need to briefly consider the general stance of the Labour Party towards intervention in the economy, industry and the labour market. It did, after all, fall to the Labour Government elected in March 1974, to implement the 1973 Employment and Training Act.

The 1974 Labour Government

There is little doubt that in opposition the Labour Party, if not so evidently the leadership, displayed a far more strongly interventionist stance than it previously had. In respect of its proposed policies for industry it sought to tackle the issue of the autonomy of private capital head on. Influential upon the Party's thinking in the early were the ideas of Dr Stuart Holland, former adviser to Harold Wilson and lecturer in Economics and History at Sussex University before becoming a Labour MP in 1979. Holland's basic tenet was that British manufacturing industry was dominated by a handful of large, powerful and usually transnational, companies in each sector. These so called meso-economic sectors were immune both from the influence of the competitive market (being price makers) and government fiscal and monetary policies (being transnational). For Holland this in large measure accounted for the failure of previous 'indicative planning' exercises.(20) It was, therefore, deemed necessary for a Labour Government to intervene more directly in the affairs of private industry to ensure a greater convergence between its behaviour and the requirements of government policy.

As worked out by Labour in Opposition there were to be two main prongs in the attempt to gain greater influence over the private sector. First, the government was to take a major stake in the ownership of manufacturing industry through a National Enterprise Board (NEB) to afford some direct control and significant indirect influence of the behaviour of firms. The NEB would be able to secure its stake - originally intended as some 25 of the largest manufacturing companies - in private companies by compulsory purchase if need be. Second, there was to be introduced compulsory planning agreements between the government and the largest manufacturing companies which was designed to extract information about companies' future behaviour and through such 'contracts' commit them to particular plans for investment, employment, trade and so on, thereby making government economic planning more realistic and achievable. (21) In the case of manpower and training the Party was not so forthright on its challenge to the autonomy of private capital. This may well have reflected the lower priority attached to training compared to industrial policy, perhaps itself a reflection of greater enthusiasm for previous arrangements, that training introduced the more problematic issue of trade union involvement and interests, and that trade union concerns were firmly focussed on industrial relations legislation. Nonetheless, *Labour's Programme 1973* did outline proposals for a major expansion of resources for training drawn from government and a new general training levy and a more powerful National Manpower Board in place of the MSC. (22)

There is considerable evidence from its proposals in opposition that Labour would be considerably more interventionist and less prone to respect the independence of firms and thus less reliant on voluntarist arrangements.

Moreover, under the 'Social Contract' it was committed to a major extension of employee rights within the firm. In the event, the Party's proposals were considerably watered down by the key figures within the leadership who clearly were not ideologically in sympathy with the initiatives produced by the wider party. For example, the NEB was not given powers of compulsory purchase and was severely circumscribed financially such that over 90 per cent of its turnover was accounted for by British Leyland and Rolls Royce which were transferred to it in 1976. Likewise, planning agreements were rendered both voluntary and vague and only one was concluded with a private company, Chrysler (UK) Ltd.(23) Interestingly planning agreements as developed by Industry Secretary Varley *could have* included training in their contents.(24) Whether this, or indeed any other part of Labour's more interventionist stance, would have proved successful is a proposition that was never put to the test. The Labour Government, particularly after the more radical members of the government had been outmanouvred, preferred to maintain a strong voluntarist ethos in its handling of its relations with industry. Thus, just as Labour had taken over the operation of the 1964 Industrial Training Act essentially unaltered, it likewise took over the operation of the 1973 Act and the MSC largely intact.

THE MANPOWER SERVICES COMMISSION AND THE TRAINING SERVICES AGENCY: TRAINING ENTREPRENEURS

By the time the MSC was officially set up on 1 April 1972, the two executive Agencies - Employment Services (ESA) and Training Services (TSA)- for whose

operations it assumed broad responsibility had been effectively functioning for some time. (see Chapter 6). The TSA - whose senior officials were to be appointed by the Commission - was divided into three Operating Divisions: the TOPS Division, responsible for meeting the training needs of individuals primarily through the Training Opportunities Scheme; the Industry Division, responsible for promoting training in industry in both the ITB and non-ITB sectors; and the Training Directorate, responsible for developing the TSA's competence and expertise in training and training methods. In addition there were three support branches: for planning and intelligence; corporate services; and marketing and public relations. To a considerable extent the Agencies' plans and programmes had been formulated by April 1974, which, taken with the fact that little thought had been given to how the Commission should actually operate⁽²⁵⁾ meant that the impact of the Commission (meaning here the Commissioners plus the small number of supporting staff) upon setting an agenda for training and taking decisions was severely circumscribed during the first year or so. Thus it was TSA officials who were, early on, at the forefront in taking the initiative, with the Commission itself somewhere in the background.

One significant aspect of this was that the TSA was not, in fact, to lose its civil service ethos: strong pressure from the staff associations meant the retention of civil service status⁽²⁶⁾ which resulted in the organisational 'curiosity' of a fringe body with Crown status.⁽²⁷⁾ And the first 'independent' chairman of the MSC was Sir Denis Barnes, till then Permanent Secretary at the DE. One other factor contributing to the relative imbalance between Commission and Agencies was their sizes in terms of staff. As at 1975 the immediate staff

of the Commission numbered about 50, divided between a Secretariat and an audit unit, which was supplemented by around forty others with the creation of a Manpower Intelligence and Planning Unit. On the other hand by 1976 the staff of the ESA was about 13,000, with 7,000 in the TSA.(28) This in fact represented an increase for the TSA of around 1,300 staff above that planned at the time that it was taken over by the MSC. These figures may be further broken down as follows: 100 technical and 450 non-technical staff at headquarters; 20 technical and 500 non-technical staff in regional offices; 2,150 technical and 900 non-technical staff in skillcentres. See J Wellens 'The Work of the Manpower Services Commission' Industrial and Commercial Training, March 1974. As far as training staff were concerned we can of course add to this figure a further 6,000 employed by the ITBs. The original MSC/Agencies structure was to result in a lack of coordination and common purpose, and from 1976 onwards there were moves to reorganise so as to achieve a greater degree of central capability and corporate identity (see below).

Decision making in the early years

The first formal meeting of the nascent Commission took place on 9 January 1974 although an informal one had taken place in December 1973,(29) and altogether during 1974 the Commission held 17 meetings.(30) The four point work programme agreed at the first formal meeting was:(31)

The Chief Executives of the Employment Service Agency and the Training Service Agency should present details of their present operations and long-term plans.

To analyse the present information available on manpower forecasting with a view to improving manpower intelligence and information.

To hold meetings in different parts of the country to discuss with employers and trade unions how the Commission can best serve them.

To see at first hand the work of the Agencies throughout the country.

Originally then, it seems clear that the initiative for establishing priorities for action in industrial training lay with the TSA. It was, by the time the Commission was set up, well prepared with programmes for action. This was indicated in the announcement, on the day on which it became a statutory body under the MSC, that, the TSA had already submitted its first five year plan which had been 'welcomed' by the MSC.(32) The Plan had in fact been under preparation since December 1972.(33) It was, said John Cassels TSA's chief executive, a plan that directed resources to "particular priority areas where the pay-off, economically or socially, or both, was likely to be the greatest".(34) The Plan's purpose was stated as being:(35)

- (a) to help the Commission to decide on the role and aims of the TSA, and the activities it should carry out;
- (b) to enable the Commission to decide what resources to seek from the Government for the Agency's activities;
- (c) to provide a basis for discussion about resources with the Government;
- (d) to provide a framework within which the Commission can take decisions on individual issues as the work of the Agency develops.

Other purposes of the plan were seen to be to help:

- (e) the Agency itself to be clear about its task, to do it, and to account for what it has done;
- (f) coordinate the work of the ITBs;
- (g) focus national efforts to improve training and provide a basis for public discussion of national training priorities.

One of the main messages that was conveyed, both in the Plan and in the numerous public speeches and writings that senior TSA officials were at the time giving, (36) was that the TSA saw its role within the training system as that of *catalyst and coordinator*.(37) The 'high profile' adopted by the TSA was, from the start a deliberate policy and seemed to contain a mixture of educative and propagandist functions. For example, "The Agency's Marketing Manager will...seek to focus national attention on high priority training problems and will give particular attention to the development of a programme for publicising the benefits of training and the contribution it can make....In addition, in conjunction with the Commission's Director of Information, he will seek to develop and project a corporate image by promoting and publicising the Activities of the Agency, conducting press and public relations..."(38) It is worth mentioning that the corporate image to be promoted was that of the Agency's, not the Commission's.

An interesting indication that the thinking of the MSC with regard to the benefits of good 'public relations' was, however, proceeding along similar lines, and the kind of strategy likely to be followed was given by Sir Denis Barnes: "Suppose we had some idea which would need, say, £50 million to put into operation. If we thought that we could get what we wanted without a public debate we wouldn't promote it, but if not we might wish to muster public support".(39) Thus both the Commission and Agency were fairly quick off the mark to try to establish a basis of support within their relevant constituencies. The Plan set out three major aims to enable the TSA to pursue its catalyst/coordinator role. These were:(40)

1. To help through training to secure the efficiency and effective performance of the country's manpower;

2. To help individuals through training to fulfill the needs and aspirations they have for their own employment;
3. To increase the effectiveness and efficiency of training.

These were then translated into four major sets of programmes, structured to meet the criterion that they should comprise activities for which common objectives could be set and specific strategies developed. They were also claimed to highlight key trade-offs between programmes in allocating resources. The programmes were: (41)

1. Meeting training needs in industry. Here expenditure was estimated to rise from about £9m in 1974/75 to over £45m by 1978/79 at constant prices;
2. Meeting training needs of individuals. Expenditure was estimated to rise from £77m in 1974/75 to over £125m in 1978/79 at constant prices;
3. Improving training effectiveness and efficiency. An expenditure increase from £.3m to £1m between 1974/75 and 1978/79
4. Managing the TSA. An increase in expenditure from about £.77m to over £1m in real terms.

A survey of contemporary sources leaves little doubt that both the Commission and the TSA embraced the roles and functions that they had been given to perform with enthusiasm, if not to say gusto, and there was a clear feeling that here, at last, was the organisational structure potentially capable of delivering what had been intended but not achieved by the 1964 Act. The impression conveyed was that the MSC and TSA - perhaps bearing in mind the experience of the ITBs - wanted not only to be accepted, but liked. The organisations clearly wished to be regarded as an - if not *the* - authoritative voice in manpower policy. The approach of the MSC and the Agencies was 'consumer' oriented in that a prime responsibility was regarded as reacting to the needs of its 'customers': "Like an entrepreneur, much of our work is

opportunistic and responsive, but whereas the business entrepreneur has as his goal staying in business and maximising his return on capital investment in cash terms, the [Training] Directorate's investment is professional manpower and the desired return is in terms of improved training".(42) There are of course those who would not see such functions and the motivations behind them as entirely dissimilar.

In this respect the MSC'S first Annual Report stated that, "being conscious of the need to respond to the employment and training requirements of all parts of the country" it was to establish a network of over 100 advisory District Manpower Committees (DMCs).(43) One hundred and twenty five DMCs were established by October 1975. Their composition mirrored that of the MSC itself wherein they contained an MSC appointed chairman, 9 members appointed by employers, 9 by trade unions, 2 local authority representatives, 2 educationalists, and 3 co-opted members. Their function was to advise the MSC on:(44)

the operation of the local labour market, identifying employment trends and problems and advising on plans to deal with them;

current services, by acting as a local 'consumer council';

promoting the services of the MSC locally;

the development of wider policy issues

Widening the Commission's sphere of responsibility

It soon became apparent, however, that the Commission (and presumably the TSA also) felt that the functions and powers that it had been given under the 1973 Act were not sufficient for the role that *in the Commission's view* such a body

should perform.(45) The Commission wished to develop a general manpower strategy, claiming that without such a capability the provision of effective employment and training services would be extremely difficult. Structured as it was, and with its limited remit, employment and training arrangements were still considered to be too fragmentary. The Commission should therefore:(46)

be in a position to express constructive views on any policies affecting the labour market and to propose practical solutions to problems which may range from the short-term to the long-term fundamental questions concerning the effective use of the country's manpower resources, whether or not the Commission is itself in a position to take action on them."

What, it transpired, the Commission was involved in was a take-over bid for those responsibilities that remained with the Secretary of State, namely the development of a comprehensive manpower policy, and executive functions in relation to, for example, sheltered employment for disabled persons, work creation programmes, oversight of the careers service, and redundancy provisions. It added support to its proposal for central authority by arguing that, in any case, the Minister was too preoccupied with other issues to give the 'concentrated and undivided attention' necessary to the development of manpower policy. In similar vein Sir Denis Barnes, speaking at the May 1974 BACIE conference, put forward his opinion that prior to the MSC's establishment the organisation of employment and training services had been inefficient. He went on "very important employment and training matters did not receive the attention they deserved because the Secretary of State and the Permanent Secretary were, inevitably, involved in other time-consuming and important issues such as industrial relations and incomes policy." He left the audience to draw its own conclusions from the following remark that the conference "was to have been opened by the Secretary of State but instead Mr

Harold Walker undertook the job because the Secretary of State was, as we are all well aware, preoccupied with more demanding and immediate issues than employment and training."(47) Although difficulties might exist in finding lines of demarcation between the responsibilities of the Commission and the DE, the Commission's view was that this was not insurmountable: the guiding principle should be that matters primarily concerned with advice to Ministers regarding their dealings with colleagues and Parliament should remain with the Department, otherwise responsibility should reside with the Commission. The final riposte was:(48)

Whatever the details of the arrangements finally agreed, we are convinced that only by a radical extension of the present role and responsibilities of the Commission beyond those envisaged by the Employment and Training Act, 1973, can a new dynamic be given to the development of manpower policies in this country."

The attitude of the Labour Government to the proposals emanating from the Commission was ambivalent. As Sir Denis Barnes complained elsewhere: "In its [the Government's] policy statements it has said it wants to see the transformation of the Commission into a powerful body responsible for developing and carrying out a comprehensive manpower policy. But it has neither said what it thinks should constitute a comprehensive manpower policy, nor has it been able to agree to the Commission's views of the main elements of such a policy."(49)

It seems that the Government, having inherited a new set of training arrangements - as indeed had happened with the Labour Government ten years earlier - was thereafter uncertain as to how it should proceed. Whilst the new arrangements were not inconsistent with the wider industrial and economic goals that the Government was pursuing, it appears to have been content -

initially at least - to implement the arrangements as they stood. This was in spite of the manifesto commitment to "develop an active manpower policy with a powerful NATIONAL LABOUR BOARD." (50) The Secretary of State until April 1976, Micheal Foot, (thereafter Albert Booth) may indeed have been proccupied with other matters that were regarded as having greater priority. For one thing, any further extension of the MSC's role would have had considerable expenditure implications; the MSC's annual expenditure by 1976 had already reached some £250 million and was planned to rise to £363 million in the following year.(51) It is thus unlikely that the Treasury, with only limited and indirect control over the MSC's expenditure, would have been in favour of such a development that would have pushed spending up. It was also clear that as far as Industrial Training Boards were concerned, although the Labour Party in opposition had opposed the changes introduced under the '73 Act, they were not, on taking office, inclined to alter the Act's provisions. As Harold Walker, the Parliamentary Under Secretary at the DE put it: "Perhaps the most important need now...is to give the training boards a period of stability and the chance to settle down to their new job in co-operation with the Manpower Services Commission without subjecting them to yet more upheaval or reorganisation".(52)

One further significant factor contributing to the Government's vacillations at this time was that the advice of officials at the DE was at odds with what the Commission was seeking. DE officials were not supportive of the department's remaining manpower responsibilities being transferred to the MSC. Such a view is confirmed in the conflict that emerged between the DE and Commission over the appointment of a successor to Sir Denis Barnes who retired in March 1976. The DE wanted a less independent, part-time chairman, which would facilitate

its attempts to re-establish control, for it was felt at the time that the "Commission's activities have also created annoyance among Sir Denis's former colleagues at the Department of Employment. Some of them now make little attempt to disguise their belief that the MSC's main aim has been to build an empire at the DE's expense".(53) But 'helped along' by a deteriorating unemployment situation and a worsening economic performance both the Treasury and DE lost out to the MSC/TSA's zealous pursuit of its aims. One important factor in this being the replacement of Sir Denis Barnes with the no less independent, full-time, Richard O'Brien as Chairman of the MSC.(54)

The conclusion, therefore, seems inescapable that the response of the Commission was to lament the fact that it did not have responsibility for manpower policy, but to proceed as though it did, or at least soon would have. Its strategy - together with the TSA - was to move swiftly in initiating large scale research programmes, in particular the collection and coordination of information about the supply and demand for manpower, many of which it must be added disappeared into the mists of time.(55) The intention seems to have been to build up a degree of competence that would be difficult to rival: if the Commission did not possess *formal or legitimate* authority then it the next best thing was to become the authoritative voice in terms of expertise and credibility. One of the first problems looming on the horizon had been the prospect of a continuing rise in the level of unemployment. At its first meeting the Commission had decided to draw up contingency plans against the eventuality of a deteriorating employment situation. This was to include examining the possibilities for accelerating an increase in training; enhancing mobility; developing special schemes to help redundant workers; and special

studies of those most likely to be affected, such as school-leavers, older workers and the disabled.(56) As we have already seen some of these included areas for which the MSC did not have responsibility. Santosh Mukherjee - with the assistance of a senior MSC official - was commissioned to carry out a study of the likely effects on different groups in the labour market of various levels of future unemployment, and of the type of policies which might ease them. The TSA was also concerned about this issue. The programmes contained in the first five year plan were, as it openly stated, based on the assumption that unemployment would not rise substantially above then existing levels. Nevertheless the Agency was undertaking an "urgent study of action that might be taken if unemployment levels should rise substantially above present levels. In such a situation, it would be necessary for the Commission to seek a very substantial increase in its grant-in-aid in order to take effective action".(57)

The main result of these initiatives was Mukherjee's study which the Commission decided to publish in order to 'stimulate discussion'.(58) The pessimistic conclusion was that the extent of future economic growth would be insufficient to prevent rises in productivity being translated into unemployment. Further, just as previous high levels of unemployment had not alleviated the problem of skill shortage, there was no reason to assume that they would do so in the future unless more was known about the causes of skill shortages, upon which action could then be based. The report set out to justify, by reference to costs and savings that would be involved (psychological, social and economic), firstly the establishment of a programme of job creation, and secondly a large scale training effort aimed at those within the 24 to 55 age group. A memorandum summarising the contingency plans

was submitted to the Secretary of State at the end of 1974. It was rejected in June 1975 only to be accepted, despite public expenditure constraints, in September following the publication of the latest unemployment figures.(59) The scheme was launched in October 1975 with £30m being provided by the Government,(60) and was to provide jobs for 15,00 unemployed persons. The Job Creation Programme (JCP) was administered directly by the Commission. This was additional to the contingency plans for a series of special training measures submitted by the Commission (as a result of the TSA study) to the DE early in 1975. In the March budget, the Chancellor had made £50m available for these schemes, which was then topped up by a further £21m in the course of the year. (61) By December 1975, the Chancellor of the Exchequer, Dennis Healey was reported as stating that in the matter of industrial training alone was he prepared to see an increase in public spending over the next few years.(62) When the need arose, the MSC/TSA were thus ready with appropriate programmes for action.

Consequently, by the end of its second year of operation, the MSC had: obtained the agreement of the Secretary of State that the Commission should "be the main executive body operating in the labour market, develop into an authoritative centre for information and intelligence on employment matters, promote an overall manpower strategy and be an important point of influence on policies directly concerned with the working of the labour market" (even if these were as yet somewhat vague);(63) taken over new responsibilities with a concomitant increase in its budget; and begun moving towards developing a more coordinated organisational structure that seemed to be pointing towards giving the Commission a greater degree of executive control over the two

Agencies. This last development was indicated by the creation in late 1975 of two new senior level posts in the Office of the MSC; those of Director, Manpower Services Commission and Director of Manpower Intelligence and Planning. The first of these was in some respects a post of responsibility without power in that it carried no line responsibility in relation to the Chief Executives of either the TSA or ESA, but the Director was to report straight to the MSC Chairman. The function of the Director was a general coordinating one, plus advising the Commission on resources, the efficient achievement of the Commission's programmes and directing the programmes for which the Commission was itself responsible.(64) Despite the lack of executive authority, the creation of such a post was important in that it may be seen as a preparatory move in the Commission's plan to tighten overall control and expand its jurisdiction and functions. Of equal significance was the fact that the person appointed to the post was John Cassels, until then chief executive of the TSA. Similarly the Commission's concern that the three organisations should not be viewed in isolation but as a *corporate* whole(65) was reinforced by the innovatory step taken by the new chairman, Richard O'Brien, to institute a Chairman's Management Committee. As Howels points out, the Committee "brought together the most senior officials in the MSC under the chairman. Whereas the other Commissioners were not involved in MSC's internal management and organization, the CMC gave the chairman the opportunity to play a full part in these matters."(66) These preliminary steps were consolidated when the Commission and Agencies were restructured in April 1978 into a "single manpower body".(67) The TSA and ESA were abolished as separate organisations and became executive arms of the Commission with the titles of Training Services Division (TSD) and Employment Services Division (ESD).(68)

COORDINATING TRAINING POLICY: RELATIONS BETWEEN THE TSA AND ITBS

In the foregoing section we examined the development of the wider aims of the Commission and the TSA. One of the primary purposes behind the creation of these organisations, however, was to achieve the coordination that had been implicit in the 1964 Industrial Training Act, but which had failed to materialise. We move on in this section, therefore, to consider how wthe TSA approached this task, which importantly depended upon the relationship which was developed between it and the Industrial Training Boards.

The crucial question confronting the TSA and ITBs in respect of their future relationship was "how to discharge its [TSA's] responsibilities for maintaining and improving the performance of the Board system and for ensuring that Exchequer funds are used effectively, while also ensuring that the Boards continue to have the autonomy necessary to retain authority in their industries and to pursue particular policies according to the varying needs and circumstances of their industries." (69) The achievement of such an aim was, in the view of Geoffrey Holland, Director of Planning and Intelligence at the TSA, "a tremendously difficult job" due to the diverse nature - in terms of employees and establishments covered, geographical spread, general approaches to training, and length of experience - of the 23 ITBs. (70) From the outset the statements of TSA officials can be seen as attempting to quell the fears (whether rightly or wrongly held is another matter) that TSA control over the operating costs and the financing of key training activities of ITBs would in effect mean TSA interference and would weaken the autonomy of boards, making

them less responsible and responsive to their industries. However, although the potential for TSA intervention clearly existed, such interventions needed to be structured in such a way that the independence of ITBs was not seen to be threatened thus resulting in resentment and lack of cooperation with, possibly even opposition to, TSA's aims.

The TSA clearly wanted to get ITBs on their side: getting off on the 'wrong foot' with ITBs was something to be avoided due to boards' undoubted capacity to adversely affect the achievement of TSA goals. Mutual cooperation was, therefore, likely to be more effective - and less costly - than coercion. So the emphasis was placed on the TSA's support for the necessity of a relatively autonomous industry-by-industry approach with the TSA claiming that its endeavours were to supplement, not supplant, ITB responsibilities. The TSA envisaged its relationship with boards should develop on the basis of a 'partnership', the keystone of which would be joint TSA/ITB consideration of the five year plans and budgets of boards. Thus the role of the board, as set out in the first five year plan, would be to "define their aims explicitly; draw up programmes for achieving them, with targets stated as clearly as possible; show the consideration given to the alternative means of accomplishing objectives; and identify all the resources required for individual programmes (staff, grants, direct training facilities, etc.)", while the Agency's role was specified as being "to probe and question in order to clarify the importance of the priorities selected, to assure itself that the proposed levy/grant/exemption schemes are appropriate, and to ensure that funds to be provided by the Agency are used to best effect".(71) Somewhat ominously, however, the plan went on to remind boards that the TSA now held the purse

strings by stating that the "probing and questioning role is particularly necessary because Boards' requests for resources are always likely to exceed what can be provided...and the Agency will therefore always be faced with choices".(72)

One purpose of the hiving off of employment and training functions under the Act, as we have already discussed, was to create more accountable, cost effective, management units. Traditional departmental organisation, it could be claimed, due to lack of clarity surrounding separate functions, did not provide a suitable context within which systems of accountable management could flourish. On the other hand "[t]he new system of separate, individually accountable agencies gives an opportunity to set up clear management structures with everyone knowing who is responsible for what".(73) Thus, from the outset the managerial aim of the TSA was to achieve an optimum delegation of responsibility together with the establishment of objectives and measures of performance.(74) This meant the organisation of operational plans into programmes and sub-programmes of activity with the intention of focussing attention upon outputs against which progress could be measured. Stress was laid upon building into programmes from the beginning means by which effective monitoring and evaluation could be carried out.(75) Numerical indicators of performance were, wherever possible, developed for this purpose by both TSA and ESA (76) One of the primary objectives of the TSA was to get ITBs to operate along similar lines, but, as we shall see, not always to great effect.

Coordinating the work of ITBs was the responsibility of the Industry Division of the TSA and was to be achieved through 'Dialogues'. For this purpose four 'dialogue teams' were set up, each broadly responsible for liaising with six boards. Each team contained four members - a team leader and three others concerned with finance, training and manpower. One object of establishing this kind of structure was not only to facilitate a dialogue between an ITB and the TSA, but to allow for cross-fertilisation of ideas and a coordinated approach between ITBs under the same dialogue team as well as across dialogue teams. The early importance attached to establishing good relations with the ITBs was evidenced by the fact that when the dialogue teams were first established TSA officials underwent a period of training - particularly in planning and budgeting techniques - which included sessions of simulated discussions with boards, prior to initiating meetings with ITB staff. And instead of summoning ITB staff to TSA offices to discuss training plans, TSA staff made a point of going out to the ITBs. (77) These dialogues then were the main instruments by which the TSA was to influence the activities of the boards: through the development of five year plans and systems for monitoring and evaluating their work, the accountability of boards would be increased. And so presumably would the control exerted by the TSA.

It soon became evident to TSA members of the dialogue teams that the divergent practices adopted by boards in monitoring and evaluating their programmes did not lend themselves to any form of systematic and coherent means whereby boards' achievements could be assessed. (78) To overcome this, the TSA recommended in its 1976 strategic review that a Steering Group be established whose remit would be to oversee work on the development of: "general

guidelines for monitoring and evaluation of aims and achievements which ITBs should apply taking into account the different ways in which Boards collect information".(79) Membership of the Steering Group comprised three senior ITB officers (from the Furniture and Timber, Chemical and Allied Products, and Wool, Jute and Flax ITBs), TSA officers and the Dean of the Thames Valley Regional Management Centre. Essentially the group sought to identify (a) the types of questions that might reasonably be asked by those with an interest in the performance of ITBs (eg interests within industry, the MSC and TSA, Parliamentary Committees) and (b) the sort of information, or indicators, that might reasonably be regarded as relevant to those questions. Parallel with this an experimental and pilot project was undertaken with four ITBs (Air Transport and Travel, Chemical and Allied Products, Furniture and Timber and Engineering, although the last of these did not complete the project) to determine how they monitored achievements and the extent to which criteria for judging effectiveness had been developed. The project was *not* however, concerned with the effectiveness of ITBs insofar as programmes of activity to achieve agreed objectives were not subject to question, nor was it concerned to assess the validity of ITBs' monitored data. The categories of data that were examined were ITBs':(80)

- objectives;
- programmes;
- monitoring systems;
- data obtained from monitoring;
- evaluation systems;
- criteria of effectiveness employed;
- extent to which expenditure could be related to achievements;
- ITB views about limitations of monitoring and evaluation

systems;

An initial difficulty with the pilot project was that some "quite serious communication problems have been experienced in carrying out this work which stems from a lack of common understanding of the meaning of "monitoring" and "evaluation" in relation to the work of ITBs" The TSA Survey Unit therefore spent some time clarifying the definition of these and other terms (such as 'policy', 'aim', 'objective' (strategic, operational) and 'criteria of effectiveness'), but noted that while "the definitions reflect the views of different ITBs, and of different individuals within an ITB, they are not necessarily acceptable to each of the three ITBs, nor necessarily are they the definitions to be used in the remaining stages of the project".(81) Clearly, ambiguity or disagreement about definitions would make it difficult to construct a framework that would serve as a basis for providing comparative assessments of ITB operations.

The result of these studies nonetheless was the issuing of 'Guidelines for the Monitoring and Evaluation of ITBs' (reproduced as Appendix 1) which were to form the basic framework for Dialogue Teams' and ITBs' discussions on future plans and monitoring and evaluation arrangements. Despite these endeavours, however, the general impression gained - particularly from discussions with some of those involved in the development of the guidelines - was that whilst *in theory* boards regarded such procedures as having some validity, *in practice* they remained to be convinced. The comments from boards indicate that the guidelines were acceptable only if certain qualifications or limitations were held to apply. For instance, the Furniture and Timber ITB (one of the 'pilot' boards) commented that assessment of training standards was limited by: the

15 month review visit cycle of a training adviser and the two yearly visit of a claims examiner; restrictions placed upon the board since 1971 in the collection of basic data about manpower and training in their industries; lack of information regarding economic and environmental trends, and productivity, profitability and labour turnover in their industries; the extra cost involved in certain of the monitoring activities; and the 'irreducible element' of subjectivity in certain measures.(82) Other, more general comments made the point that the guidelines would need to be used by individual boards in ways appropriate to them and that as it was often difficult to isolate the outcome of an ITB intervention it was essential that exchanges of information took place on methods found to be effective.(83) It would seem that although the guidelines remained operational there was a gradual acceptance that achieving a consistent and coherent approach to monitoring and evaluation was unlikely. For instance in the 1977 Review and Plan it was acknowledged that the "TSA had hoped that...the introduction of levy exemption...for firms meeting their own training needs would provide one measure of progress, namely the extent to which exemption was granted. Experience to date suggests however that it will be virtually impossible to isolate exemption from any other measures available..."(84) And two years later, John Cassels was admitting that "there are some programmes which, with the best will in the world, it is exceedingly difficult to subject to monitoring in numerical terms. For example, the impact of Industrial Training Boards on their industries to a considerable extent simply does not lend itself to this, and one is then driven back on a more qualitative approach".(85)

Some of those interviewed by the author, and who had been involved at various times in the dialogue process (86) were generally of the opinion that their utility - where any was acknowledged - was extremely limited. One TSA official, who was responsible for advising the dialogue teams on ITB research activities claimed that board staff were, on the whole, reluctant to follow the advice and recommendations of the TSA. This did not seem to manifest itself in overt hostility on the part of board staff but rather in paying 'lip service' to the procedural rules, and thereafter carrying on much as before.(87) The ITBs it seems exhibited a degree of suspicion about MSC/TSA involvement in their work and in general guarded their independence. For many board staff their survival was largely dependent upon their being seen as part of and valuable to the economic well-being of their industries as perceived mainly by employers, and not as instruments of state intervention under the control of a central organisation. This probably became more pronounced as criticisms of the rapid expansion - in terms of staff, budget and functions - of the MSC began to mount during the late 1970s.(88) On the other hand, ITB staff were fairly cynical about the way in which the dialogue teams operated, although one person commented that as the teams did not seem to have any clear cut remit it was somewhat difficult to criticise them for not doing their job as no-one was really sure what it was intended to be. It was also claimed that, contrary to one of the supposed functions of the dialogue teams, TSA officials did not pass information from one board to another.(89) Many of the comments were critical of the lack of expertise exhibited by TSA staff which seemed to derive from their civil service, ie non-training background.(90)

However valid the difficulties inherent in constructing effective systems of monitoring and evaluation, and however valid the criticisms of the TSA, it effectively meant that board staff viewed the dialogue process as at best of limited value and at worst as something that diverted boards' concentration from their industries. There was clearly a lack of communication - one board official for instance claimed that there had only been four meetings between the board and the dialogue team during the previous two years (1977/78) - which surely limited the ability of the TSA to influence board decisions. Indeed none of the board staff interviewed allowed for the possibility that there had been any significant loss of board's autonomy to establish its own policies. However, on another issue a number of board officers did feel that there was undue interference in their ability to control the pay, conditions of service and appointment of staff, which largely came through pressures from the Treasury and Civil Service Department (CSD). Certainly the CSD seems to have interpreted its role in rendering ITBs publicly accountable in a much more detailed manner than was envisaged under the 1973 Act. This view is supported by Jordan's comment that "[t]he report of a Civil Service College forum...stated that since units would not be accountable to the same extent to Parliament, people could be encouraged to contact Chief Executives direct rather than through parent Departments".(91) This was an issue that caused not a little resentment. Overall, it would seem that where influence was being brought to bear on ITBs it was in the areas of pay, staffing and so on. Little influence seems to have been exerted in relation to the main function of boards, that of improving training effectiveness. ITBs were thus being rendered accountable in management, but not policy terms.

The evidence suggests that almost from the outset there existed some inter-organisational tension between the staff of ITBs and the TSA. But despite this those board staff who were interviewed did not feel overly constrained in their decision making, at least *in relation to training*, by the influence brought to bear by TSA staff. There are likely to be two reasons for this - although they are not necessarily mutually exclusive. The first, and most obvious, is that boards possessed sufficient autonomy to be able to disregard or give less weighting to the priorities established by the TSA where these were seen to conflict with boards' (ie industry) interests. The second is that the TSA was content to leave boards to establish their own priorities as long as they could account for their actions. The evidence does not suggest that the latter was, in fact, altogether the case. Given this situation, as the MSC/TSA became increasingly concerned with the development of a national manpower strategy it was important that the work of the ITBs should fit into the national pattern and early MSC/TSA documents stressed this.(92) We should, however, be wary of concluding that the influence of the TSA completely insignificant as there are certain indications to the contrary which were also - though generally obliquely - alluded to by some of the ITB staff. One senior official of the Chemical ITB represented the changing priorities of ITBs during the previous ten or so years by reference to diagrams 1 and 2. These it was claimed showed how boards' activities had changed over the previous decade, *inter alia* due to formal changes in training policy and the activities and priorities adopted by the MSC/TSA.

These diagrams demonstrate that, even if a somewhat narrow conception of the rationale for ITBs was adopted - *viz* that they existed to serve the training

Diagram 1

ITBs' Dominant Priorities 1964-78

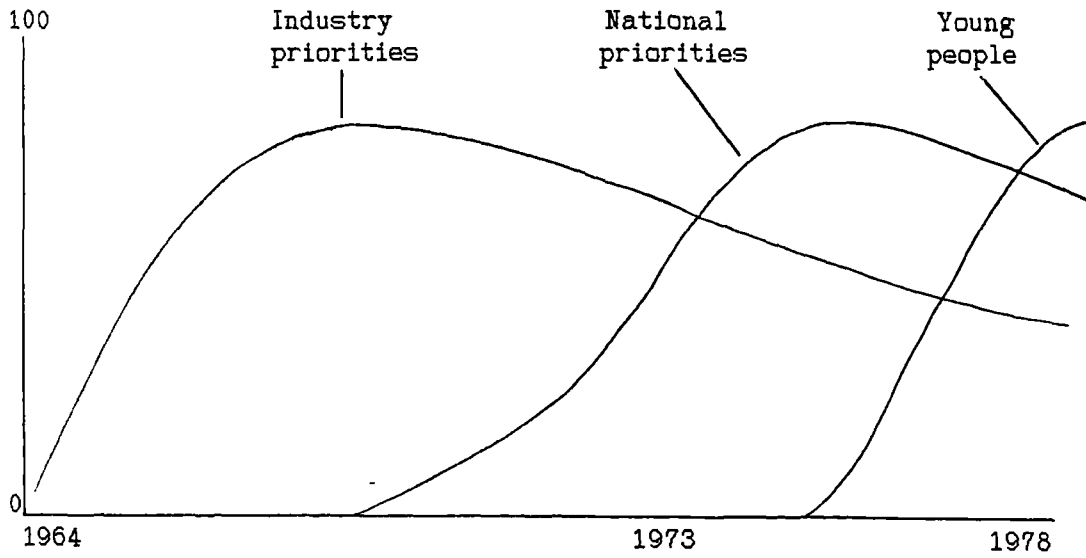
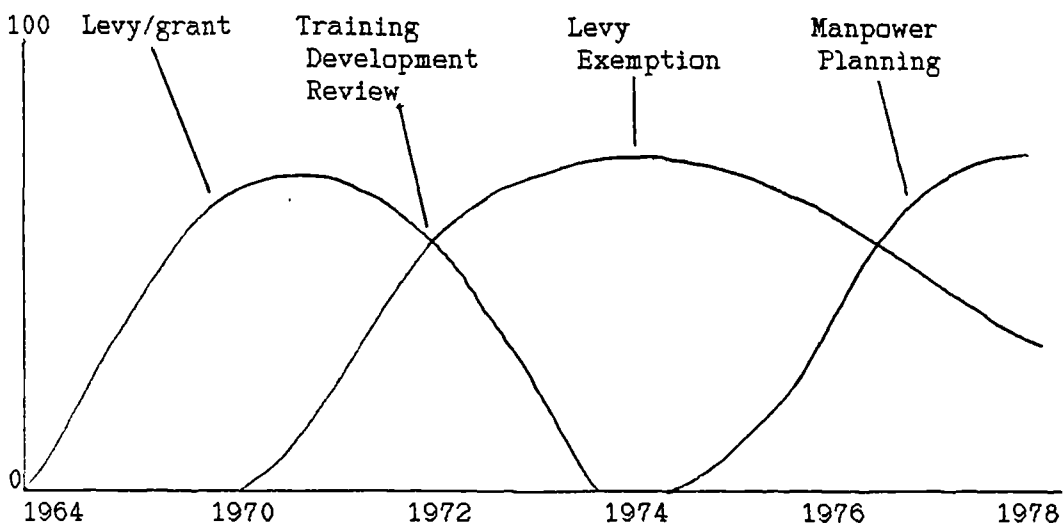


Diagram 2

Dominant Organisational Issues



needs of the firms within their industries - they were operating in and influenced by a much wider environment than that of the firms within their sectors. This environment indeed extended beyond that of the MSC/TSA. According to certain ITB officials the organisations that could be considered to be part of an ITB's environment from an 'influencing standpoint' would include the TUC and the CBI, trade associations and individual firms, trade unions, educational establishments, professional institutes, DE/DES/SED, government bodies such as the Health and Safety Executive and the NEDC as well as its Economic Development Committees, and the media.(93) In other words, ITBs were subject to a wide range of different and at time conflicting pressures and influences. Nevertheless, what is at issue is whether, even in spite of different sources of pressures, the aggregate of boards' activities was being perceived by the TSA as operating so as to secure the "development of industry-wide training needs and *also of national training priorities*".(94) The short answer seems to be that they were perceived not to be. If such was the case, then in order to secure the achievement of national objectives two possible options would appear to suggest themselves. Either, the TSA could exert greater effort and resources in seeking to ensure ITBs' compliance, or the TSA could itself attempt to more directly influence the realisation of industry-wide and national training objectives and needs. Whilst encouraging boards to take a strategic view of the training needs of their industries the evidence does indicate that TSA officials were unconvinced that ITBs were the appropriate instruments for securing national training objectives - or even industry-wide objectives - as over a decade of ITB activity had apparently done little to alleviate severe shortages of key skills in the labour market. Thus the second option of more direct TSA involvement was the one that was,

fairly early on, adopted. For evidence of this we therefore turn to examine in the final section the development of the 'Training for Skills ' programme. Our objective here, however, is twofold. Firstly to demonstrate that within the overall context of industrial training policy, the activities of ITBs were becoming increasingly marginal, and secondly to provide an analysis of the processes by which the Manpower Services Commission determined the direction that training policy took.

TRAINING FOR [VITAL] SKILLS

Some of the tensions that we have identified as existing between the TSA and ITBs can be related to the gradual, but significant shift in emphasis, that began to occur in industrial training policy from around 1975. This represented a move away from the importance attached to industry based training towards greater weighting being given to a developing a national training system. In two major areas of the Commissions operations - TOPS and training for the needs of industry - the provision of more training in key skills, particularly to meet wider economic objectives was increasingly stressed. One of the first major initiatives in this direction was the attempt by the TSA to establish a programme of training for vital skills. This section is concerned to examine the fate of this initiative and the reasons why it failed to get off the ground and was replaced by a 'watered down' version of the original. It additionally sheds some light upon our earlier discussion of the nature of the MSC relating to the extent to which we might characterise it

as a corporatist body - in terms not simply of its institutional characteristics, but of its decision making processes.

The proposals contained in a consultative document *Training for Vital Skills*, published in mid-1976,(95) had their origin in a TSA document published a year earlier, *Vocational Preparation for Young People*.(96) This document was also concerned with inadequacies in vocational preparation for young people and contributed to the establishment of *Unified Vocational Preparation* pilot schemes run jointly by the DES and TSA. The arguments contained in *Training for Vital Skills* in respect of the definition of the training problem - shortages of key skilled workers particularly during periods of economic upturn constraining economic expansion - together with its causes - poaching and cutbacks during recessions - were little different to those that held currency prior to the passage of the 1964 Industrial Training Bill. The 1964 solution was however now regarded as inadequate in that "although it provided a mechanism for relieving individual employers of at least part of the cost of training...it did not provide a means by which the training boards could ensure that overall levels of recruitment into an industry were sufficient to meet the industry's long-term needs." But even more importantly, "[t]he Employment and Training Act 1973 offers little promise of an improvement in the prospects for long-term training in transferable skills".(97) Although discussion of the causes of skill shortages was by 1976 much more sophisticated than it had been in the early 1960s,(98) *Training for Vital Skills* concluded that "[t]here is good reason to believe that, taking all employers together, industry has never provided as much training in vital skills as the economy requires."(99)

In fact a number of initiatives had been taken by governments since 1971 whereby funds had been channelled through ITBs to finance the initial stages of transferable skill training - in other words to maintain apprenticeship recruitment above the level where employers who engaged in training were meeting their own needs.{100} Such an approach however was seen to offer only marginal benefits and could not permanently ensure stability in intakes. In *Training for Vital Skills* it was in consequence argued that the best way of overcoming existing inadequacies in training young people in transferable skills was to remove - in part or full - individual employers' obligation to meet the cost of training. This could be achieved through some kind of collective funding arrangement from which employers would be refunded the cost of providing transferable skills training for the initial period.{101}

Training for Vital Skills therefore, clearly represented a move to introduce a major change in the framework for industrial training provision. It may certainly be regarded as a serious proposal for overcoming skill shortages by tackling what, in effect, was viewed as a root cause of the problem - financial constraints in terms of employers' continued reluctance to adequately invest in training. While designed to increase and maintain the level of transferable skills training there can be discerned a consistency in the standards underlying this and earlier training policy initiatives. For instance, it did not challenge but re-affirmed the principle of industry's responsibility for training provision.{102} However, it also reaffirmed earlier assumptions that the amount of training provided by industry had considerably "fallen short of real needs"{103} and that a crucial factor in achieving future economic growth would be an increase in the available stock of such skills,{104} such an

increase being an essential component of the Government's industrial strategy.(105) Whilst the standard governing the division of responsibility between the state and employers for *the provision* of training was therefore still being adhered to - further increases in TOPS training were not up for consideration(106) - the role of the state, or its agencies, was thought to require enhancement in terms of its capacity to coordinate, direct and shape the training system. The TSA's role in this respect would have been considerably enlarged: although not effectively challenging the position of ITBs, the TSA/ITB relationship would have been significantly altered due to the more specific nature of the functions that ITBs would be performing on behalf of the TSA. ITBs would have become more akin to agents of the centre. For example, an important element of *Training for Vital Skills* would be the establishment of national targets for occupational entry, derived from appraisals of local labour market needs. Boards would then be required to enter into 'training contracts' with the TSA covering occupational targets and the size of the collective fund; individual boards would then enter 'training contracts' with individual employers specifying the number of trainees to be recruited and other relevant matters. There was, however, just over 40% of industries and sectors of employment that lay outside the scope of ITBs. It was here that the role of the TSA was set to expand most significantly for it would need to take on additional functions that elsewhere were performed by the boards. Such an expansion did of course have expenditure implications but the cynical view might be taken that no additional net administrative costs would be involved due to a trade-off between the TSA and the Treasury: it was proposed that the operational costs of boards should be returned to industry.

We can therefore state that broadly similar standards and objectives underlay the proposals in *Training for Vital Skills* as those that had shaped previous policy initiatives. We can, however, identify some differences in the weighting attached to them. For instance prime importance was still placed upon the desirability of industry determining its own training needs, but with the state having a coordinating role to influence training levels to meet national manpower requirements. However, having - formally in 1973 but earlier in practice - abandoned the standard that training costs should be equitably distributed, together with a downgrading of the standard that influence should be brought to bear through a system of financial incentives and penalties, such standards were once again being applied in the face of continuing skills shortages. What, in effect, was being acknowledged was that the changes introduced under the 1973 Employment and Training Act had failed to resolve the training problem. In which case a radically different solution was being put forward.

There had, in fact, been some indications of support for the type of solution proposed - ie collective funding - following publication of *Vocational Preparation for Young People* but these could not - correctly as it turned out - be taken for granted as far as the present proposals were concerned. Thus the document commented that the scheme "could not work without the understanding and support of all those concerned with and for training...These proposals are therefore put forward as a basis for consultation, and without any commitment to the introduction of the scheme."(107)

In common with the consultative document *Training for the Future, Training for Vital Skills* produced almost universal disapprobation: but this time it seems, because the proposals were too radical. Comments were received from some 500 organisations (108) and it was only the TUC - and to some extent educational interests - that were generally supportive of the recommendations, regarding them as a first step to a coherent policy on vocational preparation for young people.(109) The main weight of opinion, however, was firmly against on the grounds that increasing the supply of young people into long term training occupations was not the most significant factor in overcoming skills shortages. Various organisations pointed to the importance of other factors: pay and status; restrictive practices; the efficient use of manpower and retention of skilled workers.(110)

The majority of ITBs were obviously concerned that the implementation of collective funding would seriously jeopardise their relations with firms due to the additional financial and administrative costs involved. This was especially so in relation to the proposals for returning boards' operating costs to industry. Thus as the Food, Drink and Tobacco ITB stated "public funding has led to greatly improved relationships with industry. The removal of the cost factor has freed companies to seek advice more openly and thus for the Board to achieve more progress. Reversion to industry funding would be damaging to this improved relationship."(111) Boards generally accepted the need for more training in vital skills - perhaps naturally enough as this would increase their own spheres of activity - but were opposed to the means put forward, suggesting instead that there was sufficient scope under the 1973 Act to achieve such an objective.

The main opposition, however, to collective funding came from employers. The CBI's stated position had in fact shifted ground considerably. Following publication of *Vocational Preparation for Young People* the CBI reported that there was "considerable support, in principle, from employers for the concept, subject to a number of reservations" Following publication of *Training for Vital Skills*, however, there was "now little support and much criticism for the concept of collective funding." (112) The reasons for the hardening of attitude on the part of the CBI were that, whilst collective funding may have been acceptable in principle, as worked out, the details were unpalatable to the vast majority of CBI members. In particular, the greatest hostility came from engineering employers, (113) - clearly a key factor in view of the strategic position of engineering in the provision of transferable skills training. In addition to some of other factors mentioned above, what seems to have been behind the employers' opposition was a fear that such a system would have opened the way for a greater degree of intervention by the state in the affairs of industry coupled with an increasingly bureaucratic. Having managed to get rid of some of the more 'bureaucratic' elements of training intervention after 1973, the prospect of its return was not greeted with enthusiasm.

The proposals for collective funding were therefore dropped, as were those on the funding of ITB operating costs, in the main due to opposition from employers - but also apparently in the light of views expressed by the chairmen of a number of ITBs. It was the view of some board officials (114) that at least some of the opposition from boards arose because of the 'high handed' manner of the TSA which had not discussed the issues with boards before publication of the consultative document. Thereafter, according to John

Golding,(115) at the time a junior minister at the DE with responsibility for training, talks were held directly between the DE and ITB chairmen (which it appears was not popular with senior TSA officials); five of these boards were 'extremely well led' and their views were crucial.(116) Despite the opposition to collective funding, there was nonetheless general support for action to tackle skill shortages. The DE and the MSC were anxious to 'maintain the momentum' and in consequence established a Task Group chaired by the Commission's Chairman, including representatives of trade unions, employers and ITBs, and education, as well as TSA officials. Its - extremely broad - terms of reference were:

"To consider the range of possibilities for action which would help to ease the problems ensuing from skill shortages; to examine in particular the extent to which training measures and financial mechanisms can play a part in maintaining an adequate skilled workforce; and to pay special attention to the systematic recruitment of young people."

The outcome - some eighteen months after the publication of the consultative document - was *Training for Skills: A Programme for Action*(117) published in December 1977. The report set out three main aims which may be summarised as follows:

- a) alleviating serious skill imbalances;
- b) ensuring that recruitment into long term training occupations remains at a level required by long term economic needs;
- c) securing reforms in the patterns of industrial training necessary to meet the needs of industry and individuals.

The implementation of the programme was to be achieved through:

- a) the preparation of manpower plans by industry and commerce, supported by ITBs or other organisations;
- b) MSC action to meet cross-sectoral needs;
- c) the identification by ITBs of areas where additional help is

required to meet key training objectives;

d) the provision of funds where needed by the MSC.

The ITBs were asked to submit their proposals for action to the MSC by the autumn of 1978, for implementation in autumn the following year.

In one sense this document was more 'revolutionary' (118) in that it challenged the basis of the existing apprenticeship system by effectively calling for an end to time-serving as a basis for skilled status, and for it to be replaced by agreed standards and flexibility on age of entry. (119) However, in practice, there was little or no structural change required, and there were no mechanisms built into the programme to ensure that the behaviour of those most closely involved with the delivery of transferable skills training - notably employers and employees - would conform to that required for the achievement of the programme's objectives. And as we shall see in later chapters the objectives set out in *Training for Skills*, in particular as they relate to the reform of the apprenticeship system, remained largely unfulfilled, although the engineering industry did make a more determined effort in this direction. At the same time that the Task Group was cogitating upon the Training for Skills issues, the Engineering ITB - mainly at the behest of its Chairman, Hugh Scanlon, and Director, J Moon - set up its own working party, the membership of which overlapped with that of the Task Group. The product of the working party's deliberations was the Board's *Information Paper No. 49* (IP 49) (120) which proposed a new form of apprenticeship system based upon modules (121) and which incorporated standards and off-the-job-training into tests of competence. (122) Some seven years later, however, it was acknowledged that little progress had been made in implementing IP 49. (123)

It is difficult to escape the conclusion that in essence the *Training for Skills* report was little more than a call for a more systematic approach to training, where everyone was encouraged to do what they were already doing, but to do it more effectively. But it was also a reflection of the belief that in those areas where private interests have the main responsibility for 'policy delivery' then their agreement to what is being proposed is necessary to provide a basis for subsequent action. No such agreement was forthcoming on *Training for Vital Skills*. On the other hand all the interests could agree on the *Training for Skills* programme: the important question, however, was whether they could, and would, deliver.

A NATIONAL TRAINING SYSTEM?

There are a number of developments that we can identify from the foregoing study of the MSC and TSA/TSD during this period. The first is that there was now a clear central focus for the initiation and development of manpower policy, and training in particular. Industrial training now had a national agency seeking to give direction and greater authority to the development of a coherent training system. Indeed, the 'dominant' role that the MSC secured in the development of manpower policy was greater than that envisaged under the 1973 Employment and Training Act. In organisational terms the MSC expanded rapidly in terms of size, budget and functions, and by the time of its reorganisation in 1978 may be said to have achieved its aspiration of becoming the authoritative voice in manpower policy. Total MSC expenditure increased

from £125 million in 1975 to £611 million in 1980, and table 6.1 sets out the proportion of this devoted to training services and special programmes.

TABLE 6.1
Training Services and Special Programmes Expenditure: 1975-1980

	Meeting the training needs of industry(1)	Meeting the training needs of individuals(2)	Special programmes(3)
	£'000s	£'000s	£'000s
1975	14,405	67,266	-
1976	49,069	116,548	30,000
1977	68,120	182,900	38,000
1978	90,000	194,000	95,400
1979	99,200	210,600	161,700
1980	97,700	221,500	197,000

(1) Includes operating costs of ITBs and grants for training schemes

(2) TOPS, including training in skillcentres, other institutions, fees and allowances.

(3) Includes Job creation, Special Temporary Allowance, Community Industry, and Youth Opportunities Programme

Source: MSC Annual Reports

One palpable reason for this growth was the worsening economic and employment conditions from September 1975 onwards that resulted in the establishment of special measures to combat unemployment. But two other reasons are also important. Firstly, given that the MSC had been created to tackle the problems of a training system that was perceived not to be operating at an optimal level, there was an internal logic to the MSC's claim that to effectively perform its functions there was a need to widen its spheres of responsibility. Despite the increasing importance given to social objectives during this period, the importance attached by the MSC - or more particularly the TSA - to economic objectives with the emphasis upon adjusting the supply of labour (the sovereignty of demand tended to be taken for granted) remained paramount.(124) And secondly, from the beginning both the Commission and the TSA operated to

apply considerable, and ultimately successful, pressure on the DE - or more particularly Ministers - to enhance their roles.

Nevertheless, such an expansion - relatively speaking - was more in form than in substance. The reason being that the agencies were operating under a number of constraints, some of which had been around since the 1960s and beyond. Four are important in this context. Firstly the MSC and TSA were formulating proposals and taking decisions within the framework of the same standards regarding the division of responsibility between the state and the private sector that had provided the framework for previous policy initiatives. Although in general the boundary between public and private was now less clear cut,⁽¹²⁵⁾ in the field of industrial training it was still firmly held that the main responsibility for the provision of training resided with industry. Secondly, due to the adherence to this standard, what the 1973 Act established was an agency that gave greater direction and impetus nationally to training policy, but did not overcome the constraints imposed by the need to obtain the consent and support of producer groups for training initiatives. Thirdly, the MSC was subject to constraints imposed by its sponsoring department - the DE, in that the Minister did retain ultimate control for its actions and decisions affecting the division of responsibilities between the DE and MSC, although as we have seen the balance shifted in the MSC's favour during this period. Finally there were limitations upon the MSC's ability to develop a coherent manpower policy which derived from the departmental division of responsibility for training that pre-dated and post-dated the MSC's establishment. The functions given to the MSC were those that had previously only resided with the DE. Thus for example, in the area of job creation the MSC's competence was

limited to the creation of temporary measures - long term 'job creation' rested with the Department of Industry through the operation of the Industry Act.(126) Further, the 1975 Industry Act - through Planning Agreements - gave the DoI powers to enter into training agreements with companies. Thus at this time we cannot conclude that in this area there existed a coherent policy: indeed it was unlikely to exist given that there was a split between the DE and DoI with no liaison at all on these issues.(127)

Picking up on our earlier discussion about whether or not the MSC can be regarded as a corporatist agency the evidence does not suggest that it can be 'unambiguously' characterised as such. Clearly the MSC was a different type of organisation and in terms of training there was now a different kind of body in the driving seat. But it was not a body that was able to dramatically alter the course of training policy. Of greater significance from our point of view is not whether the MSC was corporatist or not, but the implications that the existence of this 'new type' of body had for the development of industrial training policy. One fact that seems to emerge, however, is that operating within such a structure, the peak organisations did generate a fair amount of agreement over training issues and came to form a more solid, tightly knit training community at the national level. For example, Michael Bury of the CBI and Ken Graham of the TUC, were said to have formed an 'unofficial committee' to discuss issues outside the MSC.(128) The TUC certainly believed that the Commission had generated a "high level of consensus" on training objectives at the national level.(129) It is likely that acting in dual roles - representative and executive - made the reaching of agreements easier than if such groups had been acting in a representative capacity only. Where agreement is being sought

to decisions through the 'normal' departmental consultative process positions are more likely to remain entrenched than in a situation where such groups have the additional responsibility of reaching and executing decision. In such a position the representative role is likely to be watered down. Even so, this will not always apply, as our examination of the *Training for Vital Skills* issue has demonstrated, disagreements clearly existed which were based upon individual or self regarding interests, and which were pursued at the expense of national considerations. Thus it might be argued that the consensus that existed in training in the late 1970s was simply the old consensus of the 1950s and 1960s writ large. It was not, in other words, the type of consensus that in the main generated the kind of public regarding decisions that government was looking for. The emphasis still rested upon the primacy of the pursuit of self interest.

CONCLUSIONS

As the MSC expanded and consolidated its role in labour market policy then, there was a discernable shift in the balance of the relationship between the Commission and the DE. If there was any doubt in 1974, there was no room for doubt by 1978, that the MSC was not simply an administrative arm of the department but was a highly independent source of external pressure on the DE with the ability to take and carry through its initiatives. This was not purely to do with the taking over of more functions from the Department although this was important. The Commission and Agencies possessed two key resources which

they came to deploy to considerable effect. These were firstly the level of information, analytic capacity and expertise which were built up and which gradually placed the Minister and Department in a more dependent position vis a vis the Commission. And secondly the capacity of the Commission to generate agreement and thus the support of key producer groups, in particular in relation to the status of the organisation, thereby making it difficult for the Department to effectively challenge MSC initiatives.

There is, however, one important qualification that should be made to the above. This has to do with how much control over labour market policy actually resided in the Commission *qua* Commission. As far as the Commission itself was concerned, apart from its Chairman, the Commissioners were part-time members, meeting on average once every four weeks. With the best will in the world it is difficult to imagine that the members could have a thorough grasp of the activities of its executive agencies (later Divisions) let alone be in a position of strength to guide the direction of policy. In other words, the Commission was heavily dependent upon the permanent officials for advice and guidance - a situation not unlike the normal Departmental Ministerial, civil service relationship. The development of industrial training policy, it is claimed, was largely the product of officials within the TSA/TSD. In one very important respect such officials were now better placed to influence and shape policy, being freer from the normal Ministerial constraints and other Departmental pressures. Clearly this has to be balanced by the fact that they were less independent from, indeed more accountable to, representative interests than in normal departmental consultations and in that sense they were operating under different constraints. But it is held that whilst the

balance was different, this did not amount to a fundamental difference in the ability of permanent officials to have a significant impact upon training policy. If anything, the independent status of the TSA - particularly in its early years - enhanced their influence. We might indeed posit that whereas private interests had been given a public role in this area, so public interests (permanent officials) had been - perhaps unwittingly - through the creation of a semi-independent agency given a semi-private role in their ability to act as an 'outside' source of pressure.

Finally, the establishment of the MSC clearly changed the nature of the relationship between ITBs and the centre. Despite TSA statements to the contrary, there is an evident contrast with the situation in the 1960s when ITBs were virtually left to themselves to secure their objectives, a situation which in fact had produced the difficulties that the 1973 Act was designed to overcome. There was now a different framework and a different emphasis and ITBs were being 'trawled in' to be used as instruments of national training policy. This created tensions between ITBs and the TSA, which is illustrated by the comment of one ITB Director that: "Training Boards welcomed the concept of the MSC, a powerful central body to act as the instrument to establish a national strategy. One of the problems arising out of a National Training Policy is that, aside from the fact that it does not always match up to the needs of the nation, it rarely matches the needs of individual industries."(130)

What therefore we are claiming is that at the *national* level the creation of an independent and authoritative agency was a significant change in the area of industrial training policy. But training does not take place at the national

level, it takes place at the level of the firm. The question that remains to be answered therefore is how far the training system, as it existed by 1978, was able to influence the activities of those concerned with training below the national level. As the history of *Training for Vital Skills* and *Training for Skills* would indicate, the grasp of the centre was not terribly strong. To go some way towards answering this question therefore, it is necessary to examine training activity at the level of the firm in order to make an assessment of the impact that the training system had where it counted - within the firm.

FOOTNOTES

1. For a description of the development of many of these programmes, see J Moon 'Policy Change in Direct Response to UK Unemployment' *Journal of Public Policy* Vol 3, No 3 (1983).
2. For a discussion of the current state of corporatist theorising see P J Williamson *Varieties of Corporatism: A Conceptual Discussion* (Cambridge: CUP, 1985) Parts IV and V; and A Cawson *Corporatism and Political Theory* (Oxford: Basil Blackwell, 1986).
3. S Vickerstaff 'Industrial Training in Britain: the dilemmas of a neo-corporatist policy' in A Cawson (ed) *Organised Interests and the State: Studies in Meso Corporatism* (London: Sage, 1985)
4. The *other two* being the Health and Safety Commission and the Conciliation and Arbitration Council. See W Grant 'Corporatism and Pressure Groups' in D Kavanagh and R Rose (eds) *New Trends in British Politics* (London: Sage, 1977) p 173.
5. Grant 'Corporatism and Pressure Groups' pp 173-74.
6. It is not altogether clear how to, or indeed whether one should, distinguish tripartism from corporatism. The inference is that tripartism is a variant of - or at the very least has a 'close identity' with - corporatism, but with economic decision making and agreements being largely confined to government and the two 'peak' associations (CBI and TUC). On this basis, claims Grant, as far as it is applicable the most appropriate label to attach to Britain is tripartite, Grant 'Corporatism and Pressure Groups' p 171; See also D Marsh and W Grant 'Tripartism: Reality or Myth?' *Government and Opposition* Vol 12, No 2 (1977).
7. Vickerstaff 'Industrial Training in Britain' p 58.
8. These assumptions and the interpretations to which they gave rise were then accepted by other writers; see for example T Smith *The Politics of the Corporate Economy* (Oxford: Martin Robertson, 1979) pp 168-69. It was similarly accepted even by those who would demur from the proposition that the MSC is a corporatist institution; see A J Taylor 'Corporatism in the British Political System: The Case of the Manpower Services Commission' Paper prepared for a meeting of the NAPS, 15 March 1980.
9. D Howells 'The Manpower Services Commission: The First Five Years' *Public Administration* Vol 58 (Autumn 1980) p 306.
10. See G A Dorfman *Government versus Trade Unionism in British Politics Since 1968* (London: Macmillan, 1979) pp 78-86.
11. O Newman *The Challenge of Corporatism* (London: Macmillan, 1981) p 91, see

- also p 151.
12. Quoted in P J Williamson, 'Corporatism in Theory and Practice and Contemporary British Politics' PhD Thesis, University of Aberdeen, 1982 p 300.
 13. Sir Denis Barnes 'The reorganisation of manpower services in Great Britain' *International Labour Review* Vol 113, No 1 (January-February 1976) p99.
 14. Taylor 'Corporatism in the British Political System'.
 15. *Employment and Training: Government Proposals* Cmd 5250 (London: HMSO, March 1973) para 13.
 16. Dudley Smith, Parliamentary Secretary to the DE, 'Role of the Proposed Manpower Services Commission', address to a conference organised by the Industrial Society, Department of Employment Press Notice, 16 November 1973.
 17. Wages Councils, for example. See Williamson *Corporatism in Theory and Practice and Contemporary British Politics* pp 302-03.
 18. M Moran 'The Conservative Party and Trade Unions Since 1974' *Political Studies* Vol 27, No 1 (March 1975) pp 38-53.
 19. P Schmitter 'Neo-corporatism and the State' in W Grant (ed) *The Political Economy of Corporatism* (London: Macmillan, 1985) pp 47-50.
 20. For an outline of the arguments see S Holland *The Socialist Challenge* (London: Quartet, 1976).
 21. On the proposals see *The National Enterprise Board* (Report of a Labour Party Study Group, 1972); *Labour's Programme 1973* (London: Labour Party, 1973), pp 13-39; S Holland 'The National Enterprise Board and Planning Agreements' in D Lethbridge (ed) *Government and Industry Relationships* (Oxford: Pergamon, 1976) ; and D Coates *Labour in Power?* (London: Longman, 1980), pp 86-90.
 22. *Labour's Programme 1973* pp 21-22.
 23. On the process of emasculation see T Forrester 'Neutralising the Industrial Strategy' in K Coates (ed) *What Went Wrong?* (Nottingham: Spokesman, 1979); D Marsh and G Locksley 'Capital in Britain: Its Structural Power and Influence over Policy' in D Marsh (ed) *Capital and Politics in Western Europe* (London: Cass, 1983) pp 50-53; Coates *Labour in Power?*, Ch 4; W Grant *The Political Economy of Industrial Policy* (London: Butterworths, 1982) Ch 5; and S Wilks 'Planning Agreements: The Making of a Paper Tiger' *Public Administration* Vol 59 (1981).
 24. Department of Industry *The Contents of a Planning Agreement: A Discussion Document* (London: DoI, 1975). See also R E Thomas *The Government of Business* (Oxford: Philip Allen, 1976) pp 175-180.
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25. D Howells 'The Manpower Services Commission' p 319.
26. See G Jordan 'Hiving-off and Departmental Agencies' *Public Administration Bulletin* No 21 (August 1976) p 47.
27. For further details see G Bowen *Survey of Fringe Bodies* (London: Civil Service Department, June 1978).
28. Sir Denis Barnes 'The reorganisation of manpower services in Great Britain' p 101.
29. See J Wellens 'The Work of the Manpower Services Commission' Interview with Sir Denis Barnes *Industrial and Commercial Training* (March 1974) p 112.
30. R Helmore, 'MSC - The First Year' *The Technical Journal* (March 1975): The membership of the Commission at this time was:

Cairman:	Sir Denis Barnes
Employer representatives:	Mr D Dewdney, CBE (Deputy Chairman) Mr V Paige Mr M Bury, OBE
Employee representatives:	Mr D McGarvey, CBE Mr C Urwin Mr K Graham, OBE
Education and LEA representatives:	Dr D Docherty, JP Mr R Helmore, JP Alderman Mrs A Yates, CBE, JP
31. Manpower Services Comision, Press Notice, 9 January 1974.
32. TSA News Release, 1 April 1974. *MSC Training Services Agency: A Five Year Plan* (HMSO, June 1974).
33. *Financial Times*, 29 June 1973.
34. TSA News Release, 1 April 1974.
35. *TSA A Five Year Plan* p 1.
36. See for example, 'Training Services Agency: The Future' speech by John Cassels, Cief Executive, TSA, at the Press Club, 1 April 1974; 'The Work of the Training Services Agency' speech by John Cassels at the Institute of Personnel Management conference, Harrogate, 25 October 1974; R Johnson, Director of Training TSA, 'Directorate of Training, Training Services Agency - Its Role and Activities' *Industrial Training International* Vol 11, No 3 (March 1976); R Johnson 'The TSA's Work on Management Training and Development' paper presented to a meeting organised by BACIE, 6-7 July 1976.
37. *TSA A Five Year Plan* p 7.
38. *TSA A Five Year Plan* p 39.

39. Wellens 'The Work of the Manpower Services Commission' p 115.
40. TSA *A Five Year Plan* p 7.
41. TSA *A Five Year Plan* p 8.
42. R Johnson Director of Training, TSA, 'Directorate of Training, Training Services Agency - Its Role and Activities' p 98.
43. MSC *Annual Report 1974-75* (London: MSC, April 1975).
44. MSC Press Notice, 14 October 1975.
45. See the closing address by MSC chairman, Sir Denis Barnes, to BACIE conference held on 8 May 1974, *BACIE Journal* (September 1974) pp 111-12.
46. MSC *Annual Report 1974-75* p 29.
47. Sir Denis Barnes *BACIE Journal* (September 1974) p 111.
48. Sir Denis Barnes *BACIE Journal* (September 1974) p 30.
49. Sir Denis Barnes 'The reorganisation of manpower services in Great Britain' p 113.
50. 'Let Us Work Together' Labour Party Manifesto, 1974.
51. MSC *Annual Report 1975-76* (London: MSC, July 1976).
52. Harold Walker, Parliamentary Under Secretary of State, DE, Opening Address to the BACIE conference, 8 May 1974, *BACIE Journal* (September 1974) p 101.
53. Micheal Dixon *Financial Times* 6 January 1976.
54. For an account of Richard O'Brien's background and views about his role as MSC chairman, see G Prentice 'Richard O'Brien: Man of the Moment' *Personnel Management* (April 1976).
55. There was for example a *National Training Survey* undertaken between 1975-76 which *inter alia* attempted to relate initial training received by individuals to subsequent employment throughout their working lives. The results of the survey were never published as the task proved far too ambitious and complex - private MSC source. Another example, which did, however, see the light of day was the *Grouping of Skills* report (London: MSC, June 1975) which attempted to identify a possible basis for a unified vocational preparation system. Additionally, a great deal of research was commissioned from a variety of universities, among which were Warwick, Aston and Sheffield.
56. MSC *Annual Report 1974-75*.
57. TSA *A Five Year Plan* op cit p 20.

58. S Mukherjee *There's Work to be Done: Unemployment and Manpower Policies* (London: MSC/HMSO, August 1974).
59. For the full text of the Chancellor of the Exchequer's statement setting out the provisions see the *Financial Times* 25 September 1975.
60. *MSC Annual Report 1975-76* p 23.
61. *MSC Annual Report 1975-76* p 25.
62. *Daily Telegraph* 8 December 1975.
63. *MSC Annual Report 1975-76* p 29.
64. *MSC Annual Report 1975-76* p 29.
65. *MSC Annual Report 1975-76* p 30.
66. Howells 'The Manpower Services Commission' p 316.
67. *MSC Annual Report 1977-78* p 9.
68. The MSC thus had five operating divisions as from April 1978: in addition to the TSD and ESD these were Manpower Intelligence and Planning; Special Programmes; and Corporate Services.
69. *TSA A Five Year Plan* op cit p 9.
70. G Holland 'The Training Services Agency' Paper presented to BACIE conference, 8 May 1974, *BACIE Journal* (September 1974) p 102.
71. *TSA A Five Year Plan* p 9.
72. *TS A Five Year Plan* p 10.
73. 'J Cassels Man of the Moment' *Personnel Management* (February 1973).
74. See Sir Denis Barnes 'The Reorganisation of the Manpower Services in Britain'.
75. J Cassels 'The Manpower Services Commission' *Management Services in Government* Vol 34, No 2 (1979).
76. For example the achievement of the TOPS objectives was measured by reference to applications received, accepted and courses completed. See *MSC Annual Report 1975-76* Annex 2, p 37, and various others.
77. *Financial Times* 29 June 1973.
78. Interview with Ms A Blandy, Inter Board Liason Group, TSA, 16 October 1978.
79. 'Guidelines for the Monitoring and Evaluation of ITBs' TSA paper dated

- March 1978, p 1.
80. 'A Pilot Study of Monitoring and Evaluation by 3 ITBs' TSA Survey Unit paper, February 1977.
 81. 'A Pilot Study of Monitoring and Evaluation by 3 ITBs' p 4.
 82. 'Report on the Monitoring and Evaluation Systems of the Furniture and Timber Industry Training Board' TSA, Manpower Services Commission, April 1977.
 83. 'Monitoring and Evaluation of ITBs' TSD paper, undated.
 84. *MSC Review and Plan 1977* (London: MSC, July 1977) para 4.51.
 85. J Cassels 'The Manpower Services Commission' p 81.
 86. Officials at the TSD (formerly TSA) and ITB staff.
 87. Interview with H Parris, of the TSA 'Inter-Board Liason Group on Research', 27 September 1978.
 88. See for example, 'MSC gets the money, LEAs get the worries' *Education* 3 October 1975; 'MP attacks central jobless scheme' *Guardian* 3 November 1977; D Hencke 'The rise and rise of the Government's job Machine' *Guardian* 7 November 1977; C Thomas 'Where less employment means more jobs' *The Times* 9 May 1978. See also the *Ninth Report from the Committee of Public Accounts* Together with the proceedings of the committee, part of the minutes of evidence, appendices and index, Session 1976-77, HC 532 (26 July 1977) paras 70-85.
 89. Interview with H Price, Controller - Training, Chemical and Allied Products ITB, 14 November 1979.
 90. Interview with J Russel, Controller - Manpower, Planning and Research, Chemical and Allied Products ITB, 20 February 1979.
 91. G Jordan 'Hiving-off and Departmental Agencies' p 50.
 92. For example, *Towards a Comprehensive Manpower Policy* (London: MSC, October 1976).
 93. See P Beavan, G Green and J Russell 'Developing a Strategy for an Industrial Training Board - A Participative Approach' *Long Range Planning* Vol 12 (February 1979).
 94. 'Training in Industry: Industrial Training Boards and the Manpower Services Commission' (London: MSC, October 1979) p 9, my emphasis.
 95. *Training for Vital Skills: A Consultative Document* Joint DE/MSc publication (June 1976).
 96. TSA (May 1975), which had its origins in the *Grouping of Skills* report.

97. *Training for Vital Skills* paras 4.5-4.6.
98. *Training for Vital Skills* paras. 3.7-3.11.
99. *Training for Vital Skills* para 3.11.
100. For example, £31 million in 1975 and £55 million in 1976, see *Training for Vital Skills* para. 4.10.
101. *Training for Vital Skills* paras. 5.1-5.31.
102. *Training for Vital Skills* para 4.4.
103. *Training for Vital Skills* para 3.13.
104. *Training for Vital Skills* para 3.14.
105. *Training for Vital Skills* para 5.7.
106. *Training for Vital Skills* para 4.3.
107. *Training for Vital Skills* para 1.4.
108. 'Consultative Document: Training for Vital Skills' MSC paper, updated
109. 'Training for Vital Skills: The Comments of the TUC General Council', TUC 27 October 1976. Also 'Training for Vital Skills' Association of Principals of Colleges, Association of Colleges of Further and Higher Education, paper presented to TSA, October 1976.
110. See for example the speeches made at the BACIE conference, 8 October 1976, *BACIE Journal* (December 1976).
111. 'The Boards' Views on Training for Vital Skills', *Food, Drink and Tobacco ITB News* (November 1976).
112. CBI 'Training for Vital Skills' *Training and Education Bulletin Supplement* (November 1976).
113. John Golding, Under-Secretary of State at the DE from April 1976 to May 1979. Interviewed by the author, 6 April 1980.
114. Interviews with officials of the Chemical and Ceramics ITBs.
115. Interview, 6 April 1980.
116. These were the Engineering; Construction; Chemical and Allied Products; Food, Drink and Tobacco; and Ceramics ITBs.
117. *Training for Skills: A Programme for Action* (London: MSC, 1977).
118. The word 'revolutionary' to describe the *Training for Skills* document was used by John Golding in an interview with the author.

119. *Training for Skills* para 13.1.
120. *Information Paper No. 49* (EITB, March 1978).
121. The EITB had introduced the 'module system' in the 1960s but still within the confines of restrictions on age and length of apprenticeship. In essence the system seeks to identify those craft skills needed within an industry by a process of analysis on the basis of modules of time needed to learn the different skills and modules of time of experience in their application.
122. For views from ITBs, employers, trade unions and others on this and *Training for Skills* see papers presented to the BACIE Conference 'Training for Skills', 28 and 29 November, 1978. Reprinted in *BACIE Journals* (February - April 1979).
123. Alex Ferry, General Secretary, Confederation of Shipbuilding and Engineering Unions, speech to *The Training Investment* conference, organised by the Scottish Council Development and Industry and the MSC, Edinburgh, 27 February 1985.
124. See also T Davies and C Mason *Manpower Policy and Economic Goals: The Role of the Manpower Services Commission*, SSRC Project, Working Paper No 2, (SAUS, June 1980): and R M Lindley *Economic Decision Making and Active Manpower Policies* Paper presented to the Workshop on The Politics and Administration of Active Manpower Policies, ECPR, Brussels, April 1979.
125. See S Young 'The Changing Boundary Between the Public and Private Sectors' paper presented at the Annual PAC Conference, University of York, 6-8 September 1982.
126. See K Hartley 'Training and Retraining in Industry' reprinted from *Fiscal Policy and Labour Supply*, Institute for Fiscal Studies, Conference Series No 4, (Undated, approximately 1976-770).
127. Stated by John Golding in interview with the author.
128. Interview with John Golding.
129. Interview with J Rodgers, Employment and Manpower Section, Organisation and Industrial Relations Department, TUC, 19 February 1979.
130. E Tindall, Director General, Road Transport ITB, *Journal of European Industrial Training* Vol 2 No 1, 1978.

CHAPTER EIGHT

IMPLEMENTATION AT THE LEVEL OF THE FIRM

INTRODUCTION

So far we have examined industrial training policy as it has developed from its inception and through a number of stages that have modified the original structures and arrangements for the achievement of wider national objectives. These objectives are summarised as adjusting the supply of labour to meet demand so as to enhance the attainment of wider economic goals. Fundamentally, industrial training policy was attempting to do two things. Not only was it, through the policy instruments we have discussed, attempting to change the behaviour of private actors, it was also attempting to create a climate or environment where such behaviour became more or less autonomously generated. In other words, the long-term aim was the establishment of a dynamic 'virtuous training circle'. Industrial training policy was premised on the assumption that there was a national training need, the meeting of which would provide collective benefits but that at present firms were not meeting this need. In crude terms the suggestion is that business in general does not recognise what is in its own best interest, and policy initiatives are directed towards

securing a recognition of this, followed by the appropriate action. What seems to be missing from this is any clear-cut or logical reasons why firms should change their behaviour to fit in with wider national objectives. There are a range of factors influencing firms' decisions about training. To be effective, in its own terms, therefore, the policy had to address the most important factors, to the appropriate degree, and also recognise the form in which these factors were inter-connected. What, as our discussion in previous chapters indicates, is that the policy was addressing only a limited range of these factors. An implicit assumption of the policy was that financial incentives and penalties together with the 'educative' role of the ITBs would be sufficient. Therefore a fundamental question about training policy and its implementation is how far cost factors were amongst those which were predominant in influencing firms' decisions on training. Or put another way, was the policy targeted correctly?

The tenor of much of the implementation literature is to see the difficulties of implementation in terms of the resistance or non-compliance of implementers and target groups. However, training not only confers benefits at the national level, it is obviously necessary and beneficial to individual firms and firms will not simply refuse to undertake training for the sake of it. Thus we must look beyond the possibility of non-compliance to the issue of the compatibility of the logic contained within national training policy and the logic by which individual firms address questions of training. How far was the 'implementation gap', in fact based upon different perceptions of the nature of training problems and their possible remedy held by national policy makers and individual firms. Further, we must also consider the efficacy of implementing a

policy which has regulatory and educative strands to it, particularly where the same agencies have this dual role. The question arises as to whether the performance of these two roles may generate tensions and indeed to some degree cancel each other out. At a basic level this raises the matter of whether regulators make good educators - and vice versa - and how far they are seen as such by those they seek to influence in this way.

Bearing these points in mind what we are going to look at in this chapter is the position of the firm in industrial training and the impact that policy was having upon this. This chapter is based upon two detailed case studies of the chemical and pottery industries which were conducted primarily between 1978-1980, but with some follow-up interviews conducted in later years. The principal aim of these case studies was to assess, after due time, the implementation of the training policy that emerged in 1973, and provides a complementary study to the examination of the evolution of policy at the national level by examining the impact of that policy upon two sectors. The information gathered was both qualitative and quantitative. This chapter will draw largely upon the qualitative material to make an evaluation about what was 'going on'. The quantitative material has been used to support and verify the qualitative, particularly to take account of inevitable variations in perceptions amongst participants. So, for example, when a spokesperson for a company claimed to be carrying out extensive training - and quite genuinely perceived this to be the case - such claims could be given greater validity by reference to such quantitative measures as training schedules, plans and costs. Although most of the information was derived from a standard schedule of questions (see Appendix 1) put to management and training staff, additional

information was gathered from other persons with an interest and knowledge in training such as shop stewards, training instructors and trainees themselves. Again such information was used to support and broaden the overall picture built up from official company spokespeople. Finally information was also obtained - both to widen and to provide comparisons - from officials and members of the relevant training boards. One further point needs to be made in relation to the data. *For the most part* reference is made to the 'views' of firms as though there existed a unanimity of opinion. Obviously there were differences in perception and opinion amongst the personnel concerned with training. However, in the main, given our present concerns it has not been necessary to afford much attention to such differences. This is because firstly we are concerned with the relationship between firm and board and whilst disagreements within the firm may impinge upon this relationship, internal decision making and conflict resolution within the firm can be held to precede firm-board interaction. While it is not denied that internal conflict may affect the firm's training decisions our primary interest is in the impact of policy upon these decisions, not the internal decision making of firms. In any case the evidence in the case studies suggests that even where internal disagreement existed, the firm presented what amounted to a unified face to the board. Therefore, what was attempted was to aggregate or distill the general stance of the firm.

The chapter begins with a brief survey of the two industries, followed by a consideration of the structure and priorities of the two relevant ITBs: the Chemical and Allied Products Industry Training Board and the Ceramics, Glass and Mineral Products Industry Training Board. Thereafter we move on to

consider firms' attitudes towards training and the extent to which this was affected by the the ITBs and/or other factors. An important consideration here is the image that firms had of the board and the board/firm relationship. From there an assessment is made of the extent to which boards had an impact upon the amount and standard of training undertaken by firms insofar as this was (a) directed towards meeting the needs of the firm and (b) meeting wider industry or national needs.

CHARACTERISTICS OF THE TWO INDUSTRIES

The Chemical Industry

The chemical industry occupies an important strategic position in the UK economy. A relatively new and growing industry, by 1977 it employed around 5 per cent of all those in UK manufacturing and had a capital spending programme accounting for some 15 per cent of the total of all manufacturing industry.(1) And the index of production for the chemicals sector for the years 1970-76 was 28 per cent as against 3 per cent for all manufacturing industry, with nearly one-third of its production being exported.(2) Although for most of the 1960s and early 1970s labour productivity in the UK chemicals sector compared unfavourably with five major Western European countries, it did fare better than most other manufacturing sectors in the UK. And it was only in the UK chemicals and textiles sectors that there was, in fact, a faster overall rise in the rate of growth of labour productivity for the period 1969-73 than

in the other EEC countries.(3) In terms of the Standard Industrial Classification the chemicals sector comprised: general chemicals (inorganic); general chemicals (organic); miscellaneous general chemicals; resins, plastics and synthetic rubber; dyestuffs and pigments; fertilisers; explosives.

At the time of our study, the industry comprised around 3,000 manufacturing companies employing some 430,000 people.(4) The number of these that came within the leviable category covered by the Chemical and Allied Products Industry Training Board (CAP/ITB) (at 1 April 1978) was 450 employers with 1,264 establishments and 219,000 employees, whose distribution by size was:(5)

330 (73%)	small firms	(200 or less)	13,700 employees
85 (19%)	medium firms	(201 to 1000)	41,400 employees
35 (8%)	large firms	(greater than 1000)	164,600 employees

From the above figures it can readily be seen that the industry is dominated by a small number of major firms, of which ICI is the largest. It has, for instance been estimated that ICI produces some 35 per cent of the total output of the chemicals sector.(6)

Similarly, as far as employer representation is concerned the industry is dominated by the Chemical Industries Association (CIA). Formed in 1965, the CIA is both a trade association and an employers' organisation(7) which, in addition to individual companies also organises a number of smaller affiliated organisations (for example, the British Disinfectant Manufacturers' Association). One of the main problems that has confronted the CIA has been in relation to the disparity in the size of firms that it represents. Most of the CIA's income is naturally derived from the membership of a few large firms,

but it has always been anxious to avoid appearing to be dominated by these companies in respect of its policy making.(8) It has not, however, always proved possible to maintain the right balance between the demands companies of different sizes.(9) The CIA has always maintained an active interest in training matters. It has a Training Policy Committee that reports to the main Industrial Relations Committee and has developed a range of training courses for its members, particularly in the area of health and safety and industrial relations

The Pottery Industry

Mainly concentrated in North Staffordshire, the pottery industry, in contrast to chemicals, occupies a traditional place in British manufacturing industry. And until fairly recently this was evident not only in its methods of production, but also in the nature of its management and industrial relations.(10) The industry could generally be characterised by low productivity, low profitability and low pay, but with a history of 'harmonious' industrial relations reflecting a weak trade union base. Given the nature of the products the industry has also contained a high proportion of craft based skills, for example, mouldmakers, modellers, engravers and painters. The past twenty years or so has, however, witnessed some restructuring which has involved increased mechanisation and consequent 'de-skilling' and contraction of the labour force. For example, between 1978 and mid-1982 some 45 plants were closed with the loss of over 6,000 jobs, while number of operatives in membership to the main trade union - the Ceramic and Allied Trade Union (CATU) - declined from 51,120 in December 1978, to 28,935 in June 1982.

Additionally there has been a depletion, though by no means the disappearance, of many of the traditional family based firms resulting from a series of mergers that have produced several dominant groups in the industry, such as those of Wedgwood and Doulton.{11} From over 300 firms operating in the mid-1960s the number at the end of the 1970s was placed around 260 - a number of which were part of the wider industry groups.{12}

The major representative of employer interests is the British Ceramic Manufacturers' Association (BCMF), which claims a membership of in excess of 60 per cent of pottery firms. Unlike the Chemical Industries Association, it has never, apart from its representation on the Ceramics ITB, displayed any significant interest in training matters. The pottery - or ceramic - industry, in fact covers the manufacture of a range of products that may be broken down into several components. The British Ceramic Manufacturers' Federation (BCMF), for example, lists these as: bone china and earthenware tableware; ornamentalware; ceramic wall and floor tiles; sanitaryware; ceramic insulators; and industrial ceramics. The Ceramics, Glass and Mineral Products ITB, however, had a slightly different classification and this is given below together with the numbers employed at 5 April 1979.{13}

Domestic ware	37,724
Industrial and electrical	
porcelain	3,369
Sanitaryware	7,087
Glazed tiles	5,704
Milled materials	927

Studio pottery	647
Others	1,713

It can be seen that by far the most significant is the domestic ware sector (tableware and ornamentalware in the BCMF's classification). The one thing that the industry has in common with the chemicals sector is that it is highly export oriented. In 1979, the industry exported in excess of 40 per cent of its total output, with tableware in the lead at 44 per cent although this did in fact represent a drop over previous years from around 50 per cent.(14) There are no precise figures available for the total number of establishments that came within scope to the Training Board, data normally being presented by the ITB in terms of employees. However, it is estimated that in 1978 there were approximately 250 companies in scope to the Board which represented some 55,442 employees.(15)

Apart from the importance of exports to both the chemical and pottery industries, any significant similarity between them ends at that point. The former is a relatively new, capital intensive and geographically dispersed industry, while the latter has only fairly recently begun a sustained process of modernisation. The geographical concentration of the pottery industry resulted in the development of paternalistic and insular - if not parochial - managerial attitudes. These were only challenged when competition from abroad, in the form of cheap imports, forced the industry to examine and restructure in terms of plant, machinery and processes.

THE INDUSTRIAL TRAINING BOARDS: STRUCTURE, OBJECTIVES AND PROCEDURES

The Chemical and Allied Products Industry Training Board

The Chemical and Allied Products Industry Training Board (CAP/ITB) was constituted in October 1967. Apart from the full Board, the CAP/ITB established in 1970 a network of twelve sub-committees that were functionally based.⁽¹⁶⁾ These sub-committees were composed of employer, employee, educational and other representatives, though not necessarily on an equal basis as membership was determined by the nature of the function - for example, membership of the Small Companies Advisory Panel was confined to employers, whilst the Research Sub-Committee was composed of employer and educational members only, plus one permanent Board staff member. The Permanent staff structure, as at 1978, was organised - under the control of the Director - under three separate functional units: Training; Manpower Planning and Research; Finance and Administration. In 1980, reflecting a greater emphasis upon and desire to be seen in an advisory role, the structure was reorganised along the following lines: Specialist Advisory Services and Development Work; Planning Manpower and Advisory Services; Personnel; Finance and Administration.

Since its inception a consistently stated objective of the CAP/ITB in relation variously to levy/grant/exemption had been to concentrate its resources upon advisory services and decrease the rate of levy. In this sense it may be said to have been operating in anticipation of certain of the provisions of the 1973 Act. In 1971, for instance, the board announced proposals to reduce the

levy from 1.5 per cent (itself a reduction on the previous year) to 1.25 per cent for 1971/72 with a rise in the exemption level to firms with emoluments of £25,000 or less. Additionally the board had adopted the system of netting grants against levy with the result that only about 10 per cent of levy was actually collected.⁽¹⁷⁾ During the subsequent two years the levy was further reduced so that for the year 1973/74 it was set at 0.75 per cent with an exemption limit of £80,000 per annum emoluments - being roughly equivalent to 50 employees. These continued to be the limits set under the statutory levy exemption provisions and had remained unchanged at 1979. At this time there were 1,394 firms in scope of the Board, 823 of which were excluded from levy by the emoluments limit. Of the remainder 371 possessed two year and 108 possessed one year exemption certificates while a further 43 had not gained a full exemption but were receiving a percentage offset. Thus of those not excluded, over 90 per cent of leviable firms were exempt - most wholly.⁽¹⁸⁾

In line with this approach, the Board adopted on 1 August 1972 a Training Development Review (TDR) scheme. This was the Board's alternative to levy grant and was optional for firms who qualified according to grant/levy ratio criteria, - in other words it was for those firms which already in the Board's view provided sound training to meet their own needs. It was described as a 'business oriented approach' and was based upon a series of 'dialogues' which took "a forward look at the firm's training in relation to its business objectives with accent on quality, rather than a historical review with its focus on quantity....The Board's approach throughout the Review will be flexible so as to be sensitive to the needs of the firm".⁽¹⁹⁾ In conjunction with Levy

Offset Review, TDR - modified in 1976 and 1980 - provided the basis for statutory exemption introduced under the 1973 Act.(20)

In 1971 the Board had stated that the "prime objective of training is to make the best possible use of human resources with respect to industry, the firm and the individual".(21) By 1979 this fairly straightforward objective had been transformed into an 'overall strategy' which required the board to:(22)

- (a) Provide a greater manpower dimension to its operating role.
- (b) Ensure that its advisory work with firms embraces labour market issues, particularly skill imbalances which are predominantly local in nature.
- (c) Strengthen its links, at local level, with the education system, trade unions, Training Services Division and other ITBs.
- (d) Increase its involvement in the area of young people and their transition from school to work.
- (e) Develop its competence in the craft and process areas and especially in training of instrument maintenance staff.
- (f) Provide a strengthened specialist advisory service in selected areas to complement the advisory work with firms.
- (g) Maintain a level of development activity consistent with the needs of the Board's operating programmes.
- (h) Review its management information systems, including data processing facilities, in the light of the above, and the need for increased manpower information.

The above account provides an indication not only of the extent to which the priorities of the CAP/ITB had altered during this period, but also of the different kinds and sources of pressures being exerted on the board and a greater degree of ambiguity in later years surrounding its role in the training system. For instance, on one level the emphasis was very much on developing and strengthening links at the local level, whilst both industry and national

labour market needs were gaining increasing prominence. In addition to the above, the Board had also placed considerable importance upon initiating research programmes and the 1978 Annual Report, for example, lists seventeen ongoing or recently completed projects.(23) Despite these different pressures - which will be explored more fully in the following sections - the CAP/ITB had consistently attempted to develop an advisory, rather than a regulatory role and image. How far it was perceived in such a manner by the firms within its industry we shall see shortly.

The Ceramics Glass and Mineral Products Industry Training Board

The Ceramics, Glass and Mineral Products ITB (CGMP/ITB) was the first multi-industry board to be formed (July 1965). For organisational purposes the Board grouped together five main industries with a wide number of sub-sectors: extractive; cement and cement products; bricks and refractories; pottery; glass. For each industry there was set up Industrial Committees which were sub-committees of the Board, the membership of which was primarily drawn from employer, employee and educational representatives.

Of the 250 or so firms in the pottery industry in scope to the Board, 136 were above the exclusion limit for levy liability. Of these 60 (44.1%) were exempt from levy. Of the 55,442 employees in eligible companies, 36,443 (or 65.7%) were in the exempt category. For the Board's purposes the pottery industry was the third largest employer (although all were roughly equivalent except cement employing 72,350).(24) Like the Chemicals Board, Ceramics had opted for relatively low levy levels although, unlike Chemicals, it had gone for

differential rates. Thus initially, levy rates were set at 1.5 per cent of emoluments for pottery and glass and 0.75 per cent for the remainder. Some minor reductions were made in 1970 and in 1973 the rates, which remained in being thereafter, were reduced to 0.65 per cent for pottery and glass and 0.5 per cent for the remainder. The exclusion limit was 50 employees or £150,000 per annum emoluments.

Initially the adequacy of a firm's training was judged by the extent to which it satisfied criteria for grant - eg the number of training instructors, and 'sound' training programmes. By 1972, however, the Board had shifted its emphasis somewhat from quality and quantity towards the establishment of different criteria based on a systems approach to training. This was the 'Dynamic Approach to Training' (DAT) which encouraged firms to analyse existing manpower and identify training needs arising from current and future business activities and incorporated training planning, implementing and evaluating elements. The criteria developed under the DAT scheme were utilised as the criteria for granting statutory exemption under the 1973 Act. The scheme operated in two stages. Firstly, firms applying for exemption had (i) to provide evidence that they had been operating a sound training system for at least two years prior to the application and (ii) in the year prior to application all the principal DAT criteria had been met through grant assessment. Secondly, for those firms qualifying under stage 1, visits and 'dialogues' were conducted by Board assessment teams with senior management to determine that a training system was operating at all levels of management and across the units comprising the company. (25) See also the Board's *Exemption Guidance and Instructions Reference Book* Exemptions could be granted

conditionally or unconditionally and for periods of 1-3 years, partial exemptions were not operated until 1978 when a levy abatement scheme was introduced.

Finally, the broad objectives of the Board can be seen to have moved through a number of phases. Early concerns were about increasing the quantity and quality of training, concentrating attention on increasing the number of training staff employed in its industries and establishing sound programmes of training - in particular at the operative level. This was followed by a focus upon introducing a systematic approach to training that emphasised the business needs of the firm. By 1979 the overall strategy of the Board had 3 strands: (26)

To take all action within the Board's power to ensure that adequate numbers of people trained in appropriate skills are available to meet the needs of its industries for as far ahead as can be foreseen.

To stimulate the adoption within the Board's industries of training techniques and practices to standards considered by the Board to be appropriate to the needs of its industries in the interests of business effectiveness and efficiency.

Through knowledge of the manpower trends in the Board's industries and all the factors affecting them, to contribute to national economic prosperity and manpower effectiveness.

Within this overall strategy, priorities for action - in addition to the raising of training standards - were identified as: management and supervisory development; craft, technician and technologist training; relations in industry; safety and health at work; youth training; manpower planning; promoting development of workers to meet key skill requirements and supporting associated fledgling and at risk courses in FE establishments; administrative and clerical training; overseas trade; energy conservation. (27) But perhaps

more tellingly, the Board noted elsewhere that deciding priorities presented difficulties due to the "often conflicting company, industrial, regional and national interests".(28) As we shall see, reconciling these conflicting interests was never satisfactorily achieved, either by the Ceramics, or the Chemical, ITBs. Although our concern in this chapter is with the firm/Board relationship, it is worth noting that both ITBs enjoyed a good reputation within the Department of Employment during the second half of the 1970s. Both were seen as 'fairly dynamic' and 'well-led'.(29)

At this point we may make a number of preliminary observations about the similarities and differences between the two ITBs. In relation to structural characteristics being a multi-industry Board the CGMP/ITB was clearly operating in a more complex environment than the CAP/ITB. But in one important respect at least, as far as the pottery industry was concerned, its task was considerably simplified in that the overwhelming majority of firms were concentrated in a relatively small geographical location - though other problems may have flowed from this source. For this reason, although the Board's headquarters were in North London, moves were made after the first few years to appoint field training staff who lived and where possible had worked in the area. As we have seen, while the chemical industry - and to a significant extent the Board - was dominated by a relatively small number of very large firms (the largest 6% employing over 65% of the labour force), despite the emergence of dominant groups, the pottery industry was still characterised by a large number of medium-sized firms.

The number of firms and employees within scope and coming into the leviable categories of the Boards also reflects their different industrial structures. In 1979/80, for the chemical industry there were 571 leviable firms with 360,000 employees out of a total in scope of 1,394, while in the ceramics, glass and allied industries there were approximately 900 leviable firms with 289,558 employees out of a total of about 1,800 firms in scope - with the respective figures for the pottery industry being 136, 55,442 and 250. Although from the beginning both Boards had adopted a similar attitude towards setting relatively low levies, the extent to which firms achieved exemption varied markedly between the two. While in the chemical industry over 90 per cent of leviable firms were exempt, in the pottery industry the figure was less than half that (although it is perhaps worth noting that only the glass industry, at 47.6 per cent, achieved a higher than average exemption level, while the lowest of CGMP/ITB's industries was extractive with only 9.7 per cent of firms exempt). In fairly simple terms there would seem to be only four possible explanations for such a wide variation: it was an accurate reflection of the standards of training achieved within the industries; it reflected the application of different standards by the Boards; it reflected the application of similar standards by the Boards but differences in monitoring and evaluative arrangements; fewer firms in the pottery industry registered with the board actually bothered to apply for exemption. This last point may not be an insignificant factor. The Ceramics Board provided no figures on the percentage of firms applying for exemption, but although it was the policy of the board to maintain contact with registered firms through sending out literature, it was regarded as *the responsibility of each firm* to contact the board if it wished to be considered for exemption.(30) To what extent any or

all of the other explanations may be discerned as significant we shall be addressing at various points in the following sections.

The overall thrust in direction of both sets of Board policies was, however, similar. Both to some extent - no doubt partly as a response to early criticisms of the board system in general - anticipated the changes that were introduced under the 1973 Employment and Training Act. The emphasis shifted from concerns to raise the quantity and quality of training on an industry basis to those where the boards sought to increase their relevance to the individual firm through focussing upon the business needs of the firm and developing their advisory roles. However, following developments at the national level, in particular the attempts of the Training Services Division to influence the direction of Boards' activities in line with national labour market objectives, the operations of both Boards broadened considerably to incorporate these national - and in particular manpower - objectives. The extent to which this created tensions between the objectives and between the Boards and their industries is discussed below.

It should, however, finally be noted that in addition to external influences in the determination of boards' priorities, it was the permanent staff of ITBs that exerted the major internal influence. Both the board officials and the four board members that were interviewed by the author (2 employer representatives each from the chemical and pottery industries) supported this view. Employer representatives in general tended to view their role as first and foremost protecting the interests of their particular firm, and secondly of the industry. And although the development of 'sound training' was regarded as

an important function, it was still ranked below the other two. Indeed, one board member in the pottery industry went so far as to state that his primary role was to prevent the acceptance of some of the 'dafter ideas' put forward by the trade union representatives. While all four board members felt that ITBs had managed to raise the overall level and standard of training within the industry, it was claimed to be a very modest increase. However, none of the members could provide quantitative evidence of this.

TRAINING INTERVENTION AND THE BEHAVIOUR OF FIRMS

The General Outlook

The study revealed at all levels of management that regardless of which industry or size of firm, there was a manifest, positive orientation towards training as an activity. Training was an imperative of the firm: "it is something we always will do and always have to do" could well have been the motto of every firm visited. Training was the opposite of sin - everyone was for it. To the extent that there existed a unanimity of opinion that training *per se* was beneficial then we can argue that in broad terms the existence of structures whose object was to enhance training effectiveness was not inherently incongruous with the needs of firms. In seeking a greater degree of specificity about the reasons why training was regarded as beneficial the predominant - and not necessarily unexpected - reason was related to its function of promoting the economic interest of the firm. At a basic level,

allowing for nuances and some qualifications, it was consistently held that this meant contributing to the maintenance of or increase in the firm's competitiveness. Once we move away from the level of the aphoristic, however, such unanimity becomes harder to identify.

In effect, the above is asserting little more than a truism: that for each firm there existed some minimum amount of training that was necessary to the firm's continued viability. It is when we move to consider such questions as what should constitute the extent and substance of this minimum, whether the minimum should also be regarded as the maximum, how far, if at all, it was desirable to progress beyond the minimum, what factors should be taken into account as important in determining the amount and type of training undertaken, who is to be the best judge of these issues, that the picture is more diverse. As we shall see different attitudes could be identified within firms, between firms and across the two industries on these issues. Nonetheless, when asked to specify what factors were influential in affecting training decisions the following were referred to. They are given in order of the overall frequency with which they were mentioned and should not therefore be assumed to be the typical response of any one firm:

1. the 'health' of the firm in terms of orders and profitability;
(100%)
2. the general economic climate; (approximately 90%)
3. labour turnover; (approximately 55%)
4. the state of the local labour market; (approximately 50%)

5. legislative provisions, especially health and safety and employment; (approximately 50%)
6. technological change (past, present, future); (approximately 45%)
7. meeting the requirements of the ITB; (approximately 25%)
8. the views of (in particular training) personnel within the firm; (approximately 25%)
9. industrial relations. (approximately 20%)

There was a considerable similarity in the response of the two industries. The main differences that could be discerned were that in the chemical industry, points 4 and five were mentioned more frequently than in the pottery industry. One point of note that occurs from the above is that meeting ITB requirements were perceived as being relatively low in the list of factors influencing training decisions. Indeed, many of those interviewed categorically claimed that their, or more generally the firm's, attitude to training was either not at all or only marginally affected by the activities of the training board. At this point we may simply note that in many instances such statements were antilogous to other statements or evidence.

Firms' Image of the Training Boards

Even by the late 1970s in general the ITBs still had a relatively 'poor press' despite their attempts to demonstrate their concern with the needs of their industries. In all probability they had not completely managed to live down, or shake off, their earlier reputations as bureaucratic and inspectorial. Where

this view of ITBs persisted in individual firms it was associated with a more antagonistic attitude. This tended to be reflected in the firm/board relationship, although it does not necessarily mean that such firms were any more or less likely than those with a less hostile attitude to be influenced by the board. One clear caveat applies here: for those firms that did not apply for exemption, opting instead to pay the levy, the ITB cannot be regarded as a potent force in their decision making. One such firm appears in our sample from the pottery industry. Attitudes had, however, apparently mellowed somewhat over the years and the majority opinion seemed to be that boards had become less 'buraucratically' inclined post-1973 and demonstrated a greater degree of flexibility in taking account of particular problems encountered by the firm.

We can, however, identify a broad distinction between the two industries in the range of perceptions that firms had of the two boards. In the chemical industry firms were far more consistent in representing the board as an organisation that had a kind of 'nuisance value' but lacked much relevance to their own activities. Few people claimed that the board was overly inspectorial. However, many did argue that, despite attempts to promote an advisory or servicing image, the statutory obligations of the board in relation to levy/exemption meant that they would never be fully accepted as advisory bodies. In any case there was a great deal of scepticism of the capacity of the board to provide the kind of training services that the firm might need, and many managers and training staff stated their preference for using outside 'specialist' training organisations - which on a few occasions included those of the relevant trade association, the Chemical Industries Association (CIA). In addition a number of personnel in the larger firms claimed that - with a

few exceptions - the calibre of ITB staff was significantly lower than in their own firms and that the ITB saw the large firm as a way of developing its own expertise. "They should be paying us, not us paying them" was the opinion of one Training and Development Officer. More positively, it was generally held that the ITB was striving to meet the training needs of the firm and in that the board's objectives were not viewed as being inherently incompatible with the firm's requirements. But concern was also more often than not expressed that such objectives were becoming increasingly constrained by the control being exerted by the central training system.

Thus whilst firms in the chemical industry tended to regard the board as something of an irrelevance, the perceptions of pottery firms were much more mixed. They could perhaps be represented on a continuum that ranged from the overtly hostile to the almost deferential. At one end of the spectrum comments were received such as "the ITB is forced upon us - why should it be? I saw some literature from the ITB a few years ago and these were so confusing and full of jargon I just pushed them into a drawer". And "if we did what the ITB wanted us to do it would be a farce, we would be bankrupt."(31) At the other extreme were comments that had a kind of missionary zeal about them: "(s)ome may regard the Board as government interference, but not here. Here they are seen as a welcome intrusion, as someone who can come and give us a hand. It supports and encourages companies to reach good productivity levels." Or "I can't think of any disadvantages to the training board system. The Board's aims are designed to ensure we meet our needs in the correct way. They are specialists who can help us out, so I wouldn't hesitate to call them in."(32)

These two attitudes represented about 25 per cent each of those interviewed, the other 50 per cent falling somewhere between the two extremes.

Neither of the above attitudes seemed particularly related to the size of firm. There did, however, seem to be a link between the the hostile reaction and the management ethos of the firm. The attitude of all the firms towards training and the ITB, in both industries, was in fact strongly influenced by the stance of senior management. But those firms in the pottery industry with the greatest proclivity towards enmity had a more traditional, even paternalistic, outlook. The managers in such firms tended to be of an older generation, having spent all their lives in the industry - often in the same firm - and had generally 'worked their way up'. The old established ways of doing things were often regarded as the best and this applied just as much to training as any other activity. Such people exhibited a strong independent attitude and resentment of outside interference in the internal working of their organisation. This manifested itself in a general anti-regulatory position. Such attitudes are clearly not conducive to seeing any benefit in an organisation which was regarded as possessing the power to 'fine' firms for carrying out in a perfectly satisfactory manner what any self-respecting firm would be doing anyway. There was thus in such firms a - to some extent-self imposed - lack of identification with the board's objectives. This was often accompanied by, complaints about the inability to comprehend board literature, and the mystique that seemed to have developed about the training function. Apart from a pre-disposition to see the board in a negative light, however, such attitudes also seemed to reflect the poor beginning that the board was perceived as having made, during the 1960s and early 1970s, in fostering good

relations, in particular at the higher management level, which did much to sour firm/board relations. This is evidenced by the fact that some firms at least, whose initial reactions had been similar, by the late 1970s claimed to have changed their attitude toward the board in a more positive direction. One point that did emerge, however, was that in the pottery industry the ITB field officers had a much more favourable image than the rest of the board. Even where the board was regarded as part of the 'governmental machine' it was often acknowledged that the field staff had a good knowledge of the industry.

To summarise, in neither industry was there much support for the ITB but, by the same token there were few cases of overt antagonism: there seemed to have developed some kind of mutual accommodation between firms and the training boards although the image of the Ceramics ITB within the industry was a great deal more variable. Generally speaking, around 80 per cent of firms had come to regard the ITB as at least *seeking* to meet the needs of individual firms. However, in neither industry did firms regard the ITB as being *part of* the industry. It was though regarded as closely allied to it with the qualification that, in the chemical industry in particular, the board was seen as having become more distanced from the industry during the previous two-three years and to have become increasingly drawn under the auspices of the MSC and TSD.

Firms' Relationship with the Training Board

By the late 1970s then, despite the lack of a positive attitude of most firms towards the ITBs most of the firms seem to have managed to establish reasonably amicable working relationships with their board. There had, in other

words been an improvement in the firm/board relationship. The specific reasons for this resided in four factors: the removal from industry of boards' financial costs; the greater flexibility of boards in their assessment of firms' training methods; the focus of the boards upon company needs; a lessening of the burden of paperwork. In other words the ITBs were now perceived to have adjusted their priorities in the right direction. But as one pottery Training Manager remarked "[u]nder the new system the ITB is claiming that training should be carried out to meet the requirements of the company. This has *always* been the reason why training is carried out - it seems to have taken the ITB a long time to get the message". Inevitably the relationship was subject to variation depending upon the firm's status regarding levy/exemption. For example, firms preparing for exemption would have a greater amount of paperwork than those that had already gone through that particular 'hoop'. All the firms surveyed in the chemical industry were exempt from levy though two had conditions attached. In the pottery industry one firm had chosen not to apply - "we treat the levy demand just like the gas or electricity bill",⁽³³⁾ - two firms were not exempt but levy abated, one of them having been refused exemption the previous year but both confident of exemption in the forthcoming year, two firms had been granted conditional exemption, while the remainder had unconditional exemption. Notwithstanding this improvement in the firm/ITB relationship, it was evident that by 1979/80 it was again coming under some stress. The main reason for this, as the majority of personnel pointed out, was the increasing demands that boards were making on firms to supply greater quantities of information concerning company manpower plans. The 'spectre' of the return of 'bureaucratic' time-consuming boards had begun to raise its head again.

As far as contact with board staff went, in the pottery industry most firms were routinely visited every two to three months by the Training Advisor (TA), usually for an hour or two at a time. Firms' training staff apart, such visits usually included contact with general managers. Of course, firms in the process of applying for exemption or re-exemption would be in more frequent contact depending on the stage that they were at and exemption visits typically lasted for a full day when board staff from headquarters would also be present. On the whole the frequency and nature of such contacts was considered to be satisfactory. On the other hand, contact between firms and board staff appeared to be far more irregular and uncertain in the chemical industry, although no-one went so far as to actually *complain* that they saw insufficient of the the TA. Nonetheless the inference that was drawn from this intermittent contact was that TAs were inefficient in the performance of their job. One Training Manager claimed to see the TA usually only once a year or sometimes longer, while another (interviewed on 2 May 1980) claimed not to have seen one since the end of 1978.

One difficulty confronting the CAP/ITB which did not exist for the CGMP/ITB was the geographical dispersion of firms in the chemical industry. The consequence was an inevitable limit upon the frequency with which firms could be visited. These limitations were one of the principal reasons why the Board decided upon a structural reorganisation along regional lines, which took effect in 1980. Unfortunately, from the Board's point of view, the immediate effect of reorganisation was to disrupt the schedule of visits, thus in the short-term compounding the above difficulties. Moreover, before the long-term benefits could be reaped, CAP/ITB faced fresh problems in organising adequate

visits to firms. These were: the imposition of cash limits which made it increasingly difficult to recruit and replace staff; a review of the operation of the training system which was begun by the MSC in 1979 and which again raised uncertainties about the future of ITBs and which diverted the Board's energies. The last two points were also applicable to the Ceramics Board.

In summary, by the beginning of the 1980s, both the ITBs had progressed from a period of poor relations with firms in their industries to one that approached mutual tolerance and acceptance. It was also evident, however, that the improvement was a tenuous one, set as it was against the previously noted indifferent attitude of firms towards the ITBs. In particular the boards found themselves in a position of some difficulty in improving their relationship with firms because of the demands placed upon them to pursue national training objectives. This resulted in boards placing increasing administrative demands upon firms which in turn caused some resentment and acted as a continual constraint upon improved relations.

Impact of the Training Boards: Training to Meet Firms' Own Needs

Training Standards

"Every so often we go through these bullshit exercises" was a Personnel and Training Manager's view of the levy/exemption/review process. An important element in trying to assess the degree to which the boards had been responsible for raising the standard of training within firms would seem to be the attitude adopted towards the recommendations and requirements laid down

by the boards. Obviously, as a minimum firms would respond to such recommendations where they were anxious to avoid paying levy. But beyond that, the seriousness with which the recommendations were treated and how far they were regarded as assisting firms' training activities would seem to have a bearing upon the amount of influence that boards could bring to bear. In other words if the board's recommendations did not, as a matter of principle, carry substantial authority within the firm, and therefore were possibly viewed as something to be circumnavigated with the least cost, then clearly they would not, and possibly could not, have a significant impact. Therefore, it was not simply the *quality* of board recommendations that mattered, but also the general pre-disposition of firms towards such recommendations. One feature of many - if not the majority - interviews with senior management and training staff was a tendency to express, in general terms, deprecatory remarks about the standard of training recommendations. Sometimes these would stem from assertions that they were based on abstract principles that were not capable of uniform application; sometimes they were based upon assertions that in practice the training being carried out within the firm was superior to that being recommended by the board. In either case therefore board recommendations were not regarded as particularly helpful, or even relevant, with most people insisting that it would make little difference to the way that training was carried out within the firm if the training board were suddenly to disappear. Alternatively the clear view being expressed was that boards impact upon the standard of training was negligible. Despite such comments, however, there were other indications that for various reasons, people were under-emphasising the extent to which they thought the board was responsible for raising training standards.

When pressed to indicate the areas of activity where boards had been helpful and/or affected the manner in which training was undertaken, there emerged a consistent set of responses. Most of them, it should be noted tended to relate to past rather than current activities, many of which pre-dated the 1973 Act. Around 85 per cent of all firms agreed that training was much more formalised than it would, in all probability, otherwise have been, and about half thought that it was better organised. In the main this related to the keeping of records. Further, all firms had, or were in the process of developing, training plans which incorporated certain common features such as training programmes and schedules for different categories - eg operatives, chargehands, technicians, management, induction and health and safety training - and a validation component of some sort. Firms in both industries consistently mentioned an increased emphasis placed by boards on the development of management training. In addition, some two-thirds of the personnel considered that such detailed plans would not have existed but for meeting board requirements and neither would attempts to incorporate within the plans assessments of training needs based upon future manpower requirements.

Three other developments were attributed to board influence. The first was considered to be one of the most important and direct consequences of training policy. This was the increased quantity of training staff - including qualified training instructors - employed by firms. For example, a Company Training Manager with the chemical firm Albright and Wilson, who was responsible for training within a number of divisions in the UK, which employed 7,000 staff in total, compared the pre-1965 position where the company employed only 2 Training Officers with the present (July 1980) where there were 13 full-time

and 13 part-time Training Officers in addition to a central coordinating training function which employed 3 staff. He was at this time responsible for a head office training budget of £80,000. This, he claimed was directly attributable to the 1964 Act. Many other training staff were of the opinion that they owed their position to the introduction of training legislation. Linked to this was the second consequence which was the increased attention given to training by senior management due to the potential financial costs - or by some firms in the early years benefits - of of the board system. More resources were now devoted to training, sometimes indirectly through pressure exerted by training staff. But interestingly enough only about thirty-five per cent of firms, and of those mainly though not exclusively the larger firms, had a separate training budget. The third effect was seen as a more indirect and less unambiguous result of ITB influence. This was the greater 'professionalisation' of training, both in terms of the calibre of training staff and the training practices employed. Thus most firms were explicitly or implicitly acknowledging that they had been 'forced' to adopt a more systematic approach towards training as a result of the requirements of the training boards. Other than these there were a notable, if not excessive, number, of specific examples cited where the boards had provided 'valuable' advice or assistance. In the chemical industry the work that the Board had done on the shortages of instrument artificers in the process industries (34) was often mentioned, as indeed was the quality of much of the research carried out or initiated by the board. However, in the pottery industry there appeared to be a limited knowledge of board activities other than as they specifically touched the firm and courses for fork lift truck drivers and in kinetic handling were what was frequently referred to in this context.

Just what the above adds up to, however, is something that we might consider further. It was, for instance, the view of one Group Training Manager (Armitage Shanks), who was also an employer representative on the Ceramics Board that rather than having created more effective training systems, firms were participating in what had become "enforced custom" or "role playing to satisfy the Board". Boards, he claimed seemed to operate in the belief that if everything gets written down, then the problem is solved. The inference to be drawn from such comments is that firms were simply paying 'lip service' to boards. There is also an element of 'self-satisfaction' in such statements, whether or not such perceptions were accurate. Clearly there are two issues involved here concerning the effectiveness of board influence. One is how far boards could manipulate firms to comply with their recommendations. The other, and perhaps more crucial element, is how effectively boards could validate what was happening within firms. Unless firms were willing to comply of their own volition, and as we have seen such an outcome was unlikely, then the levy/exemption/review process might indeed be regarded as not much more than a paper exercise if the capacity of boards to monitor and validate training within firms was weak. There is evidence from both industries to suggest that such was the case.

Firms' training plans that were seen by the author and which had been approved by board staff certainly varied from the complex and sophisticated to the simple - if not apparently simplistic - which was generally related to size of firm. Apart from what went into such documents, there was little consistency in terms of format, coverage and detail, and thus little basis for providing any comparative evaluation. A divisional Training Manager in one

chemical firm (Albright and Wilson) reported, for example, that in the previous Levy Exemption Review (LER) as a result of being 'honest' with the board in the information provided, they had only been granted a one year exemption whilst another site of the same company carrying out exactly the same training had managed to obtain a two-year exemption because they had 'played the game' and 'fooled' the board through its paperwork. Part of the explanation of such variation resides in the emphasis that boards were now placing upon encouraging training to meet the *individual needs* of firms. One interpretation of this is that the determination of what was in the interest of the firm was internally rather than externally decided: that is, the emphasis had tilted from the board to the firm in determining training needs. This is not to argue that this represented some absolute shift and that external board influence was therefore unimportant. Rather it is argued that, in *relative terms*, firms appeared to have gained greater control in this area. However, a further interpretation that might be placed upon such a development is that boards had, in effect, accepted the 'reality' of the situation, which was that firms would resist what might be perceived as efforts to make them train in excess of what they judged to be their own needs. The impression given in the overwhelming majority of interviews was that this would certainly be the case: "our training plans are a true reflection of our training needs and we would take issue if the Board wanted something different"; and "filling in the forms was a game. If the ITB had insisted on doing things a certain way we would not have done them" were two typical responses.(35)

In setting greater store by their advisory rather than regulatory roles and in their desire to demonstrate flexibility of approach, it seems possible that

both boards faced a dilemma: for the majority of firms in the chemical industry and to a lesser but significant extent in the pottery industry also, the Boards' authority resided in their power to penalise firms, *not in the quality of their recommendations*. If, therefore, firms were seen as insufficiently complying with board recommendations, resort to the levy 'stick' would be inconsistent with such an approach. If firms thus perceived the boards as unwilling to fully exercise their statutory powers then the credibility of boards would further decline. What was suggested by many personnel, and this applied particularly to training staff, was that in the main board staff were too willing to be accommodating and were not sufficiently forceful in their dealings with firms. Indeed, we might go further, and suggest that when we are discussing the ability to influence behaviour, we are not concerned with a one-way process. In other words we are not simply arguing that there was some critical point beyond which boards could not influence the behaviour of firms, but that firms were also capable of exerting influence upon the boards such that the behaviour of boards was changed. A significant example of this occurred in the chemical industry in 1976 when the board attempted to change its Training Development Review procedures. This caused a considerable amount of resentment within one of the largest chemical companies (ICI) because of its "highly bureaucratic nature, its 'checklists', its 'Missions' and its secret questionnaires" and ultimately led to a breakdown in relations between the company and the board. Thereafter divisional representatives of the company formed a working party to devise a coordinated response and then held discussions with the ITB with the objective of "repairing relationships in a way that would be of greater use to the company." (36) The result was the adoption of Training Agreements entered into

by the Board and each company division. (All the agreements were broadly similar.)⁽³⁷⁾ These agreements aptly illustrate the point that certainly as far as the larger companies were concerned, sufficient resources could be mobilised not only to make the board retreat but to accept the company's demands. Not only that, but the training staff within the company also recognised an opportunity to use the disagreement to enhance and consolidate their own position through the establishment of a Training Managers' Group. Interestingly, news of this particular development had obviously spread on the training 'grapevine' as it was referred to by members of other firms that were visited and had followed ICI's lead and entered into similar agreements with the board. The same kind of development was not unknown in the pottery industry. A Training Adviser for the Ceramics Board for example, stated that one of the major companies (Wedgewood - in which he himself, interestingly, had been a Training Officer before joining the Board) would tell him whether and in what form their paperwork would be completed and his opinion was that there was little that could be done to alter the situation.

The ability of firms on occasion to 'dictate' to the staff of boards was also evident when boards appeared to make mistakes. The difficulties that the chemical board's staff had in making regular visits to firms did indeed result in delays in issuing exemption certificates. Delays had been experienced by about half the firms visited and was the cause of a degree of resentment, which sometimes turned into more overt hostility. For example, the CAP/ITB had granted an exemption certificate to Albright and Wilson but with conditions that had to be met in order to gain the second year's exemption. The certificate expired at the end of February 1980 and preparations were made by

the firm for a Review visit in January/February of that year. The Board cancelled the visit with the result that the firm was "operating without a licence". The firm's Training Officers subsequently held a meeting with the Board's TA at which, it was claimed, the TA was informed that he would only be allowed back into the firm *when invited*.

The evidence of our case studies thus far presented seems to be pointing us towards the conclusion that in the firm/board relationship it was firms that were largely responsible for determining what standards of training were consistent with their business needs, and that the boards seemed unwilling, or unable, to take action to change the situation. Clearly boards had had some impact on training standards (probably an earlier one in the chemical than the pottery industry) but having achieved such an improvement, it might be said that firms viewed themselves as having taken over the role of ensuring the existence of adequate training arrangements. Thus boards were increasingly seen by firms as having lost their role, and perhaps, their rationale. There is no doubt that while firms may have expressed this in specific terms, the position of the boards in the second half of the 1970s was one of their finding it difficult to sustain a coherent role that had some impact on training provision in firms. Clearly one problem facing the boards in their overall attempt to raise training standards was that they sought to apply universal criteria, the implementation of which proved problematic due to the variability of conditions and needs amongst firms. It is important to note that the boards had little choice but to go for some set of universal criteria given the statutory basis of its role in administering levy exemption. As the Chemical Board noted "Is such a requirement imposed on Boards a statutory duty

which not only was virtually impossible to realise in a manner which was satisfactory to meet all situations but also had affected the relationship between firms and the staff of the Board, the latter having to act as both "inspectors" and "advisers". In many instances such a dual role has detracted from and not supported the development of confidence and trust between the Board and its clients in industry."(38) The problem that this created 'on the ground' was nicely summed up in a comment by one of the field staff of the Ceramics Board that: "The Board comes out with grand schemes and they don't give a damn about how to apply them to smaller companies. People like myself have to improvise - reduce the whole bag of tricks to a small number of features....Headquarters don't appreciate to what extent we are improvising. The Board only wants to hear what it wants to hear, and it does *not* want to hear about the difficulties of setting flexible exemption and DAT standards....Of course, validation comes into the improvising and adapting category." As we have seen, the boards had attempted to develop advisory roles. However, as evidenced by firms reactions to this, the boards had clearly found it difficult to effectively perform this function.

What is significant here is that faced with being relatively ineffectual the boards seemed to be increasingly adopting a defensive, rather than an assertive, stance about these two roles. Nor did they attempt to find any alternative roles. The question arises, therefore, as to whether the boards themselves perceived their impact as a diminishing one or they were operating under such severe constraints that they could not take action to ameliorate the situation. What is of further importance in this respect was that under nationally determined priorities, especially the *Training for Skills* initiative,

the boards were intended to assume a key 'manpower planning' role. What we need therefore to address is how the boards assessed their position at this time, what constraints or limitations prevented them from adopting a more assertive role. In addition, in the section dealing with the impact of boards upon training to meet national objectives, we will look at the related issue of how boards were viewed at the national level as this also had a bearing upon their activities and future.

Not surprisingly, even given the difficulties that they were facing, the boards still saw themselves as having an important part to play in maintaining training standards. This - again not surprisingly - was particularly true of the officers of the boards, although it should be noted that for field officers in the pottery industry the emphasis was still very much on raising, as well as maintaining, standards. Apart from one somewhat disillusioned senior board official who claimed that boards had had little impact and would not be missed if they were abolished, the remaining opinions were that without boards the standard of training would decline. Great importance was attached to the element of continuity that boards provided in focussing attention on the training function within the firm. Field staff in particular were convinced that without the 'prodding' of the board and the stimulation provided by the package of instruments at the boards' disposal - advice, grants and exemption - there would be a *gradual* erosion of standards that had undoubtedly been built up as the result of board actions. This would apply especially in the medium and smaller firms. This, claimed a senior Training Adviser from the Ceramics Board was dictated by an economic logic that "persists in regarding training as a cost. While the board is there management is asking 'what is it

costing us not to train?' Without the board they will be asking 'what is it costing us to train?'" Training would once again become overly subjected to short-term economic fluctuations.

It is equally true, however, that most board staff recognised that there were limitations to what they were capable of achieving. And in their opinion such constraints largely emanated from the provisions of the 1973 Act and the rather *ad hoc* manner in which this had developed. Some of these have been referred to above particularly regarding the tensions created by the dual roles of inspectors and advisers where boards could be neither 'fish nor fowl'. There were, however, two other sets of constraints. The first of these related to inadequate resourcing and the second concerned a continuing uncertainty about the future of ITBs. Whilst on one level removing boards operating costs from industry had improved the firm/board relationship, on another it was seen to have damaged that relationship. Boards were now responsible to two masters, with two sets of objectives and as a result were seen by firms as becoming increasingly distant from the needs of the firm and more as instruments or an arm of government. Even although the boards were not particularly effective in influencing firms, this new role undoubtedly led to them being regarded as more of a nuisance by them. Boards were thus now subject to greater financial scrutiny from the centre which restricted the control that boards had over determining their own priorities. These constraints - and the frustrations to which they gave rise - is illustrated by the comment of the Ceramics Board that central scrutiny was "time consuming and uneconomical in resources when balanced against the results achieved. For example, this Board was the subject of three accountancy audits last year, ie for the Public Accounts Committee,

the MSC Auditors and auditors engaged to audit our own accounts in accordance with accepted practice."(39) The position was further exacerbated as Boards budgets became subjected to public expenditure cut-backs, which became particularly acute from 1979 onwards. Given that as boards' income also declined as the rate of exemptions increased the financial position of boards became increasingly strained. Thus in the view of the Ceramics Board: "the introduction of the 1973 Act and the consequences which flowed from it, particularly with regard to government funding and reduction in the levy funds, was a misguided and retrograde step. It believes that its industries would have been better served under the provisions of the 1964 Industrial Training Act and that many of the problems which industry and ITBs face today, for example lack of financial strength and conflict of priorities and role vis a vis the MSC, would not have arisen to the same degree if the earlier legislation had remained unchanged."(40) Board staff clearly therefore felt hampered in developing their role, were aware of some of the adverse consequences of this and were of the opinion that it was for these reasons that question marks were constantly placed over their continued existence. As a result the morale of staff was claimed to be low. Given such a situation it is not surprising that boards began to adopt defensive postures

But, our own evidence suggests that it was not simply a question of resources that was responsible for boards' inability to develop an effective role. Becoming training advisers rather than training regulators was dependent to a far greater extent upon getting firms 'on your side'. In other words firms needed to be *convinced* of the utility of the services that boards were offering. However, one clear difficulty confronting the ITBs lay in their

ability to evaluate the extent to which they had been responsible for improving training standards. "You can't quantify quality" was the way in which the problem was expressed by a senior Ceramics Board official. Boards were effectively unable to prove their utility, they could only assert it.

There was, however, another set of people who were also keen to assert their utility and who it can be argued had usurped the role of the boards in this context. These were the training staff within the individual firms. It was clear, from the generality of comments that the views of training staff about the ITBs was double-edged. Many of them acknowledged that they owed their position and indeed status to the existence of the boards. And further, a significant number expressed the private opinion that without the boards their position might very well be less secure. They had - especially in the past - therefore used the boards as a 'lever' to enhance their own positions. But, particularly as the expertise of such staff grew, their own value to the firm needed to be demonstrated independently of the board. A kind of 'rivalry' or competitive element could be discerned in the attitude of training staff towards the board. The irony of the situation was that boards' initial success in getting training going in many firms through increasing the number of training staff, had created a new forum for training that was thereafter in competition with the board. Therefore for neither those training staff whose positions within the firm were relatively secure nor those for whom it was less so was there much mileage to be gained from giving the boards a 'good press'. The result was that in both circumstances it was in the interests of training staff to maintain within the firm, and particularly at senior management level, the inspectorial and 'bureaucratic' image of the board, even

though by and large *training staff themselves no longer saw the board in this light*. As one Training Officer put it:⁽⁴¹⁾ "I don't suppose I've ever really seen the board in an inspectorial role, but I will certainly claim this to others that don't know. Managers sometimes need some convincing about training." Thus even though board staff had access to management, their ability to persuade firms that they had something worthwhile to offer was additionally constrained in view of the attitudes of firms' training staff. Having thus examined the impact of the boards on the standard of training within firms, we turn in the following sections to an assessment of the impact of the boards in raising the quantity of training in industry and in particular their role in the achievement of national policy objectives.

The Quantity of Training

Training boards were required under the 1973 Act to exempt all employers who made adequate arrangements for the training of persons required to carry on the activities which are, or are expected to be carried out on employers' establishments. The quantity of people trained in this context therefore is only important insofar as all those who need training actually receive it. Boards had no powers to compel firms to train beyond their needs. Nevertheless there is clearly scope for disagreement about what is the right quantity to meet those needs. The fact that the boards claimed to have been responsible for increasing the amount of training carried out within firms suggests that in this area at least boards were having some impact. We shall therefore attempt to assess the extent to which this was so. We do, however, need to note that for both boards there was a significant absence of information

available, with no data available in a quantified form by the Chemical Board. The figures that are available for the pottery industry, however, show for example that the number of employees receiving training had risen from just under 10,000 in 1966 to just under 20,000 by 1977. For the whole range of industries covered by the CGMP/ITB, the increases in the volume of training by occupation between the two years shows a more than doubling in the craft/operative and management/supervisory categories with a smaller increase in commercial and clerical and a slight drop in the technologist/technician categories.(42) The first issue that arises is how far such figures can be regarded as representing a real increase: the second is how far such increases can be attributed to the influence of the boards.

The claim of most company spokespeople that the needs of the company had always determined the level of training activity would seem to stand at odds with the above figures. There is of course the possibility that firms had consistently underestimated what those training needs were and that it took a training board to tell them. Another possibility (although the two are not mutually exclusive) that was suggested by a number of people during the course of the interviews was that the increases do not represent some absolute rise in the number of people undergoing training. But that new methods of counting brought about by the formalisation introduced by the boards meant the inclusion of categories of 'trainees' that would have otherwise have been excluded. That is, to some degree what is being counted as an increase in the quantity of persons undergoing training is really an increase in the numbers undergoing a *formalised period of training*, as distinct from the unstructured 'sitting by Nellie' or 'Joe' type. Perhaps the difference is one of perception:

to the boards 'sitting by Nellie' did not count as training; to many employers it did. Once such training was formalised it could be counted as an increase in the numbers undergoing training. Conversely some firms did not always seem to be aware that some of their activities actually counted as training. One Personnel and Training Officer in the pottery industry commented: "For the first couple of years we didn't bother going for exemption as we didn't think we would meet the Board's criteria....When we did go for it the Training Adviser was really quite helpful...he pointed out that what we did with new employees was really induction training. We hadn't realised that, and if we started to keep proper records this would be counted." What this suggests is a form of double-counting whereby it becomes extremely difficult to disentangle increases in training standards from increases in the numbers undergoing training. It would seem that board staff were in reality engaged in raising training standards and the above figures are more a measure of this, but, there was also a tendency to count such improvements as increases in quantity. At the very least this would appear to cast some doubt over the amount of increase in the quantity of training that boards were claiming to have secured.

We cannot, however, assume that there was *no* extension of training provision. Boards had latterly been including in their exemption criteria for example the development of management training and increases in the number of apprentices to cover future requirements as derived from firms' manpower plans. And indeed, most firms acknowledged that the area of management training had been one of considerable growth in recent years. Yet in general, the argument was put in both industries that the board had not been a major influence in determining the quantity of training undertaken by the firm. "The pattern is

not due to the ITB" claimed one representative. Factors mentioned as affecting the numbers undergoing training at any one time tended to have to do with the economic health of the firm and industry and changes in the structure of the industry. For example in the pottery industry the growth of operative and other training had coincided with a significant amount of restructuring: "From a long history of privately owned craft-based firms and companies, the Industry has developed by restructuring, *particularly since about 1965*, into an entirely different and highly sophisticated structure of technologically based Groups of companies mainly publically(sic) owned..."(43) Obviously new machinery means more training, although this may be offset through the effects of 'de-skilling' which the introduction of new machinery can bring about, and the fact that fewer workers are needed. Similar comments were forthcoming from the chemical industry about the effects of new processes and technology, although a great deal of emphasis here was placed upon the increase of safety training. Apart from the legislative requirements in this area it was commonly held that the major rise had followed on the 1973 Flixborough disaster. As for management training, both industries seemed to agree that that one significant factor was the need for management to keep abreast of legislation in the areas of employment and industrial relations. Also short term economic effects were seen to alter the numbers undergoing training. An economic downturn may, for example result in the shedding of labour which means firms are operating at minimum staffing levels. In such a situation "we are in trouble if there are absentees so we can't afford to have anyone training."(44) On the other hand economic upturns could produce the same result: "During the winter we had elaborate plans for training in other departments...but demand shot up, so training got left behind."(45)

We can see therefore that as far as meeting the training needs of the individual firm was concerned there were a variety of factors affecting the numbers undergoing training at any one time. Apart from a, probably fairly significant, initial increase brought about by the influence of the boards, it would appear that by the late 1970s boards were having no tangible effect in this direction. In any case it would seem that discussions of quantity become indissolubly linked with quality. We might indeed paraphrase the board official quoted above and say that "you can't quantify quantity". Even so, given the emphasis upon training to meet the business needs of the firm, board staff were hardly in a position - unless they were 'brave' enough to attempt to tell management what those needs were - to affect numbers to any significant extent. Firms, not boards were the arbiters of quantity. However, quantity was also important in another respect which was to do with meeting the needs of the industry or wider national needs, rather than the needs of the firm. We therefore go on in the following section to examine the role of the boards in this area and the reaction of firms to meeting - or not - these wider needs.

IMPACT OF THE TRAINING BOARDS: INDUSTRY AND NATIONAL OBJECTIVES

The words of one Managing Director that "I'm not in business to train my competitors' employees" is a sentiment that was shared by the overwhelming majority of staff in the two industries. But that, in essence was precisely what training boards were requesting that firms should do. We therefore turn

in this section to examine the implications of these two, apparently opposing, positions for the implementation of wider manpower policy.

To some extent, meeting the training needs of industry refers to those activities which have been the concern of the previous two sections. In other words if boards were ensuring that individual firms were meeting their own needs adequately then the aggregated effects would contribute towards meeting the needs of industry as a whole. Clearly the evidence presented so far casts some doubt upon how far boards were actually contributing to firms' training needs. However, meeting the needs of industry was not a matter over which the boards had total control. The most important reason being that a significant proportion of firms in the industry were excluded by size from boards' activities. Nevertheless, over and above the aggregated needs of firms it was claimed were broader issues of common concern and both the CAP/ITB and CGMP/ITB initiated specific programmes of work to deal with these. In the main these largely consisted of attempts to identify key skill imbalances within the industry and were the outcome of the Strategic Planning processes introduced by boards following discussion with the TSA/TSD.

The CAP/ITB published its first five year plan in 1976, updated annually thereafter.⁽⁴⁶⁾ Broadly, the plan widened and changed the Board's role from concentrating on training effectiveness in firms to additionally one of providing for the future requirements of skilled manpower in the industry and helping firms develop and cope with changes in manpower policies - in particular those arising from economic, social, legislative and technological pressures. The pursuit and achievement of the plan was dependent not only upon

the cooperation of individual firms, but the involvement of external bodies such as the Chemicals EDC and the TSA. The Plan identified nine "Missions" of which two are particularly relevant here.(47) First, the development of firms' manpower planning capability to enable assessments to be made about manpower and training issues common to the industry and not specific to the individual firm; secondly to secure adequate training arrangements in industry to train additional persons to meet both industry and national requirements. As can be seen therefore the development of such plans had a dual purpose: to overcome skill shortages within the industry concerned and thereby to contribute to the national stock of transferable skills. The second of these, however, was to be crucially dependent upon the coordinating role of the TSA/TSD and was part of the MSC's attempt to develop a national manpower policy as set out in the document *Towards a Comprehensive Manpower Policy*(48) and as later contained in the *Training for Skills* programme. One of the recommendations in *Towards a Comprehensive Manpower Policy* was the establishment of Regional Manpower Intelligence Centres whose principal tasks would be to analyse national and regional data and to carry out manpower studies in their regions and advise the MSC about developments.

In common with the chemical, and indeed the other 21 ITBs, the strategic plan of the CGMP/ITB channelled the activities of the board in the direction of manpower policies. There was evident, however, a hint of reservation about this in the Board's position as it was stated that: "In drawing up its plans the Board reaffirmed that its main priority would remain the stimulation of individual companies to adopt appropriate standards and practices..."(49) The performance of such a role was obviously contingent upon the gathering of

relevant manpower data from firms. As a basis for this all boards used the Statutory Manpower Returns which had been instituted in 1977 and which all companies were required to complete. Additionally information was gathered through sample surveys. In the chemical industry, for example, this involved visits to the establishments of some 100 firms covering all sectors and sizes, questionnaires to all firms and discussions with Trade Associations and Trade Unions.(50) Thus both boards were now actively pursuing strategies to achieve a set of objectives formulated at the national level. What was less clear was whether the strategies were the right ones and how far the boards were equipped to carry them through. The evidence in fact points to boards operating under a number of constraints that severely limited their effectiveness in this area. These related to the attitudes of firms in their industries, the structural characteristics of the boards themselves, and the increasing influence of the MSC on boards' activities.

The manpower survey carried out by the CGMP/ITB identified technician and craft engineering occupations and general and production management as the main areas of need. However, no figures were provided for prospective shortages specifically for the pottery industry. The Board's 1979 *Manpower* publication did though foresee a 7 per cent increase in technical and professional service occupations, as against a 2 per cent expected growth for the industry as a whole. The demand for operatives was also set to rise by 2 per cent while the demand for craft skills was forecast to drop by 6 per cent.(51) Clearly key skill shortages did not look set to pose a problem within the pottery industry, and as far as national shortages were concerned these were, by and large, an irrelevant consideration as most of the skilled and

semi-skilled occupations were not transferable but industry specific. Interestingly a survey commissioned by the MSC Regional Office in late 1979 of training needs in North Staffordshire contradicted the Board's findings in a number of respects. For example it was claimed that recruitment difficulties in the ceramics sector "were concentrated among industry-specific and semi-skilled occupations" although no severe problems were anticipated. It was further noted, however, that there were "considerable shortcomings in the availability of detailed and mutually compatible occupational data....The usefulness for survey purposes of the occupational information provided by ITBs and other training organisations varied considerably."(52) Of all the firms visited in the pottery industry none claimed to be training in excess of their own requirements although two stated that they had taken on an additional apprentice as a result of the manpower analyses carried out for the board. In fact when questioned on this most firms assumed that they were being asked about work experience schemes for school leavers in which about half the firms participated - for 'social' reasons. None of the firms expressed any serious concern about skill shortages and national skill shortages was a subject that did not seem to have penetrated the hearts or minds of those in the industry. Personnel in only three of the firms were familiar with the *Training for Skills* programme.

In the chemical industry the major shortage was for instrument mechanics/technicians (reported by 75% of firms) with recruitment difficulties being experienced for engineers, draughtsmen, engineering craftsmen, experienced process operators, computer personnel, and laboratory technicians. Some shortages were regional (eg instrument mechanics - predominantly in the

North East), others were national while some were confined to large firms (eg professional engineers). Almost all were in transferable skills. The attitude of firms in the chemical industry was, however, in general also unsympathetic to the view that firms should be training to meet national skill shortages. Whilst in principle there was support for national initiatives, there was also some resentment that individual firms were being required to shoulder a burden that was often claimed to be the responsibility of others. Some of the larger firms, however, did claim to have traditionally taken on more apprentices than they needed, largely because they were 'socially responsible'. Nonetheless all of these firms were in the process of cutting back their apprentice intake for the following year. The reasons were broadly similar: economic. Thus "[t]here has been a debate about how many apprentices to take on because we won't need them all. We wanted to take extra ones but the company can't afford it and no-one else will pay. Why take lads on only to make them redundant after a year or two. Therefore there will probably be a skill shortage when the economy turns up."⁽⁵³⁾ There was then on the one hand an acceptance that shortages occur and which may affect the firm at some future date, but on the other hand there was a denial that firms had any obligation to do more than 'their fair share'. In any case, as we shall see in a moment, many were of the view that more training was not necessarily the solution to skill shortages.

Even though the general attitude of firms in the chemical industry was opposed to training in excess of own needs, of some import was the evidence produced by the CAP/ITB that the majority of firms were not in fact training to meet their own future needs for skilled craftsmen.⁽⁵⁴⁾ Such evidence is particularly significant in that it suggests that until that time the Board's interpretation

of its role in ensuring that firms trained to meet their own business needs was oriented towards existing, not future needs. But now the Board was apparently attempting to ensure future supplies, when it had clearly had some difficulty in maintaining existing skills levels, and when the overall disposition of firms can be seen to represent a barrier to achieving national objectives in relation to skill shortages.

It is therefore pertinent at this point to consider the strategies that the boards adopted. The proposals of the CGMP/ITB were based on a fairly straightforward system of grants - a 'premium' grant in selected areas to encourage companies to maintain a balance in meeting their needs for key skills, and a 'star' grant for training to offset losses to the labour market. Levy abatement and exemption criteria were also to be more stringently related to key skill training needs.⁽⁵⁵⁾ Given, as mentioned earlier, that there were no identified shortages in the pottery industry, the grant system had more relevance to the other industries coming within the board's ambit. CAP/ITB's response was rather more complex. Having analysed the industry's labour market and employment practices in relation to the shortages identified, its proposed courses of action envisaged a considerably expanded role for the Board. *Training for Skills* had in fact provided the Board with an opportunity which it enthusiastically pursued to develop a new role for itself within the industry. How far it could consolidate such a role was, however, a different matter. It was claimed to be derived from comments received during industry consultation which had suggested to the Board that it "should be involved in "actual instruction" as well as acting in a purely advisory role..."⁽⁵⁶⁾ Thus the Board stated that in the most acute area of shortage - instrument

maintenance - it would be "prepared to take overall responsibility for the National Programme, including coordination of other ITBs involvement" (57) and would ensure that shortfalls in apprenticeship were made good either through sponsoring extra training places in firms or by recruiting and training its own apprentices. In addition the Board made proposals for adult retraining and stated its intention to give priority to its Manpower Development Planning Programme and "give urgent attention to what additional manpower data is required from industry, and how this might best be obtained, and monitoring implementation of programmes." (58)

This "zealous" activity - as MSC Chairman Richard O'Brien called it (59) - culminated in the opening of the Board's Instrument Training Centre on Teeside on 16 May 1979 with an intake of 43 apprentices. MSC funds were made available for this project. However, the fanfare surrounding the opening of the Centre had hardly died down when the CAP/ITB was announcing that "because of lack of current finance and the uncertainty of future funding, it was unable to recruit any CAP/ITB sponsored apprentices in September 1980." (60) The grants by which CAP/ITB were attempting to encourage employers to take on additional apprentices came largely from the MSC. The grant scheme was constructed to give priority to firms *already* training their 'industry share', to encourage firms who had not previously taken on apprentices to do so, and to those demonstrating that they were losing a disproportionate number of skilled people. Conspicuous by its absence, however, was any reference to the 'revolution' that training for skills was supposed to effect in *reforming* the apprenticeship system. The grants provided £2,000 for the first year of apprentices' and process plant operators' training. (61) The total funds made

available to the Board from the MSC were £1.7million for 1979/80. Such did not, however, represent a net increase in Board funds but rather the contrary as a switch in resources was involved. With the start of the *Training for Skills* programme, the funding, through ITBs of the Special Measures Programme ceased and for CAP/ITB the allowance under the former was less than under the latter. The limited finance available undoubtedly contributed to the lack of impact of the *Training for Skills* programme.

Apart from the issue of finance there were, however, other serious questions hanging over *Training for Skills*. One Training Manager in ICI described it as a "non-starter". We therefore turn to examine why this might have been so. Firstly we should consider the reliability and credibility of the information on which the *Training for Skills* programme was based. Apart from the surveys and projects undertaken or sponsored by the MSC, the most important of which was the National Training Survey of 1975/76,(62) most of the information on skill shortages was obtained through the ITB network. The collection of this data had aroused considerable resentment in most of the firms that were visited by the author, and there are at least two reasons to suspect that some of the boards' manpower forecasts were unsound. The first relates to the amount of time consumed by the exercises. One large chemical company for example estimated this to be the equivalent of about 600 man hours, while a fairly small pottery firm put it at about two weeks full-time work. The degree of animosity that the exercise built up is well illustrated by the following comment on the *Training for Skills* survey which involved:(63)

"communication of what had to be done, consultation about data collection procedures, data collection itself, data feedback, consultation about the consultation process for the data fed back, the consultation itself, discussion of the outcome of the

consultation, and finally feedback of the conclusions from the data as moderated by the consultation. No doubt consultation about the implementation of the conclusions will follow."

A not infrequently referred to result was that firms were not overly particular regarding the accuracy of information supplied to the boards. "The ITB data base is completely useless. They come round to companies and ask 'What are the skill shortages?' So we find them some" was another type of comment.

The second, and perhaps more significant reason, was that firms were unwilling to divulge what they considered to be confidential and sensitive information to outside bodies. Future manpower forecasts were capable of interpretation by both competitors and trade unions. It was, for instance, pointed out that firms would be extremely circumspect about giving any information that pointed towards possible future contractions. Similar problems of confidentiality also affected attempts at industrial planning in the 1970s.⁽⁶⁴⁾ Such concern about confidentiality indeed affected training issues considered by the Sector Working Parties. As Grant notes: "In some cases, management were simply obstructive. The working party on electronic computers was concerned about shortages of skilled labour. However, when it contacted individual companies for more information, five multi national companies, including IBM, refused to give manpower forecasts, as did twenty-four out of thirty-one software houses."⁽⁶⁵⁾ In this context a letter from one of the larger chemical firms (dated 28 February 1980) to the CAP/ITB contained the statement that: "We see problems here over issues of confidentiality. All divisions of this company would be extremely reluctant to discuss details of new technology, markets or products with any external agency, let alone one that is in contact with our

competitors. This is not to denigrate the integrity of CAPITB staff - it is merely a fact of business life." This may have been one of the reasons why the manpower predictions of the CGMP/ITB for the pottery industry turned out to be significantly over optimistic for the years 1978-83. Such may also account for the fact that during the course of interviews in chemical firms, even in those regions where the Board asserted the shortages were most acute, none of the firms claimed to be suffering any particular shortage of key skills at that time. The serious shortage of instrument artificers was referred to by most, but as a temporary phenomena that now seemed to have resolved itself. The shortage was largely seen to have been created by an outflux of workers to the Middle East, many of whom had since returned. So, in addition to a general predisposition not to carry out training over and above their 'fair share' there was a considerable amount of doubt expressed within firms about the desirability of basing additional, long-term and expensive training upon what was often regarded as questionable data. Of major consideration in all this was the cost element. Why, the rhetorical question was often posed, should firms be expected to assume the additional cost of such training. Grants of £2,000 were considered to be "derisory" when set against the total cost of apprenticeship training - which was variously placed between £15,000 and £25,000.

A mixture of reluctance and scepticism at the firm level was therefore acting as a considerable constraint upon boards' ability to have any real impact on training to meet wider national objectives. Such scepticism was to do with the nature and extent of skill shortages: were they real or illusory? And even if real was a training solution the most appropriate response? The evidence of a

detailed study of skill shortages in West Central Scotland, for instance, had placed training related reasons in seventh and eighth positions out of fourteen in factors contributing to skills shortages. Factors seen as more important were: workers being attracted away by other *local* employers; a general rise in the demand for shortage labour; poor quality labour; anti-social hours of work; and difficult journeys to work. (66) The importance of training as a solution was also an issue about which the CBI exhibited a degree of caution: (67)

"The situation is full of paradoxes. Shortages are persistently reported in areas of high unemployment among skilled people. Nationally, skilled unemployment has been rising slightly and vacancies falling. Overall there is 1 vacancy for every 3.3 skilled unemployed but not all such vacancies are notified to ESA. The ESA reports that investigations of individual cases quite often show that shortages are over-stated, even illusory, or have obvious causes such as particularly unattractive pay and conditions."

The paper went on to conclude that "there certainly are shortages" but that "[i]nadequate recruitment and training is one cause but by no means the sole cause" of such shortages. Among the possible causes the following were set out (in no order of importance): (68)

- over-long apprenticeships
- poor educational standards of young applicants for training
- poor quality of adult applicants for jobs
- diminished pay differentials and rewards for skill
- relative lack of job security
- insufficient scope for the use of skills learnt
- restrictive practices in employment
- insufficient labour mobility
- lack of manpower planning

Some important modifications had occurred in the area of craft/skill training during the past decade - mainly due to the work of the Engineering Industry

Training Board - such as a reduction in the length of apprenticeship to four years, off-the-job first year training, and the introduction of the module system.(69) Nevertheless the *system itself* had remained essentially the same carrying with it the same structural constraints that we have discussed in earlier chapters. Indeed, it became quite clear during the course of the interviews that restrictive labour practices were at the very least *perceived* to be the single most important barrier to increasing the supply of skills. Such was not only the opinion of management and training staff, but was also admitted by many of the trade union representatives seen. None of the firms in the chemical industry took TOPS trainees that had completed courses in craft trades: some had attempted to and had experienced the kind of problem reported by one firm that had engaged three mechanics only to have to send them off the site five days later when their 'status' was discovered by the unions. Similar problems were reported with attempts to retrain workers when this included upgrading or relaxing skill boundaries. Most firms reported some improvements in obtaining agreements to introduce greater flexibility of deployment, but this was generally *between* skilled trades - except that between mechanical and electrical engineering - with little progress having been made between the craft and semi-skilled divide.

There is an obvious conflict here with certain parts of the evidence considered earlier and which concluded that as a cause of skill shortages restrictive practices were not of major significance. We need to briefly examine why this might be so. One possible reason may be that the demarcation problem became more acute during the 1970s as structural and technological changes in industry gained pace giving greater significance to the need for

better utilisation of existing manpower resources. Further, successive attempts by governments to control pay and prices had, by the late 1970s, led many unions to claim that pay differentials had been seriously eroded, thus reinforcing unions' attachment to craft boundaries. And in a situation of increasing unemployment it is difficult to see unions assenting to flexibility agreements which in effect reduces the marketability or transferability of skills. In other words it is in the interest of the craft unions to maintain transferability at as high a level as possible: flexibility of deployment reduces transferability by adapting skills more closely to the needs of the individual employer. As a joint NEDO/MSD study of engineering 'shortages' pointed out, such a situation is likely to be more pronounced where there is a lack of security of employment.(70) It is possible therefore that in the past, causes other than restrictive practices had been referred to more often by employers because the existing system tended to be treated as a 'structural given' by both management and unions. This may be one reason why firms relied heavily upon the local labour market rather than upon the internal labour market of the firm to fill a particular vacancy. A similar point has been made about the car industry in Britain by Marsden *et al* who claim this to be a much more frequent occurrence in Britain than in most other industrialised nations, in particular because the costs of negotiating greater flexibility were seen by management as too high. They also point out that the greater success of foreign competitors in utilising the internal labour market of the firm to overcome skill shortages is linked to an increased willingness by management to enter into agreements which enhance job security.(71) However, despite the costs involved, some of the larger firms in the chemical industry were engaged in attempts to tackle the demarcation issue, and many believed

that the problem of skill shortage would not be overcome until this had been achieved. If this is correct then it clearly casts further doubt upon the capacity of the *Training for Skills* programme to tackle skill shortages as it was an approach that predicated shortages of skills against *existing* manning practices, rather than future requirements. In other words it failed to give sufficient weight to industrial relations issues, or even to future skill requirements resulting from technological changes.

On top of all this, there is one final, but important point that needs to be addressed. We have noted above the importance of the local labour market in recruitment practices. One of the problems when discussing key or transferable skills shortages is that they are not predominantly shortages at the national or even industry level. Shortages occur in different mixes of intensity in different parts of the country and unless there exists a highly coordinated and sophisticated manpower intelligence capacity, training boards that are industry based are structurally inadequate for the task. By definition, transferable skills flow *across* industries. Because a board's information is derived only from its own industry it may, therefore, actually encourage excess training where there might, in fact exist *regional* surpluses due to the amount of training being carried out in other industries (*or vice versa*). It is clear that the MSC had become aware of the difficulties that this posed and was increasingly concentrating its efforts on building up information about local labour markets through its own regional/district offices.

CONCLUSIONS

The analysis presented in this chapter would indicate that there were four major factors operating to make the position of the boards increasingly tenuous in having an important role to perform in the implementation of industrial training policy. These four factors are interrelated. In making an overall assessment of the boards' impact on training we have to take account of the characteristics and dynamics of the policy context within which they operated. This is not simply necessary because the performance of implementing agencies needs to be set against some notion of policy, but is important in establishing the deeper constraints impinging on the boards' work rather than just focussing upon ostensible behavioural explanations, eg low competence, lack of resolve, recalcitrance. Further, it should clarify what the most effective solutions - either at the strategic policy or implementation levels - were open to reconcile the needs of national policy with the needs of individual firms given the conclusions we have reached on the limited impact of the boards as the intermediary bodies.

These four factors then may be set out as follows:

1. That following the 1973 Act the role of the boards had become increasingly ambiguous.
2. That the problem that boards were addressing was not necessarily the 'correct' one.
3. That boards were inadequately structured to achieve the objectives of policy as it had developed.
4. That boards did not seem to have managed to generate any broad or stable coalition of supporters - either from within their industries or above.

Thus in relation to the first of these factors, the boards may be represented as attempting to achieve some kind of equilibrium between three types of pressure. Two were external in the form of the demands of their constituents and the demands of the centre, the other was internal in the form of boards' own preferred courses of action. On the one hand existing to serve the business needs of firms, on the other increasingly being used as instruments for the achievement of national policy objectives, boards' ability to affect either was hampered by their statutory and financial bases, of which the latter had been gradually eroded and subjected to increasing control from the centre. This limited boards' freedom to respond and adapt to the different needs of firms while at the same time in the eyes of many excused them from having to justify their interventions against any criteria of business efficiency. Such a situation generated considerable tensions between the advisory roles that the boards wished to pursue with the need to maintain some statutory powers. This was perhaps more acute in the chemical industry where there is evidence that the standard of training was higher than that of the pottery industry and the where the CAP/ITB more clearly wished to pursue a consultancy/advisory role. Although regarded as an essential part of the CGMP/ITBs operations, the advisory functions were more of a 'back-up' reflecting the standard of training in the industry. Furthermore, the effectiveness of training intervention was also contingent upon the accuracy of the information available to boards. But such information had to come largely from firms who, as we have seen, were none too keen to supply the boards, and what information was supplied seems in many cases to have been suspect. In short, the constraints that these conflicting pressures imposed served not only to limit the impact that boards could have in affecting training

decisions, but limited boards' ability to manoeuvre the situation so as to improve their effectiveness. There was, in other words little, if any, possibility of policy development through ITBs. If anything, we might argue that, as far as national policy objectives in particular were concerned, boards had been responsible for some displacement of policy, but that this was a kind of 'enforced' displacement resulting from the exigencies of the situation and boards' limited capacity to respond.

The second factor that we have identified relates to the problem that boards were addressing. One reason that might be put forward, however, to explain the limited impact that ITBs were having is that they were too weak as instruments of intervention, and had become even weaker post-1973. If this were so then an obvious solution might be to provide the boards with greater powers and resources. Whilst this may have overcome some of the difficulties, it would not have fundamentally altered the situation. The reason being that the problem of inadequate training extended much wider than training issues, most notably into the 'knotty' realm of industrial relations and was subject to the same kind of economic pressures - the state of the order book, technological changes - that affected other kinds of investment decision. Such factors were clearly beyond the reach of the boards. The remit of the boards limited their activities and, thereby their impact, to training matters. Therefore, simply enhancing the power of boards would certainly not have led to any 'critical breakthrough' in the achievement of policy objectives. Furthermore, as we have seen, firms did not react positively to even mild or weak forms of intervention and were concerned to retain their autonomy in the training field. This was especially true of firms that had developed their own

internal personnel and training arrangements. Thus, giving boards greater powers of enforcement, inspection and so on, may only have served to generate a level of conflict that would make it more, not less, difficult for boards to achieve a greater impact, and would have done little to address the wider issues involved.

The third factor refers to the structural inadequacies of the boards. So long as they remained structured on an industry basis the difficulties created by local and regional labour market imbalances would remain - unless the TSA greatly expanded and developed its role in this direction. Attempting to match the supply and demand for labour will be relatively ineffective where the prime effort is expended in increasing the total supply without much regard to the variability of factors affecting demand. A national approach to skill shortages directed largely through industry based boards is significantly misplaced if, for instance, shortages are a regional or local problem.

Our final conclusion is that training boards had failed to generate a stable basis of support for their activities. Apart from the above, the reasons for this are to be found in the contradictions inherent in the policy itself and the implicit, but 'unrealistic' expectations this placed upon the boards. Overall, there is little doubt that in both of the industries studied the ITBs had been responsible for stimulating improvements in training performance and efficiency (despite the obvious difficulties of measurement) and in the view of boards thereby contributing to wealth creation. But having reached such a position, the MSC/TSD was effectively saying that boards should not simply promote training to meet the individual needs of firms, but that training

should also be promoted to meet wider national needs. This brings us back to the internal logic of the policy itself and the question of how far what was rational behaviour at the national level was compatible with what was rational behaviour at the level of the individual firm. The economic needs of the state required that the total level of skills supply should be increased. But being premised on the view that it was industry's responsibility to provide training meant that industry had to *voluntarily* supply the increase. However, as we have seen, the costs and benefits of training were treated in much the same way as any other form of investment decision by the firm and employers did not regard it as being in their individual interests to train above their own needs. Industrial training policy had never fully addressed the contradictions inherent in this situation. It had neither made it sufficiently in the interests of firms to 'comply' with national priorities - through financial incentives or by giving attention to other structural constraints - nor had it been prepared to use more coercive means. To some extent it had adopted a bit of each approach and therefore not had much impact with either. Structured as they were ITBs had, in overall terms, probably achieved as much as they were capable of: that skill shortages persisted had more to do with the logic of the policy and its narrowness of conception than with implementation 'failure'. This meant therefore that a lack of support from below was being matched by a growing awareness from above that ITBs were inappropriate instruments for the achievement of national policy objectives.

The existence of the ITB system did not lead to the creation of the 'virtuous training circle' that the policy was obviously intended to secure. Furthermore, due to the conflicting constraints and pressures under which boards were

operating there was little scope for them to engage in any form of policy development. This and the preceding chapter demonstrate that where policy development was taking place it was at the central, not the sectoral, level. Perhaps not surprisingly, it was the Manpower Services Commission and the Training Services Division that were actively pursuing the development of industrial training policy, and in this process ITBs had come to occupy a place much more on the periphery.

We have obviously been drawing general conclusions about the operation of industrial training policy from an analysis of two industries. Whilst the performance of the other ITBs was variable - the most 'successful' being the Engineering ITB which in some ways could be regarded as something of a 'trail-blazer' - we would argue that the evidence suggests that in the majority of cases such conclusions are sound. And in fact, the issues which we have examined in this chapter were to assume a much greater degree of prominence during the subsequent two years as in 1979 the MSC began a major review of the operation of the 1973 Employment and Training Act. It is the process of this review that we therefore turn to examine in the following chapter.

FOOTNOTES

1. Chemicals EDC *Chemicals - A Dialogue for Change* (London: NEDO, 1978).
2. Chemical Industries Association *Making Success Happen* (London: CIA, 1977)
3. See D T Jones 'Output, Employment and Labour Productivity in Europe since 1955' *National Institute Economic Review* No 77 (August 1976). The other countries in the survey were Belgium, France, Germany, Italy and the Netherlands.
4. Chemical Industries Association *Making Success Happen* p 1.
5. Chemical and Allied Products Industry Training Board *Manpower in the UK Chemical and Allied Products Industries, 1978: Supplement I, the Chemicals Sector* (Staines: CAPITB, 1978).
6. R J Hardman *The British Chemical Industry* (London: Jordan & Sons, 1981) p 11.
7. The CIA's formation was a result of the amalgamation of the Association of Chemical and Allied Employers (ACAE) and the Association of British Chemical Manufacturers (ABCM). Until 1975 different classes of membership existed whereby member companies could opt out of either the trade association or employers' organisation aspect of the work of the CIA. Since July 1975, however, the structure has been based upon a single class of membership. See *Serving the Chemical Industry in Britain* (London: CIA, undated).
8. Interview with an Executive Officer, Industrial Relations Division, 17 September, 1979.
9. As we shall see in chapter 10, for example, when ICI was threatening to pull out of the CIA at the time that major changes to industrial training arrangements were being discussed.
10. For interesting historical accounts of managerial control and the social bases of trade unionism in the potteries between 1900-1925, see R Whipp "The Art of Good Management" *International Review of Social History* Vol 29 (1984); R Whipp 'Potbank and Union: A Study of Work and Trade Unionism in the British Pottery Industry 1900-1924' PhD Thesis (Warwick University, 1983); and R Whipp 'Plenty of Excuses, No Money': The Social Bases of Trade Unionism, as illustrated by the Potters' *Society for the Study of Labour History* Vol 49 (1984).
11. Despite - or perhaps because of - their dominance, however, the 'mystique' surrounding the two was maintained in this study as both groups refused to cooperate in the project.

12. Most of the preceding section is based upon information received from the British Ceramic Manufacturers' Federation (BCMF).
13. Ceramics, Glass and Mineral Products ITB *Manpower 1979: Pottery Industry* (CGMP/ITB: Harrow, 1980).
14. CGMP/ITB *Manpower 1979: Pottery Industry* p 8.
15. CGMP/ITB *Annual Report and Statement of Accounts 1978-1979* (CGMP/ITB: Harrow, 1979).
16. The full list of these sub-committees in March 1980 were: Finance and General Purposes; Training Policy; Small Companies Advisory Panel; Industrial Training; Marketing, Commercial and Management Services Training; Technical Training; Management Training; Research; Safety Training; Manpower Development Planning Working Party; Manchester Bridge Steering Group; and the Management Committee of the Instrument Training Centre. See CAP/ITB *Report and Statement of Accounts for the Year Ended 31 March 1980* (CAP/ITB: Staines, 1980).
17. Chemical and Allied Products Industry Training Board *Annual Report and Statement of Accounts for the year ended 31 March 1971* (London: HMSO August 1971).
18. CAP/ITB *Report and Statement of Accounts for the year ended 31 March 1979* (Staines: CAP/ITB, August 1979).
19. CAP/ITB *A Guide to Training Development Review* (Staines: CAP/ITB, July 1974).
20. See also *Levy Exemption Arrangements* (Staines: CAP/ITB, July 1974) and Supplement (July 1976); 'Levy Exemption Arrangements - A Proposed Future Pattern' *CAP/ITB Bulletin* No 52 (February 1980).
21. 1971 *Annual Report* p 5.
22. 1979 *Annual Report* pp 6-7.
23. CAP/ITB *Report and Statement of Accounts for the Year Ended 31 March 1978* (Staines: CAP/ITB, 1978). A sample of such projects includes: Organisational Analysis and Performance Appraisal; Energy Conservation; The Role of the Training Officer in the Chemical Industry; Impact of International Trends; and Shortage of Instrument Maintenance Personnel.
24. Ceramics, Glass and Mineral Products Industry Training Board *Annual Report and Statement of Accounts 1978-1979* (Harrow: CGMP/ITB, 1979); CGMP/ITB 'Review of Employment and Training Act', The Board's submission to the Training Services Division (October 1979).
25. CGMP/ITB paper, CGMP/Review/80, dated 22 January 1980.
26. CGMP/ITB *Board Strategy 1979-1984* (Harrow: CGMP/ITB, 1979) p 5.

27. CGMPITB *Board Strategy 1979-1984* pp 7-10.
28. CGMPITB 1979 *Annual Report* p 4.
29. John Golding, Under-Secretary of State at the DE with responsibility for training matters from April 1976 to May 1979. Interviewed by the author, 6 April 1980.
30. Interview with ITB Training Adviser, 30 April 1980.
31. The first comment was made by the General Manager of the pottery firm (Aynsleys China) that had chosen not to apply for levy exemption, while the second represented the views of the General Manager of a firm (Sampson & Bridgewood) that was wholly exempt from levy.
32. Personnel and Training Manager, Norton Industrial Ceramics.
33. General Manager, Aynsleys China.
34. See *Shortage of Instrument Maintenance Personnel in the United Kingdom - Craftsmen and Technicians* (Staines: CAP/ITB, September 1978).
35. Personnel and Training Manager, BP Chemicals; Personnel Officer, Churchills (potteries).
36. Divisional Training Manager, ICI. My emphasis.
37. See for example 'Training Agreement Between ICI Petrochemicals Division and Chemical and Allied Products Industry Training Board'. The different divisions of the company entered into their own separate agreements with the Board.
38. CAP/ITB *Submission to the Review Body on "The Working of the 1973 Employment and Training Act"* September 1979, pp 3-4, private copy.
39. CGMPITB *Review of Employment and Training Act 1973* October 1979, p 31, private copy.
40. CGMPITB 'Review of Employment and Training Act 1973' p 2.
41. Lankro Chemicals Ltd.
42. CGMP/ITB 'Review of Employment and Training Act 1973' p 5.
43. From a confidential Memorandum submitted to the Department of Industry by the British Ceramic Manufacturers' Federation, dated 13 October 1982.
44. Personnel Manageress, John Tams Ltd (potteries).
45. General Manager, George Howsons, (potteries).
46. CAP/ITB *Working at the Future: Strategy for 1977/82* (Staines: CAP/ITB, September 1976).

47. The other seven were in areas such as 'relations at work', 'export and commercial performance', 'management of organisational change', 'health and safety'.
48. Manpower Services Commission *Towards a Comprehensive Manpower Policy* (London: MSC, October 1976).
49. CGMPITB *Annual Report and Statement of Accounts 1977-1978*.
50. *Training for Skills: CAP/ITB's Submission to the Manpower Services Commission* September 1978. The Board's programme was in fact set out in CAP/ITB *Bulletin* No 44 (January 1978).
51. CGMPITB *Manpower 1979: Pottery Industry* (Harrow: CGMP/ITB, 1980)
52. CGMPITB *Survey of Training Needs in North Staffordshire*, summary report distributed to participating companies, pp 8 and 2.
53. Production Manager, ICI.
54. *Training for Skills* CAP/ITB's Submission to the MSC *op cit* p 9.
55. CGMPITB *Annual Report 1978-79* p 7.
56. CGMPITB *Annual Report 1978-79* p 19.
57. CGMPITB *Annual Report 1987-79* p 20.
58. CAP/ITB *Annual Report 1978-79* pp 25-6.
59. CAP/ITB *Newsletter* No 11 (June 1979).
60. CAP/ITB *Report and Statement of Accounts for Year Ended 31 March 1981* (Staines: CAP/ITB, 1981) p(ii).
61. CAP/ITB *Bulletin* No 48 (May 1979).
62. There was also the major programme on the Grouping of Skills, begun in 1975 and which was to run until 1981.
63. Group Personnel Manager, ICI.
64. W Grant 'The Last Labour Government's Industrial Strategy: Problems of Policy Implementation through a Tripartite Structure' Paper presented to the Public Administration Conference, University of York, 1-3 September 1981, p 13.
65. Grant 'The Last Labour Government's Industrial Strategy' pp 13-14.
66. L C Hunter and P B Beaumont *Labour Shortages and Manpower Policy* (London: MSC, 1978).
67. CBI Paper 661.7/2 'Skill Supply in the UK' August 1978 p 2.

68. CBI 'Skill Supply in the UK' p 4.
69. On this see for example *The Training of Engineering Craftsmen* (Engineering Industry Training Board, 1981).
70. *Engineering craftsmen: shortages and related problems* (London:NEDO, 1977).
71. D Marsden, T Morris, P Willman, S Wood *The Car Industry: Labour Relations and Industrial Adjustment* (Tavistack, London 1985), Ch 4.

PART FIVE:
THE NEW TRAINING INITIATIVE

CHAPTER NINE

THE PROCESS OF CHANGE: THE REVIEW OF THE 1973 EMPLOYMENT AND TRAINING ACT

This chapter is concerned with an analysis of the processes that led to the formal changes in industrial training policy between early 1978 and late 1981: the most important of these changes being the abolition of seventeen Industrial Training Boards and the promulgation of the New Training Initiative - ostensibly a 'new' set of policy proposals. This chapter is concerned with the former of these changes while the New Training Initiative will be considered in chapter 10. The reasons *why* changes were deemed necessary had mainly to do with dissatisfaction with existing arrangements of the kind discussed in the previous chapter. However, an explanation about the *form* that the changes took requires us to go beyond elaborating the 'shortcomings' of the training system, to an examination of the decision-making process itself, for the process was at least as important as the failings of the existing system in influencing the type of changes involved. That is the changes were just as much the outcome of a political as well as a 'technical/rational' process. To illustrate the point, whilst we might claim that by 1979 ITBs had few supporters within industry and although there were complaints about boards' operations, there was little evidence of great hostility such that the continued existence of boards *in some form* was seriously questioned. By mid-

1980, however, many industries were actively involved in promoting schemes that would lead to the winding up of their ITB. In other words, what occurred during this period was significant in shaping the direction of policy change in this area.

The main focus of the chapter is the Review of the Employment and Training Act (RETA) 1973 and the series of events to which this gave rise. The analysis draws largely upon information and material obtained during this period from those involved in the 'process of change'. Thus the author was given access to CBI files as well as much of the time of permanent staff. A considerable number of interviews were conducted with the MSC/TSD officials who made up the Review Team and who were responsible for servicing the Review Body. The views of all ITBs were canvassed as were those of a number of employer organisations and trade associations. In addition the progress of training arrangements in the chemical industry was followed through by interviews and material obtained from a number of companies, most notably ICI.

THE GENESIS OF CHANGE

The Earl of Gowrie who, following the Conservative Party's election victory in May 1979, had become Minister of State at the DE with responsibility for training, stated in December of that year that "since taking office again we have indicated our concern that arrangements in this [industrial training] field need to be related closely to the present and prospective skill needs of

industry, and to be cost-effective. To this end we have set in motion a review..."(1) Such a review - Review of the Employment and Training Act 1973 (RETA) - was indeed in progress, but the credit did not belong to the new Conservative administration although the existence of a new government was to have an important bearing upon the outcome. The review was in fact part of the MSC's ongoing review process and had its origins in the 1977 Review and Plan which stated that: "there should in two years' time be a review of the progress made under the 1973 Act as it relates to training by industry. The review would cover the ITB and non-ITB sectors and would consider such questions as whether under the existing arrangements not only firms' training needs but the wider needs of industry as a whole are being met."(2) Initially it appears the review was to be an internal exercise, carried out by TSD officials. However, as the relationship between the TSD and ITBs became increasingly strained during the intervening two years many ITB staff were apprehensive that such a review would lack balance because firstly they would have no influence over it, and secondly it did not open up to scrutiny the performances of the MSC/TSD.(3) The logic of such arguments was difficult to refute and pressure from the boards (sometimes with the support of individual companies) was successful in widening the scope of the review and opening it up to wider interests.

Thus the eventual terms of reference were fairly broad and although they did not specifically mention either the MSC or TSD - or even indeed the ITBs - a consideration of their roles would clearly be encompassed in the review. The terms of reference were:(4)

To review the working of the Employment and Training Act 1973 so far as it relates to arrangements for the promotion of training for

employment, together with the provision of further education closely associated with industrial training, and the links between them, and to recommend how these arrangements should be altered or developed for the future, having particular regard to:-

- (i) The future needs of the economy for trained manpower of all kinds.
- (ii) The needs of workers, including young people entering employment.
- (iii) The efficient working of the labour market nationally and locally.
- (iv) The need to ensure the economical and effective use of public funds.

Formal responsibility for the review was vested in a Review Body, chaired by the Chairman of the MSC and which was scheduled to report by July 1980. Its composition was;(5)

MEMBERS OF THE REVIEW BODY

Mr R O'Brien	Manpower Services Commission, Chairman
Mr A B Berry	Director, Coventry and District Engineering Employers Association
Mr G A Brinsdon	Director of Education, Metropolitan Borough of Sandwell
Mr F Chapple	General Secretary, Electrical, Electronic, Telecommunication and Plumbing Union
Mr M Clarke	Director of Personnel Services, British Steel Corporation
Mr K R Cooper	Chief Executive, Training Services Division, MSC
Mr M Downing	Secretary, CBI, Manpower Services Advisory Board
Mr D B Edwards	Principal, Rotherham College of Technology
Mr K Gill	General Secretary, Technical, Administrative and Supervisory Section, Amalgamated Union of Engineering Workers
Mr P Haxby	Deputy Chief Executive, TSD, MSC
Mr T F Honess	Chairman, Rubber and Plastics Processing Industry Training Board
Mr J Monks	Head of Organisation and Industrial Relations Department, TUC
Mr J Phillips	Chairman, Distributive Industry Training Board
Mr E Tindall	Director General, Road Transport Industry Training Board

Even though formal responsibility had been given to representatives from a range of interests there was still some dissatisfaction with the Review Body's

composition. In particular education and private industry complained of being under-represented,(6) while others still saw the review as an internal MSC exercise which thus lacked legitimacy and credibility. Lord Mottistone, himself a former member of the Distributive Industry Training Board, for example argued that "...with the best possible will in the world I do not think it quite appropriate for a body to conduct its own inquiry into itself".(7)

THE CONTEXT OF THE REVIEW

The beginning of the Review Body's deliberations - its first meeting was on 7 June 1979 - coincided with the coming to office of a new government whose specific views about training were uncertain other than a manifesto commitment to review the relationship between schools, further education and training.(8) The Government was, however, committed to reducing public expenditure as well as the number of Quangos and the amount of regulations 'imposed' on industry. On all three counts the MSC and ITBs were clearly in the 'firing line'. An early indication of this was the expenditure cut of £110 million (16%) and a 3 per cent cut in staffing imposed on the MSC in June 1979 for the year already begun.(9) Some of these were passed on to ITBs who complained bitterly about having their budgets cut so far into the financial year. The boards' total operating costs for 1979 were reduced by £9.8million,(10) leaving them at £42.3million.(11) Thus the Ceramics ITB reported a 20 per cent cut in expenditure and a 12 per cent cut in staffing levels, while the Chemical Board was subject to an expenditure cut of 19 per cent.(12)

The situation worsened in December 1979 and January and March 1980 when further cuts were announced which required the Commission to find savings of £169 million in 1980-81 and staff savings of 3,400 by 1984. Further cuts amounting to £80 million and 1,710 posts were incorporated into its Plan for 1981-85.(13) The cutbacks forced the Commission to re-examine its priorities - although some argued that this was not before time as in the past a number of programmes had been subject to underspending.(14) Thus to meet a situation of what was termed increasing need but diminishing resources the Commission adopted three main priorities which were:(15)

to safeguard the provision of skilled manpower for industry's needs. Support for training in skilled and technical occupations will be stepped up, but numbers trained under the Training Opportunities Scheme will fall from over 70,000 to about 60,000 a year;

to increase opportunities for training and work experience for young people. The Youth Opportunities Programme will be expanded to help 250-260,000 young people next year;

to provide a completely modern employment service able to help people quickly into jobs. The jobcentre network will be completed, but staffing reductions mean that some specialist services will be merged into the general employment service.

Following criticism by the Employment Select Committee,(16) however, a fourth objective was incorporated into the Commission's Plan for 1981-85 which was:(17)

to do all that is practicable to place in permanent employment, in training or in temporary employment those unemployed jobseekers who most need help in returning to work.

Thus the areas most affected by the cuts were certain of the MSC's training services, in particular the Training Opportunities Scheme. Interestingly, TOPS had itself been subject to a review only the year before RETA began, a fact which generated the observation that RETA was therefore only a partial review

as TOPS was specifically excluded from the deliberations. The TOPS review had revealed a mismatch between the 'social' and economic objectives of the scheme and it was therefore planned to bring the courses more in line with employer and labour market needs, particularly where there were continuing skill shortages. Although the target of 100,000 completions per year had by 1978 been virtually achieved, long-term numerical targets were to be abandoned and replaced by annual reviews of the needs of the various labour markets and the wider national training system - in the light of current economic conditions. Even so, projections to 1982/3 suggested a completion rate of 107,700.(18) The effect of the expenditure cuts two years later was a virtual halving of the number of completions for 1980. The one area that was not subject to expenditure constraints - but which on the contrary continued to grow rapidly was that of special programmes. In fact by 1980 there had been a considerable shift in the balance of the Commission's resources whereby expenditure on special employment measures (Job Creation Programme, Work Experience Programme, Community Industry, Special Temporary Employment Measures and the Youth Opportunities Programme) had risen from around 7.5% in 1976/77 as a proportion of the total budget of £578.8million, (at 1980 survey prices) to 28.5% of the £725.1million budget for 1979/80. Moreover this was planned to rise to 48% of the 1983/84 budget of £840million.(19) The Commission - and its chairman in particular - was not slow to point to the effects of these expenditure constraints particularly at a time when the unemployment situation was rapidly deteriorating. Such reductions, it was argued, could not be "offset by increased efficiency. Some reductions in services are inescapable". A bleak picture of the future was presented:(20)

*From the time it was set up, the Commission has sought to advance a comprehensive manpower policy....Employment and unemployment

prospects are critical to its planning. The prospects over the next 18 months and beyond are now daunting - unemployment will rise sharply and remain historically high throughout the Commission's 4-year planning period. Major redundancies are in prospect in steel, shipbuilding and other industries and will have a sharp impact in particular towns and districts. Meanwhile the size of the labour force is growing. Unemployment is likely to rise disproportionately for young people...Shortages of skilled workers may ease while unemployment is rising, but intakes of young trainees could be seriously affected."

There was occurring, therefore, a considerable shift in emphasis and resources away from measures designed to have an impact on correcting structural deficiencies in the labour market. Instead, it was to the politically more salient group of young school leavers that resources were increasingly being devoted, with the Commission giving priority to fulfilling its 'Easter undertaking' - first introduced at YOP's inception on 1 April 1978 - of the offer of a place to all summer school leavers by the following Easter. But, as the Commission pointed out in its Draft Corporate plan for 1981-85, this was to the detriment of other programmes:{21}

"Drawing up this year's Corporate Plan has faced the Commission with hard and painful decisions which we believe are not in the interests of the development of manpower policy in Britain. Last year we expressed the view that our response to the needs of the labour market was inadequate. This year we have again had to reduce sharply the resources devoted to the employment and training services. The growth of the Commission's special programmes should not obscure the downward course of expenditure and staff on these services to the labour market."

It was against this background that the Review Body carried out its work. One question that we shall be considering therefore is the extent to which the Government's priorities had a bearing upon the cogitations of the Review Body and therefore influenced the final report. The nature of the review had been characterised by Richard O'Brien (MSC Chairman, 1976-1982) as "one of the most important exercises which the MSC has undertaken during my period as

chairman...[It] provides the first opportunity to take a comprehensive and fundamental look at the operation of the various institutions and to judge whether they continue to be fully relevant in rapidly changing circumstances to meet the future training needs of industry and the nation. We are concerned both with fundamental aims and with the means and the cost of attaining them."(22) However the Government's actions were seen as posing a threat to such a purpose, particularly by the trade union members of the Review Body. The minutes of the second meeting disclose that the first matter raised for discussion was the impact that the change of government was likely to have upon the review. It was felt by John Monks of the TUC that the "known attitudes of Government could be held to pre-empt the work of the Review in a major and fundamental way. It seemed as if the whole context had now changed from one in which the objective had been to face up honestly to deficiencies in the present institutional arrangements with a view to reforming them to improve performance, to one in which it would now be necessary to defend the ITBs against threats of their possible disbandment." And further "Mr Gill and Mr Chapple stressed that the TUC could not be party to a process in which their criticisms of the ITBs could be used as evidence to destroy them."(23) This was the first but not the last instance where such views surfaced and where TUC representatives needed to be prevented from walking out.(24) For instance, such fears were further fuelled by the publication of the Pliatzky Report on non-departmental public bodies(25) early the following year and Richard O'Brien was again constrained to try and convince the trade union representatives that the Government would take no decisions affecting ITBs in advance of the Review Body's report.(26) How far Richard O'Brien was personally convinced of this must remain a matter for some speculation.

EARLY DELIBERATIONS

Two months prior to the first meeting of the Review Body on 7 June 1979, a new section was created within the TSD to deal with the review. Initially this contained only two officials, but a further four were added later. Collectively they made up the Review Team. The first task of the Review Team was to prepare proposals for a working programme and programme of research to present to the Review Body for its endorsement. The point was made at this first meeting that "the Review Team must be given clear directions as to the broad thrust of the enquiry but thereafter, given the exigencies of the timetable must be free to take initiatives within a clearly understood framework."⁽²⁷⁾ What clearly emerges from this and from subsequent minutes and papers is that the Review Team had a significant influence upon the structuring of the Review - both in terms of the approach to be adopted and in setting the agenda: in other words the so called framework within which the Review Team was to be working was in actuality largely determined by the Review Team itself. To be sure the Review Body carried responsibility for the final report, but it is somewhat unrealistic to expect that a group of people who met on only ten occasions during the course of a year could have given the kind of detailed consideration necessary to the identification and formulation of future policy options - except perhaps for the MSC chairman and the two senior TSD officials who were members of the Review Body. Thus the Review Team was not only in the position of collecting, collating, analysing and presenting information, but was well placed to 'guide' the scope and direction of the review. It should not at this stage, however, be assumed that this

automatically implies that the Review Team was therefore responsible for the outcome of the review.

The programme that the Review Team put before the Review Body was broadly divided into two phases: the 'analytic', concerned with the past performance of the system and the 'judgemental', concerned with the most appropriate organisational arrangements for the future. Included in the former category was a series of 'research' programmes, most of them 'in-house', which would attempt to assess the effectiveness of the component parts of the training system and the system as a whole as they had developed since the 1973 Act in both the board and non-board sectors. This was to be set within an analysis of the relevant environmental factors - economic, demographic, institutional - which retrospectively and prospectively might be held to influence the approach, performance and results in training output. External research was also commissioned, for which the MSC had provided a budget of £200,000. These projects examined: the factors influencing firms' training decisions; a comparative study of vocational training arrangements in France, Sweden, West Germany and the United States; and the working of the levy exemption arrangements.

In its paper the Review Team considered that one crucial input would be the judgements of "customers" of the training system. A major consultative exercise was therefore initiated in July whereby: "In addition to CBI members we wrote out to the main educational organisations, to all ITBs to their equivalents in the non-ITB sector, to a limited number of interested organisations such as IPM, BIM, via the TUC to all affiliated unions, and through a press notice to

the world at large."(28) The questionnaire that was despatched to what were referred to as "key organisations"(29) asked for comments around the following points: main strengths and weaknesses of the training system; quality of training; responsiveness of the training system to change; industry's ability to influence national training objectives and priorities; the small firm dimension; regional and local training needs; role of Manpower Services Training Services Division; extent of organisation's direct involvement in industrial training. When the problems had been identified and analysed it was proposed that ITBs and other participants would be consulted "after Christmas", about the possible options, before coming to a final conclusion. As we shall see later, the second stage of the consultation process never materialised.

Clearly, at least in terms of coverage, such a programme would appear consistent with a thorough, fundamental review. If, however, we go beyond the scope of the proposals and examine where the emphasis was placed, it becomes apparent that the main focus of attention was to be directed towards the future relevance of the ITB system. For instance, as an 'illustration' of the possibilities should the Review Body wish to consider change in the existing organisational arrangements the following were put forward: "revert to the pre-1964 arrangements, abolish the ITBs and rely entirely on firms' own unaided efforts to provide for their perceived training needs OR replace the individual industry oriented ITB system by a national Training Agency which would concentrate exclusively or predominantly upon training for cross-sector skill shortages."(30) There are obviously a whole range of possibilities in between, but none of them are mentioned and neither is the role of the MSC/TSD except somewhat obliquely in relation to the second possibility (it is not clear

whether or not the first includes the continuation of the MSC in some form, as again no reference to it is made - but one might assume that it would). Further, a five page 'annex' of suggested additional questions that was placed before the Review Body related almost exclusively to ITBs. It included questions such as "How are the Boards' objectives determined and by whom? How much government influence is there on them? How often have the government's views on objectives and therefore priorities been ignored? To what extent is industry consulted or involved in making decisions about operational objectives?" Other questions were listed under a variety of headings including: planning, consultation, manpower information, organisation and administration, criteria for assessing performance, and the extent to which nationally perceived training needs are being met. The annex also contained a note that a list of questions was in preparation for use in assessing the role of the MSC/TSD. It was, however, not until the fourth meeting of the Review Body on 5 February 1980, that a paper was prepared by the Review Team on the role of TSD's Industry Directorate and its relationship with the boards.

What, in other words, is being suggested is that from the beginning the role of the ITBs assumed a relatively significant place in the review and that one reason for this was that the Review Team were strategically placed to guide the Review Body's remit. Another reason though is that two key areas were specifically excluded from consideration. One we have mentioned above, which was the TOPS scheme, the other was the *Training for Skills* programme, both of which were primarily the province of the MSC. Indeed the background note which accompanied the consultative letter sent to those organisations invited to comment on the working of the Act contained the revealing passage that:(31)

"Although the retraining activities of the Training Opportunities Scheme (TOPS) are clearly part of the national training system, the review body has concluded that it would not be right to duplicate the recent review of those activities by the MSC. Nor is it the intention of the Review Body to review the workings of the recently instituted Training for Skills Programme for Action (TOSPA) in which the ITBs are closely involved. Respondents should not therefore conclude that just because TOSPA is outside the scope of the Review, the Review Body has decided already that the ITB system should continue unchanged. The issue remains open....The Review will need to examine most carefully, against the background of their past performance and achievements in the light of the differing circumstances of the industries in which they serve, the future relevance of the ITBs to the satisfaction of the future training needs of the nation, of industry and of individuals."

There was no similar reference to the possible future relevance of the MSC or TSD.

On the basis of interviews conducted, the orientation of other participants in the review seems to have been to achieve as much agreement as possible. Or as it was put by a member of the Review Team, there was a "strong tendency towards consensus". This is not to deny the differences of view that as we shall see became more marked in some areas as the review progressed: desiring agreement is one thing, achieving it is another. It does, however, perhaps reveal a substantial degree of commitment - though the extent of this varied between the different interests - to existing arrangements in which all had some stake. It might also be taken as an indication that few were willing to consider the possibility of significant or radical change. The conservative nature of the final Report could be used in support of such a proposition. This was certainly the view put forward by a member of the Review Team during the course of an interview and who claimed that although the Review Body took the view that the review was about whether or not there should be radical change, they were unanimously agreed that there should not be. This may have been for

one of - or some combination of - three reasons. Firstly it is likely that radical alternatives would have destabilised the 'negotiated order'(32) that had been established in training policy. Recommending the abolition of the ITB system would, for example, certainly not have been acceptable to the TUC. Whilst the CBI was perhaps less convinced of the benefits of the board system there was at the time value placed upon the fostering of cooperative links between the two organisations in the training area and to which it was believed the existing structures had contributed. Thus insofar as it was possible, the CBI wished to secure some common ground and sought not to jeopardise this unnecessarily.(33) Secondly, it is conceivable that in any case the participants believed that radical change was not necessary and that shortcomings in the existing arrangements could be made through modifications or adjustments. Thirdly, the view was expressed by a number of participants that any major new arrangements would be likely to mean extra cost and possibly the creation of additional structures which would almost certainly not have enamoured them to the Government. Even had radical alternatives been seriously contemplated therefore, if they were likely to be rejected by the Minister then there would be little point in putting them forward.

THE CBI AND EMPLOYER ATTITUDES

There is, however, one important qualification that needs to be made to the contention that radical alternatives were not up for consideration, which also casts doubt on the claim for unanimity and was to have an important bearing

upon the policy changes that finally emerged. That is that whilst the CBI was not pressing for radical changes it was strongly of the view that the possible options - radical or otherwise - should have been subject to wider consultation before the Review Body submitted its report. Initially it had indeed been the plan to hold consultations sometime after Christmas with ITBs, non-board organisations, employers through the CBI, employees through the TUC, training and further education consultative groups, and local authority associations. Because of the work schedule and associated time constraints, however, this was put back to after Easter.(34) But when, at the beginning of April 1980, the Review Body came to consider the draft discussion document(35) prepared by the Review Team "the Chairman said that there was not sufficient basis of agreement about the purpose and form of the Discussion Document to permit it to be redrafted by the Review Team for circulation to interested parties within the tight time constraints facing the Review....The Review Body then considered ETA(RB)80/19 as an internal document, not irrelevant to the Review Team's work on drafting the final Report."(36) Thus considerations of what was to be included in the Review Body's report became increasingly contentious as the CBI came to feel that the weight of opinion was likely to result in recommendations that would, in some important respects, be unacceptable to its membership and as such could not be supported.

There may, therefore, be a fourth reason why radical change was not forthcoming: that those who wished at least to *consider* the possibility failed to have it placed on the agenda. Such seems to have been fate of the CBI. The CBI in fact seems to have got itself into a difficult position at this time. Its representatives on the Review Body tended to adopt a reactive attitude

towards possible alternatives. The point was made by the Review Team at the first meeting that the Review Body should not commit itself to any particular option until all the evidence had been analysed. Until then any views about future arrangements should, it was suggested, be regarded as general 'aspirations' rather than as some 'blueprint'. This had been accepted by members of the Review Body. But its practical implication was that the initiative could be taken by those who did have some clear position and came forwards with specific proposals, in which case they would be in a position to guide the deliberations rather than react to them. If such proposals were unacceptable to other interests, then unless counter-proposals could be brought forward, the initiative would remain elsewhere. It was in this way that the CBI, in fact, lost the initiative to the TUC. Whilst the CBI representatives were prepared to *consider* a number of options, including radical ones, they were not prepared to commit themselves to any. The main reason being that they had no clear stance about the 'best possible' future arrangements because of the ambiguity surrounding the views of the CBI's membership. The CBI's position at this time would support the observations made by Grant and Marsh that the diversity of the organisation's membership confronts the CBI with a recurrent problem. That is, in balancing the requirements of accurately voicing the opinions of all of its members, and aggregating those opinions into a well-informed, representative policy. The difficulties inherent in this have often resulted in the CBI 'sitting on the fence' in relation to a variety of issues.(37) The trade union representatives on the other hand were in a position to commit their membership to particular proposals, whilst the educational representatives could be more independent as they were not constrained by considerations of constituents' reactions.

Part of the explanation for the CBI's attitude is to be found in the results of their own review of the work of ITBs which they had conducted during 1978/79 in anticipation of the forthcoming MSC Review and which it was hoped could be used as a contribution to the review process. It is absolutely clear from the list of topics on which the CBI was seeking the views of its membership, that there was no suggestion or contemplation of the disbandment of the ITB system. Thus in September 1978 members were asked to comment on the following, which in the main were those aspects that had given rise to dissatisfaction prior to the 1973 Act:(38)

- (i) existing criteria for exemption from levy or levy abatement systems and their equity;
- (ii) appropriateness of exclusion levels for smaller firms;
- (iii) the requirements of the training boards for employee involvement in training plans;
- (iv) the uses to which ITBs put funds raised by levies;
- (v) methods used by ITBs to forecast manpower requirements in different categories and their effectiveness;
- (vi) whether there is any case for rationalisation amongst ITBs, for more standardisation of administrative procedures, or for the sharing of resources and facilities;
- (vii) whether the fact that industrial catering staff are within the scope of the Hotel and Catering Industry Training Board is still a cause for concern to employers who deal mainly with other training boards;
- (viii) the quality of boards' services and training staff;
- (ix) incidence of paperwork and statistics;
- (x) any other comments on the effects of the new legislation on the work of ITBs.

An examination of the submissions received by the CBI disclosed varying degrees of satisfaction or dissatisfaction and accorded with the CBI's own

comment that "a number of divergent views have been expressed..."(39) This was true both within and across industrial boundaries. There were, however, relatively few 'anti-board' responses insofar as abolitions were called for. In part this may have reflected the structure of the CBI's request. But more likely it reflected a view that the abolition of ITBs was not regarded a serious issue for consideration. For example, the submission of the Chemical Industries Association contrasted markedly with its position some twelve months later. In September 1978 whilst expressing criticism of certain of the CAP/ITB's activities - for instance in relation to manpower planning and levy exemption criteria - it expressed itself generally satisfied with the boards priorities and advisers. A year later it was claiming that the board had generally achieved its objectives and had outlived its usefulness. Thus at the beginning of the RETA exercise, in relation to the work of the ITBs, the CBI's conception of its members' views was:(40)

"that there has been a noticeable decrease in criticism of the work of training boards. This varies from industry to industry. Where there is greater acceptance, this is to a large extent due to the improvement of communications and contacts between ITBs, their staff, and companies' understanding of what ITBs are trying to do and in ITBs' better appreciation of the real training needs of individual companies. To some extent it is also, of course, due to lower rates of levy and the facilities which now exist for attainment of total exemption from levy."

The main criticisms or areas of concern centred around the perception that boards were being used to achieve 'political' and social objectives; that greater flexibility could be achieved in the levy exemption process which should incorporate basic essential criteria; that levy exemption should not be used as a sanction to enforce formal employee involvement in training plans; and that boards should be less ambitious about manpower forecasting. The CBI's

own review of the way that training policy was operating then, did not seem to suggest any major or fundamental difficulties

Once the Review was under way, however, there is some evidence - as for example was revealed in our case studies in the previous chapter - that in some quarters industrial opinion began to harden against the ITBs. There is little doubt that this was influenced by the new Conservative Government's attitude towards industrial regulation and public expenditure. In such circumstances some - although at this stage certainly a minority of - employers came to regard the review as an opportunity to put abolition on the agenda with the possibility of ridding themselves of a number of regulatory agencies. As one senior Training Manager of one chemical company⁽⁴¹⁾ put it: "The MSC is probably safe given the existing and potential unemployment levels - any government would have to tread delicately. ITBs are a different matter, fair game." Industrial opinion began to divide between what industrialists themselves referred to as 'hawks' and 'doves' on the training issue. Such divisions were not confined to industries, nor indeed to firms within industries, but existed in many of the larger companies visited at this time. This diversity was not only picked up on, but was given considerable emphasis by the Review Team in the its analysis of submissions from CBI members received in response to the Review Teams's consultative letter of July 1979. The CBI members of the Review Body took strong exception to the representation of employers' views presented in the analysis, and in particular one key paragraph which stated:⁽⁴²⁾

"It is not yet clear whether general agreement will emerge on a wider range of questions, because we may still receive a significant number of additional responses. So far however there is a complete divergence of opinions on most issues - in particular on whether

the 1973 Act has been more or less effective than the 1964 Act, and on the most appropriate training arrangements for the future. These differences of opinion generally occur both within and between industries, among individual firms and in relation to geographical area. In the following paragraphs generalisations are included when justifiable, but it should be borne in mind that there are sometimes internal contradictions in the evidence submitted, and only seldom do the responses cover all relevant topics; consequently it is often not clear what their views are on particular points."

Opinion within the CBI was that this was a gross misrepresentation of the evidence and if allowed to go unchallenged would have meant that any stance adopted by the CBI on its members' behalf would have lacked credibility. It was privately expressed that such might even conceivably have been the purpose possibly in order to deflect some of the not inconsiderable criticism levelled at the MSC/TSD. The CBI had in essence made a tactical error in allowing the Review Team to solicit the views of its members on an individual basis (it had even provided them with pre-printed addressed envelopes) rather than insisting, as the TUC had done, that a paper be presented representing the collective views of the membership. The effect of the Review Team's analysis was the penning of a strongly worded letter from the CBI's Director of Education and Training to Richard O'Brien, which contained the following statements:(43)

"I took the opportunity yesterday to let the CBI Education and Training Committee express their views on the paper entitled 'Analysis of Responses from CBI Members'. It came in for very heavy criticism, Rightly in my view. There are two main reasons for this: First, the title is misleading...the responses not only include those of non-members (such as GTAs or Chambers of Commerce) but exclude the substantial member interests in the non-ITB sector, particularly those of the nationalised industries. Secondly the paper gives an impression of confusion and differences of view which, in the light of the actual submissions, appears to us to be either exaggerated or insensitive to genuine differences in sectoral experience or interests....In our view, this paper is far below the standard which we have come to expect from MSC and we do not wish to have CBI's name associated with it. We will prepare and submit to the Review Body our own commentary on the responses in due course but I have

to tell you that the paper has added significantly to the unease expresses to us by members about the exercise as a whole."

Thus the CBI prepared its own analysis which provided a much more coherent picture of the views of its membership. Whilst still acknowledging the diversity of views, these were presented as reflecting the different characteristics, needs and experiences of industries, and the practices of ITBs within them: such differences were "material not eccentric".(44) Sectoral differences were clearly demonstrated for instance as the Chemical industry felt that CAP/ITB had raised training standards to a point where it had outlived its usefulness, while the Construction industry supported a continuing and vigorous role for the CITB. The main points of the paper referred to the *unanimity* of views that the 1964 Act had contributed to improving the quality of training; that the 1973 Act contained operational weaknesses such that there was "widespread frustration" in relation to the bureaucratic and rigid nature of the exemption system and the adverse effect on the industry/board relationship caused by the board/MSD/TSD links. "Many respondents expressed bewilderment as to the role of the TSD *vis a vis* ITBs. The overwhelming view was that the TSD had been a hindrance to the optimum relationship between ITBs and Government or ITBs and MSD."(45)

Other germane comments referred to the inability of the training system to overcome skill shortages and pointed to the significance of non-training factors; the absence of coordination at local labour market level which contrasted with the irrelevancy of national surveys and studies. Overall respondents favoured the development of a more cooperative, advisory ITB structure, perhaps on a fee paying consultancy basis, but only a "minority favoured the abolition of ITBs or their own ITB"(46) And significantly, in view

of the fact that the operating costs of the ITBs was to become the central issue and the cause of the subsequent schism in the ranks of the Review Body, the document commented that: "The majority who accepted the need for a Training Board System of some kind, felt that industry has insufficient control of ITBs. In some cases the related issue of operating costs was faced and in some cases the principle of industry funding accepted. *It must be noted that this question was not directly posed in the questionnaire. A strong consensus either way could only emerge if that question was asked.*"(47) It is interesting to compare the comment made on this point by the Review Team in its paper which was that "the question of the general balance between state and industry funding of training was frequently side-stepped. Those who did comment usually favoured the present arrangements, but a few thought Government should pay less. The general message, however, could be summarised as less Government intervention, but similar amounts of money for industry to spend in the ways it saw fit."(48) In sum there were three main 'problem' areas - the inadequacies relating to local labour markets, rigidities in the operation of labour markets, and the excessive bureaucracy associated with existing training institutions.

ITB, TUC and EDUCATION: SUBMISSIONS TO RETA

Having examined the way in which, in response to what it considered a potential threat to its members' interests, the views of the CBI about the operation of the training system began to change, we now move on to consider

the positions of the other participants in the review process: the ITBs, the TUC, and education. The submissions of the ITBs to RETA were effectively in two parts. The first part was a response to the invitations sent out in July, but unlike the requests sent to other organisations, the Review Team suggested that ITBs structure their responses around the monitoring and evaluation guidelines issued by TSD to all ITBs in 1978 (see chapter 7). The second was a response to a more detailed set of questions, issued by the Review Team in December 1979, on the operation of the levy exemption system. These questions concerned, for example, the considerations lying behind the board's choice of exemption criteria; methods used to assess a firm's training standards against exemption criteria; how the operation of levy exemption was monitored and evaluated; the success of levy exemption in stimulating firms to meet their own training needs; and the advantages/disadvantages of the system. There was considerable variation in both the quality and quantity of board responses (From the Engineering Industry Training Board's 60-plus page submission to the 4 pages from the Carpet Industry Training Board). But that marked the extent of the variation. There was an extremely high coincidence of opinion about the shortcomings of the existing arrangements which mostly centred around funding and questions of boards' loss of autonomy. A key concern was that boards were required by TSD to plan ahead on a five-year basis, but financial commitments were only given on an annual basis - and even here might be subject to cuts. The majority of boards appeared to regard the solution as lying in the provision of block grants, although occasionally the view was expressed that industry might be expected to contribute more (eg Rubber and Plastics Processing ITB), and greater freedom in deciding priorities. Not surprisingly there was unanimous support for the continuation of the existing board system,

although very few submissions were based upon consultations with firms in scope, most ITBs preferring to rely instead upon board representatives - and presumably senior staff - to formulate their views.

The occasional note of hostility creeps into some board submissions (eg Ceramics) concerning the detailed financial tutelage exercised by the MSC at the expense of 'meaningful' dialogues. Most others were more reasoned, but no less firm. The Paper and Paper Products ITB for example expressed its views on the framework provided by the 1973 Act in the following terms:(49)

"...its successful implementation requires MSC to find a most delicate balance between its recognition of national priorities and its determination to meet them on the one hand and its encouragement and support to Boards to meet their own industries on the other. On the whole, the Board feels that this balance has not yet been achieved and is of the opinion that the needs of industry, and the different methods required by Boards to meet them, have not received sufficient recognition at MSC level. It suspects that this imbalance is caused...by the nature of the overall structure, and in particular the financial side of it, which has significantly reduced the real freedom of Boards to control their own strategies within the national framework."

While board/MSCTSD coordination was seen to be in need of an overhaul, most ITBs regarded as satisfactory the arrangements that existed for inter-board cooperation. The Chairpersons and Chief Officers of individual boards had always met on a formal annual basis (although these were described to the author by one board member as the annual 'jamborees'). Additionally, apart from the usual written communications, boards were in contact through a number of liaison groups formed for specific needs - eg in the textiles industries - or purposes - eg research, commercial and clerical training, and young people. Various informal contacts were also maintained both at board level and between senior staff.

On the subject of inter-board communication a paper had been prepared by the Review Team for the fourth meeting of the Review Body based on comments received from ITBs.(50) Reference was made to the informal contacts which existed between boards which suggests that the TSD was not entirely happy about such meetings as on the one hand it was not in a position to discover what went on in them and on the other therefore might be seen to place it in a weak position vis a vis the boards. It was noted that: "The Directorate of Training and Dialogue Teams believe that there has always been a considerable amount of contact between Boards at various levels (Secretary, Training Advisor etc) on an informal or *ad hoc* basis. There is, of course, no obligation on Boards to inform TSD, and there is no hard evidence as to the extent of these contacts or the nature of the topics discussed. In their evidence, several Boards stated that they felt the present "ad hoc" arrangements were satisfactory and that nothing more formal was required."(51) Once again the board/TSD relationship came in for criticism and as the paper acknowledged "[C]oordination of activity to avoid duplication and achieve more effective results was recognised as a key problem by the CTC (Central Training Council) and the same problem still persists."(52) The MSC had not provided the coordinating mechanism that the boards had been led to expect.

These criticisms made by the ITBs did not, however, appear to be up for discussion. The Review Team invited the Review Body simply to *note* the above paper. Criticism was therefore deflected as the Review Body's comments were invited on a subsequent paper that essentially was the TSD's response to board criticisms.(53) It was the TSD's case, not that of the Boards that was in practice being considered by the Review Body. The TSD's response in the paper

noted that from an initial two year period when the dialogue system had seemed to work well, the TSD/ITB relationship had deteriorated such that a number of boards were "debas[ing] the basis and substance of the strategic dialogues and some teams have found it difficult to stand out against this trend..." Increasingly stringent financial constraints were seen to be the prime cause but boards themselves had to bear a significant share of the responsibility. Boards had failed:(54)

"to accept the reality of a comprehensive manpower policy; that they do not exist in an isolated industry or internal labour market but are part of a national training system with many inter-industry, inter-organisational, inter-ITB/TSD and inter-occupational interfaces and most of the concerns of the MSC/TSD join these interfaces: that many of the aims and activities of the MSC Plan and Programmes are complementary and supplementary to the present and potential interest of ITBs and their future operation. It is also a reluctance to accept that the MSC's own competence to take a national overview of employment and training has grown but that some ITBs may not have moved very far in their original conception of their role and activities and how they should be changing to identify and service different needs of their industries and its occupational needs."

The above passage clearly indicates the frustration experienced by TSD in their inability to get boards to respond to national or central objectives. However, the problem seems to be defined more in terms of boards' stubbornness or short-sightedness, rather than in relation to possible incompatibility of objectives or the validity of the underlying premises of the policy.

In general the views of the ITBs had the support of the TUC although the TUC was not particularly impressed at boards' contention that the pursuit of some national and social objectives were inappropriate activities. In its submission, the TUC argued not only for the efficacy of the board system as it presently stood, but for its expansion into some of the other sectors not covered by boards, which accounted for approximately 45 per cent of the workforce.(55)

There was broad support for existing arrangements which, it was argued, needed to be improved and developed, not radically altered: "no system was going to be free of problems, but it would be preferable to build on the existing pattern, restoring the better features of the 1964 arrangements." (56) It was felt by the TUC that certain of the provisions of the 1973 Act had weakened the training effort. This was particularly so in respect of the levy exemption system and the 1 percent levy limit. There was a suggestion, however, that part of the problem lay with boards which had insufficiently amended their exemption criteria - that is had failed to progressively tighten them. Citing the case of the CAP/ITB there was therefore "a danger that as the proportion of firms within a board's scope increased, it would appear that there was less need for boards." Here the employers' association "point to the exemption figures to support their case. Yet in Training for Skills, (para 4.5) reference was made to the fact that in the chemical industry, employers, trade unions and the ITB staff expected far reaching changes in the types of skills required by technologically advanced companies over the next five years....In other words there is a clear need for the board to continue but this is masked at least in part by a failure to develop its exemption criteria." (57) The vagaries of governments' policies on public expenditure was also seen to have had a deleterious effect on boards' operations

Other issues that were considered included those of local labour market problems, skill shortages and retraining. As for the former it was considered that an industry based structure was still preferable to one that was local or occupationally based. In the latter case, having alluded to the non-training causes of skill shortages, the document went on to recognise the "clash of

interests between groups of workers as groups party to established training arrangements seek to uphold these arrangements in the face of changes which may open up the occupations to other groups and so, perhaps, reduce the ability of the established group to influence entry to the job, or the relevant terms and conditions of employment."(58) The overall thrust of the TUC's submission then was to provide an analysis of the weaknesses of the present system, but to claim that, in effect, nothing better than existing arrangements could be designed to overcome them.

Unlike the CBI, however, the TUC took the initiative and put forward its own recommendations for *The Way Ahead*. It had no need for further consultations with its members as it knew what changes it wished to see implemented. These were that:(59)

The MSC should have powers to direct all training authorities (including those not covered by ITBs) to draw up proposals that provide for;

- initial vocational preparation for all young people in the industry;
- the review of the apprenticeship systems to ensure a modular structure that allows progression into skill training from basic vocational preparation schemes;
- to give advice on how the elements in apprenticeship training should be related to the staged upgrading of adults through short periods of intensive training.

Industrial training boards should be given back their powers to levy all employers within their scope with no upper statutory limit being imposed.

Funding for initial vocational preparation should be shared between industry and the state - ultimately through a collective fund.

Especially in its treatment of adult training the TUC's document represented a clear acknowledgement of the difficulties surrounding adult training in areas

traditionally controlled by craft unions and a firm commitment to overcoming them. As such it was endorsed by the other participants in the review. But more crucially, it would seem that the TUC document virtually set the seal on the fate of the review. We may judge which way the wind was to blow from the reaction of the other participants. The minutes of the meeting note that:(60)

From the CBI point of view, there was much to applaud in the TUC's progressive, encouraging forward-looking document, especially in its treatment of adult retraining. It should be noted, however, that there was no consensus among the CBI membership for a return to financial arrangements comparable to those which had been introduced by the 1964 Industrial Training Act;

From the ITB point of view, the TUC paper was welcomed as a constructive basis for discussion - virtually a blueprint for the future;

From the point of view of the educational interests it was suggested that the attention devoted to the training needs of semi and unskilled people was important and welcome; on the other hand, it was disappointing that the paper did not suggest any effective solution to the problems of dealing with local skill shortages, which it had identified so clearly.

It is clear that the initiative largely remained with the TUC for the rest of the Review Body's deliberations. This was principally because the proposals had the the positive backing of the ITB representatives and, on balance, the support of the educational interests. It was clear, from comments of educational members of the Review Body, and from the submissions of educational organisations, that whilst there were a number of common areas of concern there was no unified picture emerging about future arrangements. This was reflected in the statement in the Review Team's analysis of educational responses that: "There is a fair measure of agreement on some issues particularly on the need for better coordination of the various participants in training, and of the question of vocational training in schools. Other issues produce opinions at variance with one another, and in the following paragraphs

many of the comments are made only the once in the replies..."(61) The emphasis on diversity of views, did not, however, produce the same kind of dissent from educational representatives on the Review Body as had greeted the Team's analysis of the responses from CBI members.

In general the educational interests were supportive of the ITB structure but believed educational representatives were the 'poor relations' on Boards as presently constituted, largely due to their having no voting rights in relation to questions of levy. They were also of the opinion that there was a lack of coordination between the various components of the training system and a lack of clarity surrounding the division of responsibilities resulting in "interia and confusion", and many commented upon the arbitrary distinction between education and training. Although the education/training divide was touched upon many times in the course of the review no one seemed prepared to pick up the ball and run with it. One reason may have been to do with the questions that this might raise regarding departmental division of responsibilities. A more significant reason might be that to further involve educational interests in training issues would almost certainly lessen the considerable influence possessed by industrial interests. There was nevertheless, sufficient in the TUC document on the issue of vocational preparation for the educationalists to give it their approval, while the recommendations concerning ITBs and MSC/TSD could at least be regarded as a framework for removing much of the ambiguity and confusion.

TUC AND CBI: CONFLICT OF INTERESTS

By the beginning of April 1980, having considered a large volume of documents presented by the Review Team, the Review Body was ready to move towards approving recommendations to be included in a draft discussion document. As we have seen, the CBI was not offering any specific proposals of its own. On the other hand the TUC had put forward in February a detailed document of 'problems' and 'remedies' for the training system which had received a favourable response from the majority of Review Body members. Although the CBI expressed reservations about the possibility of returning the operating costs of ITBs to industry, as suggested in the TUC document, it did not appear unduly worried as the proposals were presumed to be only one of a possible range of options, yet to be decided. And in any case, so the CBI believed, any recommendations were to be subject to wider consultation before final decisions were taken. When it became clear, however, that consultation was not going to take place, the CBI, lacking any clear counter-proposals, became concerned with fighting a rear-guard action to prevent the usurpation of the principle of consultation prior to the making of a decision.

The Review Team had prepared and placed before the Review Body, at its meeting of 1 April 1980, a draft discussion document.⁽⁶²⁾ It contained three possible future options of which it was evident that only one would be acceptable to the TUC, the ITBs and - although somewhat less clear-cut - to the educationalists. As such there was considerable opposition to its issuing forth into the wider world.

The three alternatives put forward for improving existing arrangements were: (63)

1. *Continuation of statutory industry bodies.* Under this proposal ITBs would continue (with possible extensions and/or modifications in scope) in being but would be self-financing through their powers to raise levies, with a relaxation of formal levy limits. MSC would retain powers to financially support key national objectives and responsibility for coordinating cross sector programmes through ITBs and other bodies, possibly with the provision of some form of local/sub-regional joint ITB/MSc machinery. Although ITBs' strategic and operational plans would still require MSC approval the main area of accountability would be in relation to national training objectives.

Of a list of nine advantages claimed for this first option, the following are worthy of note:

- (a) a large element of continuity with present arrangements;
- (b) the principal beneficiaries of improved training would themselves fund Board operating costs, thus removing the need for Government control on staff terms and conditions and reducing the number of MSC staff needed to monitor Boards' finances;
- (c) public expenditure on Boards' operating costs would cease;
- (d) the accountability of ITBs would be clarified, and at the same time they would have a better chance of influencing directly central policy objectives.

2. *Local labour market orientation.* Such an approach would combine firm central guidelines with a large measure of devolution to representative local advisory boards. Boards would be responsible for identifying local training needs and priorities and submitting to the MSC proposals for meeting such needs. The MSC would be responsible for servicing boards and providing funding. National training standards would be established through industry or occupational bodies, or through special committees set up by MSC. Grants to firms would be conditional on their training to acceptable standards. Industrial training boards would be abolished.

The pertinent advantages claimed for the second option were:

- (a) attention focussed on local labour market problems;
- (b) compatibility with central responsibility for setting training standards;

- (c) ability to focus on cross-sector problems in the local context;
- (d) ability to focus on the training needs of small firms;
- (e) greater possibilities for monitoring the cost effectiveness of training and training expenditure.

3. *Industrial self-regulation through collective agreements.* This approach was based on the premise that public intervention need not call for statutory bodies with financial sanctions. There might instead exist joint industry bodies, set up by employers and trade unions but with educational representation, some of which could develop from existing ITBs. The MSC would channel funds for achieving key training objectives through such organisations where it judged them to be competent to administer such funds. And MSC regional and district organisation would need to be enhanced to provide good local labour market information. Finally, the Secretary of State might have reserve powers in exceptional cases to establish statutory bodies in industries where there was a consensus in favour among employers and unions.

As for the advantages, the third option would:

- (a) place responsibility for industrial training more clearly upon employers and trade unions;
- (b) reduce public expenditure and bureaucracy by a more selective use of public funds;
- (c) provide greater flexibility by enabling different sectors the freedom to tackle their problems and needs in different ways with less emphasis on central direction by MSC.

The discussion document generated considerable antipathy and disagreement amongst the participants. Its consideration occupied the whole day of the April meeting of the Review Body (despite two other 'weighty' papers, one on the non-training causes of skill shortages, being up for consideration and which were, in the event simply 'noted'). It was claimed by the TUC that the document was an inadequate reflection of earlier discussions and analyses and incorporated "virtually nothing" of the TUCs submission even though it had been "warmly welcomed" in February. This was echoed by the ITB interests who additionally claimed that two of the options "had certainly not emerged from the Review Body's earlier deliberations". Unsurprisingly, these were the two

options that envisaged no future role for the ITBs: the local labour market and the voluntarist solutions. They also claimed that: "If there was a common thread linking the three options displayed in the draft, it seemed to be a desire to reduce public expenditure on industrial training." The reaction of the educationalists was more circumspect in that it was prepared to consider the local solution, but claimed that operating on the assumption that the options should reflect the Review Body's previous discussions there could be no justification for advancing the voluntary option. The CBI on the other hand felt that the document could provide a basis for consultation if it were "made clear that the options were presented without endorsement." (64)

In response, the Review Team, clearly concerned to pacify the TUC representatives, stated that "There had been no intention to modify the TUC's earlier proposals. If the TSD summary failed to do justice to the TUC's ideas, it should be amended." Such a statement evidently indicates that the first option - as far as TSD officials were concerned - was indeed based upon the proposals put forward by the TUC. The strength of the TUC reaction probably had more to do with the form and existence of the other two proposals than any neglect of its own. As for the voluntary system, it "was true that the Review Body had not previously discussed the latter as such - although it could be viewed as an extension of the much discussed non-Board sector - but there had been evidence from various respondents - including industrialists - that cast doubt on the effectiveness of any institutionalised approach. It therefore seemed right to provide respondents with an opportunity to consider, and comment on such a system." (65)

There was obviously some move to put out a document containing only one option, or at least giving the greatest weight to continuity of arrangements and which would "advance proposals under which better responses to existing problems would evolve from the present arrangements". It was, however, pointed out - in all probability by the CBI representatives - that: "A consultation exercise which displayed only one option would probably be misunderstood and could well give rise to adverse criticism of the Review Body and its approach to its task. On the other hand, if there were no consultation process at all, the credibility of the Review Body's final Report would be likely to suffer, especially with industrialists and the education services".(66)

The CBI, having failed to obtain the consent of the other participants to a consultation exercise based on the above three options was not going to be manoeuvred into endorsing a recommendation based solely around the TUC option. If the Review Body was not prepared to consult affected interests, the CBI was. It therefore set in motion a round of consultations with its membership which, at that stage, it was considered might form the basis of a minority report, although strangely this did not appear to be picked up on by the rest of the Review Body.(67) Thus at the beginning of May, the CBI circulated a 'strictly private and confidential' draft statement designed to test members' opinion on two key issues: funding the operating costs of ITBs and how each sector of industry might constructively respond to meeting its own particular training needs. The possibility of a local labour market structure was also put forward even though it was concluded that it would either prove too costly, or would offer little advantage over existing District Manpower Committees. Whilst not

explicitly stating the likely recommendations of the Review Body, the covering letter informed members that:(68)

"...the draft discussion document produced for the Review Body to approve on 1 April 1980, although acceptable to the CBI representatives, was not accepted by the majority. An urgent meeting of the CBI Manpower Services Advisory Panel was called to consider the implications of this decision. A number of other factors were taken into account. First, since July 1979 it has become increasingly unlikely that Government will continue funding the operating costs of ITBs to the tune of £42m per annum. Secondly, the nature of many of the criticisms levelled at ITBs suggested that, in failing to issue a discussion document, the Review Body had also failed to test out possible radical alternatives, which was a task that could and should have been attempted. Thirdly, that while a consensus existed on certain major features of the present system the evidence from employers reflected significant variations between different sectors in their experience of ITBs."

It was not difficult to read between the lines. Employers views were being canvassed on the three options because the likely recommendations of the Review Body would in all probability prove unacceptable to them. Having pointed out the unlikelihood of continued Government funding, the ball was clearly in the employers' court. The CBI document was careful to at least appear to adopt a neutral position, pointing out that it had "no wish to appear to promote a wholesale cutback of ITBs" but on the other hand "the future of any Board which has failed over a period of, say, fifteen years to win the confidence and support of the majority of members in its scope ought to be in question." Although clearly not making reference to the TUC, the document firmly opposed - indeed considered "reprehensible" - the proposals to regularly increase boards' exemption standards. That one of the key issues that training policy had been aimed at tackling - the gap between the individual needs of employers and the wider national economic needs - remained to be resolved is clear from the statement that:(69)

"It is frequently argued that there is a conflict between the training needs of companies, industries and the nation as a whole. We would stress that the economic strength of the nation derives largely from the aggregate profitability of individual firms. While some balance of training effort within an industry is desirable, crude attempts to coerce companies into training beyond their needs could well be counterproductive from a national standpoint. The apparent discrepancy between the combined training effort of industry and the hypothetical national need derives from a combination of training and non-training factors."

Thus the tenor of the document suggested dissatisfaction with the review process and without prejudging the outcome, contained a clear message to employers to consider the possibility of moving from a statutory to a voluntary basis. In any event, whatever the outcome of the review, the CBI's position was that no recommendations should be implemented especially where this concerned the issue of funding - until sectoral employer interests had been consulted. It had, however, become clear that the CBI would not have sufficient time to complete its consultation exercise with its members for the results to be included in the Review Body's final report, which was due to be with MSC Commissioners by the end of June. The alternative plan adopted therefore was to have a revised version of the draft statement ready for the meeting of CBI Council on 16 July as a basis for discussion with the MSC and, later, the Secretary of State for Employment. The CBI may have lost the battle but it did not intend to lose the war.

OUTCOME OF RETA: 'OUTLOOK ON TRAINING'

So, not having carried out the consultations as originally intended, the Review Body's recommendations were published on 31 July 1980. Predictably enough, the

Report of the review *Outlook on Training*, {70} contained no major recommendations for changing the institutional framework of training provision. The first seven of the ten chapters of the report were devoted to analyses of past experience and future requirements, while an extremely short chapter eight dealt with possible alternative approaches. In fact the emphasis was not so much upon possible alternatives as the reasons why such approaches would be ill-advised. Local or voluntary solutions were dealt with in a single paragraph, their disadvantages took three, while the rest of the chapter was concerned with setting out the strengths of the existing statutory framework which, it was claimed "have not been fully exploited in the particular arrangements set out in the 1973 Act". {71} Thus it was concluded that: {72}

"Radical changes in the existing structure would involve massive disruption. Any new bodies would take time to win credibility and influence. There would inevitably be teething problems and mistakes due to inexperience. Alternative structures would have to have clear advantages indeed to justify risking a major hiatus in training effort in a decade in which training will be of great importance. We have not been convinced of the reality of those advantages; nor, is it clear, have the great majority of those who submitted evidence to us."

Within this context the report made twenty seven recommendations, the majority of which were little more than re-affirmations of the prevailing arrangements - for example that boards should continue to be reconstituted every three years - or, in view of the depth of analysis that was supposed to have preceded the review, statements of the obvious - for example that there should be a clearer definition of roles and responsibilities between the MSC and training organisations. The three key recommendations were: {73}

1. The funding of ITB operating costs should be returned to industry.
2. There should be no statutory limit on the size of levy which boards may impose.

3. The MSC should undertake an examination of the scope of existing ITBs, and the boundary between industries in scope and those not in scope to boards. This should be done in full consultation with both sides of industry.

On the first two the CBI representatives reserved their position, while the third was included at their behest and was probably responsible for avoiding a more open rift. Thus far, the views of the TUC and ITB interests seemed to have prevailed. The TUC had never been content with the changes to ITB financing introduced under the 1973 Act and it seems felt vindicated in their views by the the criticisms levelled at the system from both sides of industry and from ITBs themselves. They obviously saw the review as a means of redressing the situation and unless the MSC/TSD were prepared to relinquish their control over ITBs - which they were not - and which was regarded as the main cause of the difficulties, then the obvious solution was to return the funding, and thereby the accountability of boards, to their industries. That this would result in greater accountability was strongly contested by the CBI in its response to *Outlook on Training*. It was stated that: "We believe that, in fact, the statutory powers of ITBs will continue to make genuine accountability illusory. The levy raising powers of boards necessitate civil service scrutiny and influence and, frankly, few employers feel that the proposed funding changes would confer significantly more influence to an industry in respect of the affairs of its ITB, as at present constituted."⁽⁷⁴⁾ It is difficult to escape the conclusion that the TUC, and the ITBs were rather blinkered in their appreciation of the likely outcome of the above recommendations. All the signs were that the majority of industrial opinion would strongly resist a return to the pre-1973 financial arrangements. As one member of the Review Team commented shortly after publication of the report: "The recommendation of returning the costs to industry will probably go through which will almost

certainly lead to a reduction in the number of boards". The inherent contradictions contained in the report were: that funding should be returned to industry; but industry would be unwilling to pay; therefore why make such a recommendation in the first place? It may have been that the TUC took a calculated gamble in pressing for such changes. Believing - quite correctly as it turned out - that the Government would no longer be prepared to finance ITB's operations then if someone else could be made to pay, the boards would be relatively safe. The element of risk in such a strategy was the extent to which employers would accept the changes: the TUC seems to have underestimated employers' opposition. It also possibly miscalculated the nature of the Government's thinking in this area.

The Government's Views

We discussed earlier the context within which the debate on the future of industrial training was taking place and the fact that the Government's desire to reduce public expenditure and reduce the regulatory 'burden' on industry placed a question mark over the fate of ITBs irrespective of the findings of RETA. Such a perspective is given some credence by the interchange that took place between the Secretary of State, James Prior, and the Chairman of the MSC, on 20 December 1979 when the review was only halfway through its deliberations.⁽⁷⁵⁾ The meeting was to discuss the implications of the reductions in the MSC's budget. The review came up in the course of discussion and it was made clear to the MSC Chairman that public expenditure considerations would be uppermost in the Government's reaction to the Review Body's findings, a fact that was not explicitly made known to other members of

the Review Body. Indeed the Secretary of State went so far as to press Richard O'Brien for the Report to be in by the following April. Such a request was clearly inconsistent with the aim of producing a thorough, objective review and on this point the view of Richard O'Brien prevailed and the Secretary of State allowed it to run on until July.

The Government was not, however, content to sit back and await the outcome of RETA. It was - or more particularly DE Ministers and officials were - formulating their own views on the drawbacks and possibilities of the training system. Significantly, the Government had, shortly after taking office, commissioned the Central Policy Review Staff to produce a report on the responsiveness of education and training to the needs of industry particularly as it related to technological change, and this was published early in 1980.⁽⁷⁶⁾ The report was firmly set within the prevailing assumptions of the Government that improvements to existing arrangements should: 1) involve no expansion of the state's activities and, 2) involve no increase in resources.⁽⁷⁷⁾ The main concerns of the report centred on the impact of restrictive labour practices on initial training and retraining and the need to widen training opportunities and provision. It advocated the introduction of training to standards based on a modular system which would give far greater flexibility by allowing individuals to add to their skills at any point in their working lives. The view that the existing apprenticeship system was outmoded and inflexible was echoed by James Prior shortly before the publication of *Outlook on Training*.⁽⁷⁸⁾ Further, the proceedings of the Review Body had been witnessed by observers from the DE and who had, no doubt, been formulating their own views about the desirable shape of future industrial

training policy. The disarray of the Review Body, reflected in *Outlook on Training* might also have presented itself to DE officials as an opportunity to step in and take the initiative.

The Secretary of State did not in fact endorse *Outlook on Training*. James Prior, in answer to a Parliamentary Question commented, "I welcome the report as a basis for public discussion of the whole future of industrial training policy for the next decade. The Government will study the report's recommendations in the light of comment by interested parties and the considered views which the Manpower Services Commission have undertaken to submit to me by the end of October. The Government will place its proposals before Parliament as soon as possible thereafter".⁽⁷⁹⁾ So, *Outlook on Training* did not represent some end point in the process, but rather the beginning of a whole new round of consultations in which the agenda was to broaden out to include the possibility of more radical change in the form of voluntary arrangements. The reasons for this lay firstly, in the fact that the report was weak. It concentrated on such relatively minor issues as funding at the expense of a thorough analysis of future skill requirements and the best means to develop them. Secondly, agreement could not be reached even on these relatively minor matters. In fact, the door had been left wide open for Ministerial initiatives given that when *Outlook on Training* was considered by the MSC at its meeting on 30 July 1980, it did not thereafter in "view of a wide divergence of opinion...feel able to convey any view to Government on these recommendations".⁽⁸⁰⁾ It was also rumoured at the time that there was a White Paper already drafted within the DE which was simply waiting - for appearances sake - for the Review Body to complete its report. Given the

disagreement over the recommendations, however, its publication was delayed still further

Responses to Outlook on Training

During the course of the next three months the Manpower Services Commission received the views of some 400 interested parties (employers organisations, individual firms, ITBs, the TUC, educational bodies, training organisations and a variety of individuals) to the recommendations contained in *Outlook on Training*. The comments were broadly as might have been expected from our examination of the review process. The TUC, ITBs and education in the main supportive, while the majority of employers were opposed. With one or two exceptions - in particular engineering and construction - the threat of increased financial costs was accompanied by a rising tide of hostility from employers towards the continued existence of statutory ITBs. The CBI found that there was "an overwhelming consensus against transferring the extra burden of operating costs to industry" and that a "number of employers' organisations covering a wide range of industries would favour developing future arrangements with ITBs on a voluntary basis, at least partly related to fees for services received." (81) Following the consultations, the MSC, at its October meeting, endorsed recommendation 16 of *Outlook on Training* - that there should be a sector by sector review of existing arrangements. In consequence the Secretary of State thereafter requested the Commission to undertake such a review as a matter of urgency and to report by early June 1981. So, yet more consultation was in the offing. This time, however, there was a clearer direction for the move toward voluntarism had gained pace. In

his letter to the MSC James Prior indicated the criteria which would determine his final decisions on future training arrangements. These were:(82)

- a. the likelihood of shortages of trained manpower in the economic upturn;
- b. the emerging demand for trained manpower in new technologies;
- c. the need for adequate quality of training (including agreed standards);
- d. opportunities for vocational training for young people at all levels;
- e. wide opportunities for craft apprentices;
- f. wide opportunities for adult training.

But he also "indicated the Government's preference for voluntary arrangements where he could be satisfied about the willingness and ability of a sector to meet these training needs without recourse to statutory boards".(83) And in the debate in the Commons on 26 November 1980, Prior announced that exchequer funding would cease by 1983. These views were restated in no uncertain terms the following day by Lord Gowrie, Employment Minister of State, at a BACIE conference on the outcome of the Review of the 1973 Act.(84) Gowrie pointed to the need for reviewing the institutional framework on the grounds that it was no use hanging on to institutions that had outlived their usefulness and observed that voluntary arrangements might be a better solution. Only where it was clear that an ITB was necessary, he claimed, would a board remain. He then reiterated the very thing that was sure to spell the end for some boards: that exchequer funding of operating costs would be reduced for the forthcoming financial year (1981/82) and would cease in 1982/83. That the future of ITBs - and indeed training - was in jeopardy by such a move was an opinion shared by the majority of ITB chairmen (the only exception being the Construction

ITB). Such was expressed in a joint letter in January 1981, to the Secretary of State, signed by 23 ITB chairmen who stated that returning the costs to industry would "be a retrograde step and place their industries in the unfortunate positions they were prior to the 1964 Act."(85)

Although both Prior and Gowrie had contended that the views of employers would be an important factor in shaping future arrangements, many employers felt that this consideration of their views did not extend to the issue of who bore the cost, an opinion that was stated by a number of those at the BACIE conference. Perhaps on the other hand it was the Government's view that the test of a board's utility should reside in the willingness of firms to pay for it. The Government clearly did not wish to be accused simply of wanting to scrap boards: it needed to be able to claim that something equally or more satisfactory was being put in their place. Employers therefore needed to be galvanised into action to do it for themselves. This became even more pressing when some people started to claim that some firms had actually started to sack their training personnel in anticipation of boards being wound up.(86) In effect the Government was putting the financial squeeze on employers and it was beginning to work. Thus while the Government had gone in the direction of increased voluntarism, recognising the previous inauspicious history of this approach it had introduced a financial element into industry's calculations: if voluntary arrangements did not come up to scratch, then industry would have to foot the bill for maintaining a statutory industrial training board.

THE GOVERNMENT TAKES THE INITIATIVE

All the indications are that by late 1980 (if not earlier) the Government had formulated its views about the future shape of industrial training - both in terms of objectives and institutions. A commitment to reducing public expenditure, 'unnecessary' regulation of industry, and the number of quangos set the climate within which the future of training institutions was to be judged. Apart from perhaps key industrial sectors the Government seems to have concluded that ITBs were largely redundant. If firms were actually training to meet their own needs, then let them get on with it; if they were not then obviously ITBs were achieving little and by definition were not providing value for money - for whoever was paying. There was, however, one 'fly in the ointment' as far as the Government was concerned, and that was that the Secretary of State could only establish, abolish, or change the scope of an ITB on the recommendation of the MSC. Given that ITBs could command a majority of support within the Commission, it was clear that a recommendation for a board's abolition was unlikely to be forthcoming from that quarter - no matter what recommendations the sectoral review might make. Thus the Secretary of State signalled his intention not to be so bound by producing, in January 1981, an Employment and Training Bill which:

"empowers the Secretary of State to establish, abolish, or change the scope of an industrial training board without a recommendation from the Commission but subject to consultation with the Commission and others. It also amends the requirements for consultation by the Commission before the making of an order for such a purpose, so as to permit their consultation to be on a more general basis."(87)

The Bill also provided for the funding of ITB operating costs to be transferred back to industry and other changes consequent upon that. It was, as the Secretary of State described it, an enabling Bill. During the Second Reading debate in the Commons, the Secretary of State claimed that: "The Commission's views will continue to carry great authority, but it is important that I should not be restricted in the range of options open in determining the future structure of the training system. As I shall seek to show, diverse views may be put to the Manpower Services Commission which will make it impossible for it to make recommendations. It would be unsatisfactory if I could not act, if I had to wait until the [sector by sector] review was over before putting any proposals before Parliament." (88) The Secretary of State was effectively taking steps to be in a position to 'short-circuit' the MSC as, and when, necessary. As we shall see shortly the Commission's views carried virtually no weight when it came to the matter of which boards should be abolished or when. The Minister was preparing the ground for the abolition - no-one was expecting creations - of training boards. However, even though the training system, and in particular ITBs were coming under strong attack from the right wing of the Tory Party (89) as we shall see, James Prior was a considerable distance away from following such views.

During the second reading debate on the Bill, it became clear that the three areas which the Government saw as constituting priorities for action were, the apprenticeship system, adult training and retraining and vocational preparation. Prior's statements were closely in line with the findings contained in the CPRS report referred to above. The key objective, said Prior was to change industrial training so that it better met "the needs of industry,

first by providing a solid foundation training for all, and, secondly, by reducing restrictions on the provision and use of trained workers, both young people and adults." (90) If we link this to the underlying principle of the Government's approach, which was to be based on "how effective the spending has been...[and] getting a much better return on the money spent", (91) then the inappropriateness of an industry-based structure becomes more evident. That is, where far less weighting is attached to government interventions to secure improved training within industry and greater weighting is given to increasing the supply of cross-sector skills the need for ITBs diminishes. This is particularly so where there is perceived to be a greater need for flexibility due to the pace of technological change, which additionally requires an increasingly greater proportion of transferable skills within the labour force. Thus the emphasis was now more than ever upon letting industry get on with the job of training to meet its own needs and for the state to adopt a more selective approach by concentrating resources on the key priority areas.

While the sector review was progressing therefore, the DE was advancing its own proposals, in conjunction with the MSC, for what the Secretary of State referred to as a 'new training initiative', based on the three priority areas referred to above. This resulted in the publication by the MSC, in May 1981 of a consultative document entitled *A New Training Initiative*. (92) The document was premised on the need for a more coherent, flexible approach to training from the bottom up - that is in the development of a system of vocational preparation and training for young people which would serve as a basis for the later acquisition of skills. To underline the necessity for a coordinated approach the foreword to the document was signed by the Secretaries of State

for Employment, Education, Scotland and Wales. Developing a scheme of vocational training for young people was, however, more than a response to meeting the training needs of industry. It was also response to the increasing criticisms of the YOP scheme, which by now was having to cope with a vast increase in numbers: from one in eight school leavers in 1978/79 to one in two in 1981/82.(93) Youth training schemes certainly had their origins in the rising levels of unemployment.(94) But as numbers continued to rise the success rate for placing trainees on YOP in permanent employment began to markedly decline. This led to justifiable claims that the training content was minimal or non-existent and some commentators concluded therefore that such schemes were no more than measures to reduce the numbers - of a politically salient group - on the unemployment register.(95) However, as we shall be arguing in the following chapter, the scheme that emerged from the *New Training Initiative* was more than a response to the increased levels of youth unemployment.

The sector by sector review: 'A Framework for the Future'?

Shortly after publication of the discussion document, and the day before the Employment and Training Bill became law, the sector review was completed.(96) In the ITB sectors, as a result of the statutory requirement, the TSD had to consult some 1,600 organisations that had either been consulted when an ITB was created, or had come into existence since. An additional 400 questionnaires were sent to organisations requesting the opportunity to express their views. Views were sought *inter alia* on the relative importance of the issues identified by the Secretary of State (see above) and the most appropriate

institutional arrangements for dealing with them; and the value of the ITBs' past contribution and whether it should continue in being. The response rate was under 30 per cent although for what were identified as 'key' organisations - those having a close association with an ITB - it was considerably higher: 68 per cent for employers, 50 per cent for trade unions. Organisations were also consulted in the non-ITB sector, although their number was not stated and the response rate was described as 'poor'.

The recommendations contained in the sector by sector report caused a severe internal disagreement at the the July 1981 meeting of the Manpower Services Commission, where relations had become more strained following reactions to the report of the review of the 1973 Act. However, a split, which looked very likley at one point,(97) was averted and it was decided that the recommendations from the TSD should stand with the Commission avoiding a sector by sector vote. The main reason for this was that the recommendations were largely indeterminate. Seven of the 23 ITBs it was recommended should be retained but no recommendations could, as yet, be made for the other sectors. The fate of the other sectors was to be dependent upon the ability of employers' organisations to come forward with proposals for voluntary arrangements which met the criteria laid down by the Commission, and the three key objectives in the *New Training Initiative*. The report commented that "our caution about recommending changes stems partly from doubt about assuming that voluntary arrangements will be sufficiently robust to carry the pressures entailed in delivering the New Training Initiative and partly from the fact that in very few sectors has a proposed voluntary alternative been worked up to a point at which it can be considered satisfactory".(98) These

reservations are apparent if we examine the recommendations in the two sectors with which we have been earlier concerned - ceramics and chemicals - in both of which employers' organisations were keen to seize the opportunity of taking on a significant new role, while the trade unions were just as opposed to the introduction of voluntary arrangements.

Although the British Ceramic Manufacturers' Federation's (BCMF) previous main interest in training had been as critic of the CGMPITB, it had put forward proposals whereby the Federation would itself act as the focal point for voluntary training arrangements without the need for the creation of a separate training organisation.⁽⁹⁹⁾ Apparently 'brimfull' of confidence, the Federation envisaged no difficulty in meeting the six criteria for future training arrangements and felt that as far as the *New Training Initiative* was concerned there were no obstacles within the industry to be overcome. Such arguments clearly, as they stood, did not appear convincing from an organisation that "has not previously undertaken training functions for the industry".⁽¹⁰⁰⁾ In order to make credible its proposals, the report argued that the BCMF would need to show that:⁽¹⁰¹⁾

- a. the arrangements proposed would have adequate coverage - approximately 30% of ceramic workers in scope to the board were in non-member companies;
- b. there would be an adequate organisational structure;
- c. the Ceramics and Allied Trade Union and appropriate educationalists could be actively involved in the arrangements;
- d. the proposed organisation would have the capacity to assess the technical and professional skills needed to meet the demands of new technology and to develop schemes of vocational preparation for young operatives in the industry;
- e. the arrangements proposed would be adequately resourced to achieve their objectives. We doubt whether the recruitment of one

additional executive, however experienced, will be sufficient, or whether an effective organisation could be run on BCMF's existing subscription income.

There were no fewer reservations expressed for the chemical sector.(102) It was noted that the Chemical Industries Association had submitted outline proposals with the claim that "good progress is being made to achieving a consensus". And so apparently had ICI had submitted draft proposals which it was canvassing within the industry.(103) But none had as yet produced anything that "could form the basis of viable voluntary arrangements". Before any decision could be reached therefore it was necessary that:(104)

a. the Chemical Industries Association and other employers' organisations should be invited to develop for consideration their proposals for an appropriate forum for promoting training on a voluntary basis;

b. the proposals put forward would need to meet all the criteria set out in para 6.7 and should be the subject of consultation involving employer, trade union and educational interests as well as the ITB concerned. Decisions can then be reached in the context of arrangements for implementing the New Training Initiative.

Despite the Government's known preference for voluntary arrangements then, the TSD seemed determined to ensure that if increased voluntarism was to be the order of the day, then the arrangements should be as watertight as possible: it was after all still to have responsibility for achieving and coordinating national training objectives through such bodies. Nonetheless, the Government was also warning employers that arrangements needed to be satisfactory. In a speech in Plymouth the new Minister of State Peter Morrison - considered to be much more of a Tory 'dry' than the Earl of Gowrie whom he had replaced - stated that: "The Government aims to move over voluntary training arrangements wherever possible and that means employers who want to be free of statutory compulsion must think now and hard about how they can deliver these

arrangements". He went on: "We believe that voluntary cooperation is better than statutory compulsion. But we are not going to let companies off the hook of statutory boards to slip back into inefficient training, skill shortages and poaching....Employers must look, not for the softest, cheapest option, but for the one which will deliver the goods effectively".(105) In view of the scepticism being exhibited by the TSD/MSD and the opposition of the trade unions and many ITBs to voluntary arrangements, the Government had to be seen to be pushing employers to come up with credible alternatives. It may have been determined to override the preferences of these interests but it needed to be able to claim that it was replacing existing arrangements with something better. It may also have been the case that the Department was somewhat suspicious that some employers' organisations were taking a rather cavalier attitude towards voluntary arrangements and did indeed think that they could get away with the 'soft option'.

This was certainly the view of training personnel interviewed by the author in one or two of the larger chemical companies who claimed that the CIA had to be convinced that the Minister would not simply abolish the ITB if he were not satisfied that there was something credible to put in its place. The period from the publication of the Employment and Training Bill to October/November 1981 was one of considerable activity for employers. Many of the larger firms, trade and employers' organisations, and the CBI (which had established an *ad hoc* working group - eventually to become permanent) were lobbying Ministers and civil servants at the Department of Industry as well as Employment. They were lobbying the TSD/MSD as well/^{as}MPs, MP'S groups (eg the all party group on the chemical industry), and peers. However, as many employers felt that their

views during RETA process had been misrepresented due to the way in which the evidence had been submitted and analysed, a deliberately 'political' decision was taken to, as far as possible, play down any disagreements and play up accord.

The main focus of employers' attention became directed towards attempting to obtain amendments to the Employment and Training Bill and to ensure acceptance of voluntary arrangements. In this they had mixed success. They were, for instance, unsuccessful in, getting the Government to meet the winding up costs of ITBs; confining an employer's responsibility for training to its own employees only instead of to "persons employed or to be employed in the industry"; and in defining the criteria of acceptance of voluntary alternatives to ITBs. Amendments were, however, successfully achieved in, limiting the liability of employers to pay the operating costs of ITBs to 0.2% of their total taxable emoluments; and in giving employer representatives on the remaining ITBs the overriding power to decide the size of a levy. Representations were also made to delay the implementation of the decision to transfer to industry boards' operating costs which again did not meet with a favourable response. One of the difficulties that had, in fact, confronted employers was the lack of clarity surrounding precisely what the criteria of a satisfactory voluntary organisation were. Until the publication of the sector review many employers felt that they were working in the dark. And even after its publication it was not clear whether the factors listed(106) were criteria or something else. Certainly many ITBs took them as criteria, and in their struggle for survival attempted to discredit trade associations' proposals on

the grounds that they did not meet the criteria laid down in the sector review(107)

This difficulty was not resolved until December when the CBI were informed by TSD officials that the items listed were to be regarded as "prime general factors" - not criteria - to be *taken into account* when reviewing proposals for voluntary arrangements. The reason given for not considering them to be criteria was because of their 'judgemental overtones' and they would therefore be applied flexibly. This reflected a more general softening of the approach to proposals coming forward by employers. Information from a number of participants suggests that the main reason was that the DE became more prominent in the negotiations from July/August onwards. TSD officials had, it would seem, been giving at least some employers organisations a rough ride. For example, at one meeting between employer representatives and the TSD, the officials were described as having adopted a 'high-handed' and unfriendly approach and had gone so far as to refuse to identify themselves which had considerably affronted the employers. The DE were seen by a CBI source as more "helpful, pragmatic and understanding" than the TSD who were "twitchy" and "oversensitive" about trade union attitudes. There appeared to be no difficulty at all in employers gaining access to the Department at this time. In essence it would seem that the DE took over from MSC officials - who were probably in a difficult position given the lack of agreement within the the Commission - the process of steering the changes through. It was only following the Government's decision on the fate of the ITBs announced on 16 November by the new Secretary of State for Employment, Norman Tebbit, that the DE once again started to take a back seat as it handed over to the MSC responsibility for

seeing that the new arrangements were set up in those sectors where boards were to be abolished.

The decision of the Government was that statutory training boards were to be retained in only six of the seven cases recommended by the MSC. These were: Clothing and Allied Products; Construction; Engineering; Hotel and Catering; Road Transport; Rubber and Plastics Processing. The Petroleum ITB was to be redesignated the Offshore Oil ITB, making a total of seven statutory ITBs that were to remain in existence. All other boards were to be wound up. It was clear that the proposals from many sector organisations had not been satisfactorily worked out by this time.(108) It was also clear that voluntary arrangements were totally opposed by many 'sector' trade unions (including the ceramics and chemicals) and the TUC. Len Murray, for example described the changes as a "monstrous rejection by the Government of its responsibility for training" and as "wantonly throwing away a decade of work by the boards".(109) Nevertheless, it was clear, that having long ago decided its course of action, the Government was prepared to wait no longer, and work was begun on arrangements for winding up seventeen industrial training boards.

CONCLUSION

Our analysis of events during this period reveals that the lack of agreement within the Review Body, and later the MSC, about the future direction and shape of the training system enabled the Secretary of State and the DE to take the

initiative that they wanted to take on industrial training policy. To an extent, of course, the DE was also filling the vacuum created by the conflict between employer and employee interests as there was no reason to assume that any agreement between the two would eventually be produced. Thus, as it became more evident that the Government was becoming committed to a particular course of action, it found it easier, indeed in some ways was obliged, to step in and control events. Although the Government had become anxious to press ahead with reform, the conflict between the two sides of industry was therefore not without its advantages, especially as the disagreement arose over the issue of ITB funding.

Although prior to the Review, employers had not expressed any particularly strong views over the future of the ITB system, faced with the prospect of having to 'dip their hands in their pockets' they came down fairly firmly in favour of abolition. Thus while the CBI had been unable to formulate a clear position during the early stages of the review, by the end of that process its stance was clear, even if it was expressed in negative terms. The views of employers then may be said to have largely prevailed. However, the evidence suggests that this probably had more to do with the fact that the shift in industrial opinion that occurred was a shift towards the Government's position. In any case, possibly to the surprise of some employers, the Government was not inclined to let industry call the tune - only join in the chorus. The Government did not back down, for example, over making industry pay the winding-up costs of boards. Further, the indications were that the Government was taking the training issue - or the supply of labour - seriously. Its decision to abolish seventeen ITBs need not be taken as a sign to the

contrary, as it would seem many industrialists took it to have been. Rather, the decision reflected the view that, in the form in which they existed, the majority of ITBs were not effective mechanisms for the achievement of national training objectives.

Clearly it is more difficult to gauge what the Government's reaction would have been if the Review process had, resulted in some form of agreement between the two sides of industry. But given that the process was constrained in attempting to find solutions by what was perceived would, or would not, be acceptable to the Government (particularly in terms of expenditure) then disagreement was almost certainly bound to arise. In one sense, given the TUC's suspicions of the Government's anti-regulatory stance, its strongly argued recommendation for returning the costs of training to industry is difficult to understand as it could not be unaware that such a proposal would be objected to by many employers. It is, however, possible that the strength of such opposition was underestimated by the TUC, or more particularly in the light of previous cooperation at the national level, the TUC might have expected the CBI to act as a more moderating influence upon its membership than, in the event, was the case. But most important of all, there was perhaps an element of a gamble that did not pay off in the TUC's position. Given the Government's commitment to reducing the level of public expenditure, it might be persuaded to retain the ITB system if the boards no longer had to be paid for out of exchequer funding. The Government, however, had its own views, not only about who should pay for training, but what the future shape of the training system should be. We therefore turn in the following chapter to examine the development of the Government's 'new training initiative'.

FOOTNOTES

1. House of Lords Debates (19 December 1979) Col 1735.
2. *MSC Review and Plan 1977* (London: MSC, 1977) para 4.52.
3. These points were put forward by ITB personnel during the course of interviews.
4. MSC Press Notice, 7 June 1979.
5. MSC Press Notice, 7 June 1979.
6. See *The Teacher* 15 June 1979. Industrial interests expressed such complaints to the author and in their submissions to the Review Body.
7. House of Lords Debates (19 December 1979) Col 1685.
8. *The Conservative Manifesto 1979*.
9. *MSC Annual Report 1979-80* (London: MSC, July 1980).
10. Press Notice 'Reductions in Spending by MSC' 12 June 1979.
11. *MSC Annual Report 1979-80* p 37.
12. CGMPITB *Annual Report and Statement of Accounts 1979-1980* (Harrow: CGMPITB, September 1980). CAP/ITB *Report and Statement of Accounts for the year ended 31 March 1980* (Staines: CAP/ITB, 1980).
13. *First Report from the Employment Committee Session 1980-81* 'The Manpower Services Commission's Corporate Plan 1981-85' HC 101 (January 1981) para 7.
14. John Golding, a former Junior Minister at the DE argued, however, that the underspending had occurred as the result of governments making funds available to the MSC before the Commission had had the time to properly formulate programmes. Monies were not, therefore always immediately taken up.
15. MSC Press Notice 'Manower Services Commission Reaffirms its Priorities' 19 December 1979.
16. *First Report from the Employment Committee Session 1979-80*, HC 444 (1980) paras 15-16.
17. *First Report from the Employment Committee Session 1980-81*, p xli.

18. Training Services Division *TOPS Review 1978* (London: MSC, 1978) p 38 and *passim*.
19. *First Report from the Employment Committee* Session 1980-81 p xl.
20. MSC Press Notice, 19 December 1979.
21. *First report from the Employment Committee* Session 1980-81, p xi.
22. MSC Press Notice, 7 June 1979.
23. ETA(RB)79, Minutes of the 2nd meeting of the Review Body held on 10 October 1979.
24. Interview with a member of the Review Team.
25. L Pliatzky *Report on Non-Departmental Public Bodies* The Prime Minister Cmnd 7797 (London: HMSO, 1980).
26. ETA(RB) Minutes of the 4th meeting of the Review Body, held on 5 February 1980.
27. ETA(RB) Minutes of the 1st meeting of the Review Body, 7 June 1979.
28. Letter to the author from a member of the Review Team, dated 19 November 1979.
29. Letter from Head of the Review Team, K Jordan, to invited participants, 6 July 1979.
30. ETA (RB) 1979/3 Appendix 1, para 16.
31. Letter and background note from K Jordan, Head of the Review Team, dated 6 July 1979. My emphasis.
32. J P Olsen *Organisational Participation in Government* (University of Bergen, 1977).
33. Interview with CBI Official.
34. ETA/RB 80/6.
35. ETA(RB) 80/19.
36. Minutes of the 6th Meeting of the Review Body held on 1 April 1980.
37. W Grant and D Marsh *The CBI* (London: Hodder & Stoughton, 1977) Chapter 5.
38. CBI letter, V.226.78 'CBI Review of the work of Industrial Training Boards', September 1978.
39. CBI *Education and Training Supplement* Vol 9, No 2 (June 1979).

40. CBI 'Review of the Work of the ITBs' *Education and Training Bulletin Supplement* Vol 9, No 2 (June 1979).
41. Billiton UK (Subsidiary of Shell).
42. ETA(RB)(79)17 'Analysis of Responses from CBI Members' Prepared for the Meeting of the Review Body, 10 December 1979.
43. Letter from M O Bury to Richard O'Brien, dated 6 December 1979.
44. CBI V.39.80 'Review of the Employment and Training Act 1973', January 1980. Presented to the 4th meeting of the Review Body, 5 February 1980.
45. CBI V.39.80 para 27.
46. CBI V39.80 para 29.
47. CBI V.39.80 para 28. My emphasis.
48. CBI V.39.80 para 40.
49. *Review of the 1973 Employment and Training Act* Evidence of the Paper & Paper Products ITB.
50. ETA(RB)80/5 'Assessment of the Nature and Effectiveness of Inter-Board Cooperation', 5 February 1980.
51. ETA(RB)80/5, para 10.
52. ETA(RB)80/5 para 19.
53. ETA(RB)80/9 'The Role of the TSD's Industry Directorate and Relationships with ITBs', 5 February 1980.
54. ETA(RB)80/9 para 35.
55. TUC 'Review of the Employment and Training Act 1973', presented to the fifth meeting of the Review Body, 29 February 1980. The submission was based upon the views of 25 affiliated unions, covering a majority of trade union members and trade union members of ITBs.
56. J Monks, TUC, Minutes of the 5th meeting of the Review Body, 29 February 1980, para 5.
57. TUC submission to the Review Body, para 49.
58. TUC submission to the Review Body, para 10.
59. TUC submission to the Review Body, paras 57-81.
60. Minutes of the 5th meeting of the Review Body, 29 February 1980, para 6.
61. ETA(RB)(79)18 'Analysis of Replies Recieved from Educational Bodies'

- para 1.
62. ETA(RB) 1980/19 'Training in the 1980s: Options for the Future'.
63. ETA(RB)1980/19, paras 25-36.
64. From the Minutes of the 6th Meeting of the Review Body, 1 April 1980.
65. Minutes of the 6th Meeting of the Review Body, 1 April 1980, para 4.
66. Minutes of the 6th Meeting of the Review Body, 1 April 1980, para 5(c).
67. Confidential source.
68. CBI V.151.80, 6 May 1980.
69. CBI V.151.80.
70. *Outlook on Training: Review of the Employment and Training Act, 1973* (London: MSC, 31 July 1980).
71. *Outlook on Training* para 8.6.
72. *Outlook on Training* para 8.7.
73. *Outlook on Training* paras 7, 10, and 16.
74. V.313.80 'CBI Response to "Outlook on Training"' para 6.
75. The following is based upon information recieved from a confidential source.
76. Central Policy Review Staff *Education, Training and Industrial Performance* (London: HMSO, 1980).
77. CPRS *Education, Training and Industrial Performance* paras 4 and 5.
78. *The Times* 21 July 1980.
79. HC Debs, Written Answers (31 July 1980) Col 785.
80. *First Report from the Employment Committee* Session 1980-81, para 3.8.
81. CBI V 313 80 'Response to Outlook on Training'.
82. MSC *A Framework for the Future: A Sector by Sector Review of Industrial and Commercial Training* (London: MSC, 31 July 1981) para 1.3.
83. MSC *A Framework for the Future: A Sector by Sector Review of Industrial and Commercial Training* para 1.3.
84. For the text of the conference speeches see *BACIE Journal* Vol 35, No 3 (March 1981).

85. *BACIE Journal* Vol 35, No 3 (March 1981) p 51.
86. Such comments were, for example, made at the BACIE conference, November 1980, and were repeated by an official of the CBI in an interview with the author.
87. *Employment and Training Bill* 1981, Clause 1. The second part of the clause was apparently included because the TSD officials conducting the sector review had got completely 'bogged down' and had much of their time taken up by the statutory requirement to consult with all those consulted at the time the boards were established.
88. HC Debs (9 February 1981) Col 614.
89. C Elliott and S Mendham *Industrial Training Boards - Why they should be dismantled* (London: Centre for Policy Studies, 1981). Short on analysis and long on rhetoric, the document ignored many of the non-training factors to do with skill shortages and argued on the basis of partial and highly selective evidence that ITBs were simply bureaucrats' empire building machines. The effectiveness of training, it was argued, would be demonstrated in increased profits, productivity and so on. Given the existing state of British industry then *ipso facto* the training system had failed to deliver and should be completely abandoned. And a few months later similar views were to be expressed by the 'quango-hunter' Philip Holland, who extended attention to include the MSC, P Holland *The Governance of Quangos* (London: Adam Smith Institute, 1981).
90. HC Debs (9 February 1981) Col 618.
91. HC Debs (9 February 1981) Col 617.
92. MSC *A New Training Initiative: A Consultative Document* (London: MSC, 1981).
93. C Norris and H Thomas 'Industrial Training Policy in Great Britain' in M Anderson and J Fairly (eds) *The Politics of Industrial Training Policy Papers presented to a conference in the Centre of European Governmental Studies, Edinburgh University, 11 June 1982*.
94. On the early programmes see F Ridley 'Employment: the Job Creation Programme' in D Lewis and H Wallace (eds) *Policies into Practice* (London: Heinemann, 1984).
95. See, for example, J Moon and J J Richardson *Unemployment in the UK* (Aldershot: Gower, 1985).
96. MSC *A Framework for the Future: A sector by sector review of Industrial and Commercial Training*.
97. Private source.
98. MSC *A Framework for the Future: A sector by sector review of Industrial and Commercial Training* para 6.5.

99. *MSC A Framework for the Future: A sector by sector review of Industrial and Commercial Training* paras 11.9-11.11.
100. *A Framework for the Future: A sector by sector review of Industrial and Commercial Training* para 11.11.
101. *A Framework for the Future: A sector by sector review of Industrial and Commercial Training* paras 11.11(a)-(e).
102. *A Framework for the Future: A sector by sector review of Industrial and Commercial Training* paras 12.1-12.6.
103. This was in fact a misleading statement. As the Education and Training Manager of ICI explained during the course of an interview, ICI were invited to the sectoral review meeting on 1 May 1981, but sent written views instead. These broadly stated that ICI would be prepared to work with other companies, perhaps under the aegis of the CIA, to develop appropriate voluntary arrangements. Although its discussions with other companies had led it to form a view about the best possible package, this was by no means regarded as the only possible option.
104. *A Framework for the Future: A sector by sector review of Industrial and Commercial Training* para 12.6.
105. DE Press Release 'Employers must think now about voluntary training arrangements warns Employment Minister', 15 April 1981.
106. *A Framework for the Future: A sector by sector review of Industrial and Commercial Training* para 6.7.
107. Information supplied by the Foundry Industry Training Committee.
108. CBI source.
109. *The Times* 17 November 1981.

CHAPTER TEN

THE NEW TRAINING INITIATIVE AND THE ROLE OF GOVERNMENT

Our analysis of events in the previous chapter brought us to the point at which by the end of 1981 the Government had decided that future training arrangements would be markedly different to those previously operating. These decisions added to the level of disagreement between the main participants in the training system that had emerged during the review of the 1973 Act. Thus, virtually for the first time since 1964, there was serious disagreement among the major interests. Up until this time it had been accepted - by governments as well as private interests - that both sides of industry had a key role to play in the formulation of industrial training policy. There had also been a broad basis of agreement about the features of the form of intervention that should exist and what intervention could, and should, seek to realise. This broad agreement, as we have already seen, was that decisions about training should largely rest within the remit of firms' decision making and their negotiations with trade unions. Though this was the case it was also accepted that the state had a legitimate role in supporting industrial training and also representing the needs of the national economy in the area of training.

Whilst tensions existed in this position - which were clearly visible at various points in the decision making process - these tensions had always remained manageable because none of the participants had been either willing or able to push their case. There was thus a sustained accommodation of interests. What helped sustain this, was a belief that effective change was more likely to be achieved in circumstances of cooperation rather than conflict amongst the parties. Important in its own right, therefore, was the aim held by participants that policy decisions should contribute towards the maintenance of cooperation. Such an aim was, however, circumscribed to the extent that certain primary interests were not challenged. The exact identification of where the threshold would lie for each of the participants to actually cease aiming for such cooperation is obviously difficult to judge under the complex circumstances. What we can say, nonetheless, is that it was not until the Review of the 1973 Act produced an impasse over funding that the threshold was breached.(1)

What is suggested therefore is that either conditions had changed so that cooperation was no longer possible in the same manner, or that less value was now being placed upon proceeding by means of cooperation - or possibly both. Any discussion of these issues has to start from the arrival, at a critical point, of a new Conservative Government with different views about the nature of economic problems, the role of the state in the economy, and the authority of government in the policy process.(2) Whilst it is possible to view the abolition of seventeen industrial training boards as a reflection of the Thatcher Government's anti-regulatory, anti-public spending and market oriented approach which marked a significant break with the past, this would provide

only a partial - and therefore misleading - explanation of the changes which took place. It does not, for example, take into account the changing wider context within which training was a political issue. That is, the higher levels of unemployment coupled with the economic recession. Further, such a view largely ignores the possibility that the translation of the Government's norms into policy did not necessarily mean no, or considerably less, intervention, but intervention of a different sort. Thus for the Government the issues centred not so much around the adequacies of the existing training institutions and how they might be improved, but around how to overcome what was diagnosed as the main training problem - the poor utilisation of labour as a result of restrictive labour practices. The problem was also seen to be compounded by other market imperfections and limitations of the state education system. Such a view was not new - indeed in some respects resurrected many of the arguments put forward some 13 years earlier by the Donovan Commission. What was different was the change in emphasis that it represented since the passage of the 1973 Act. In the changing climate, such views were also increasingly being canvassed by employers themselves as in, for example, a report by the British Institute of Management published in 1981(3) and in the CBI's publication *Will to Win*.(4)

LAYING THE FOUNDATIONS FOR THE NEW TRAINING INITIATIVE

The abolition of the ITBs may thus be regarded as in part a development from the weaknesses in the training system that we have already identified in

preceding chapters and which would indicate that the Government was similarly convinced of these weaknesses. For, despite the anti-quango rhetoric, it was clear that there was more to the decision than a Conservative Government coming along and identifying a convenient means of getting rid of a significant number of regulatory agencies in one fell swoop - although presumably such a course of action was not without its appeal. But it was, however, undeniable that by the end of 1981 the Government had become impatient to push through changes in this area. Such haste was, more importantly, a result of the Governments' desire to press ahead with its own initiative and priorities which lay in other directions. That is, although the Government was largely abandoning the ITB system, this was not an indication that it was not taking training seriously. Rather than it being the end, it represented more the beginning of the story as we shall shortly see in our examination of the *New Training Initiative*. But before the Government could satisfactorily proceed with its initiatives into new areas it had to remove what it perceived to be certain barriers and reassert its authority in the training area. There can be little doubt that in some important respects the Government viewed the Manpower Services Commission as comprising an obstacle to its objectives. One reason for this was the independent attitude that was adopted by the Commission and particularly its chairman, Richard O'Brien. The MSC chairman had not only asserted that a return to voluntarism would lead to a "deficiency in the quality and quantity of training"⁽⁵⁾ but had also been critical of the effects of expenditure cutbacks on the Commission's operations, particularly at a time of high and increasing unemployment. And further, statements such as that made in 1981, that if one included in the numbers unemployed those not registered and those covered by special measures, then

the unemployment figures would be about 3 million rather than the 2.32 million included in the official statistics, did not particularly endear him to government.(6) Significantly, Richard O'Brien was not reappointed as MSC chairman(7) in April 1982, the post going instead to the much more sympathetic David Young - previously adviser to Sir Keith Joseph at the Department of Industry and later to become Lord Young and Secretary of State for Employment. It was the generally accepted view that Richard O'Brien had in effect been 'sacked' due to his outspokenness.

More fundamentally however it is quite evident that the Government was unhappy with the MSC as a decision making structure. In part this was due to the way in which decisions were reached. The bringing together of representative interests in circumstances where value was placed upon achieving cooperation was likely to result in 'compromise' decisions which did not sit easily with 'conviction politics'. On the other hand, if cooperation broke down, or became unstable, then decision making was likely to be ineffective. In addition, the MSC was seen as having assumed, or been given, decision making authority that properly belonged to government. In attempting to remove these obstacles the abolition of the MSC was not an option that was up for consideration for both practical - training functions still had to be managed - and political reasons. The MSC could, however, be managed in a different way. In other words, the Government was not so much seeking to change the structure of the Commission which would have been costly, but was attempting to change the nature of the relationship between the MSC and government. In effect, the Government may be viewed as wishing to be in position where it could exercise greater authority and take more of the initiative. Such a change would lessen the influence of

private actors, as it had for example with the abolition of the ITBs which in particular had undercut the influence of trade unions,{8} while other measures, such as returning the authority for creating/abolishing/changing the scope of ITBs increased that of the Government. Similar motives lay behind bringing in as MSC chairman a 'government' man who would be expected to have a different relationship to the DE than the previous chairman. Such moves were therefore designed to place the Government much more firmly in the driving seat as far as industrial training policy was concerned.

These kind of developments support Bulpitt's argument that the application of ideology and the pursuit of particular policies were not the sole concern of the Thatcher administration, but that it also sought to govern with political effectiveness rather than be impeded by obstacles from outside interests.{9} As Andrew Gamble has put it "government that thinks strategically is rare in British politics".{10} In other words the Government engaged in various attempts to ensure that its authority prevailed and was sustained. This meant not only that the procedures adopted for formulating policies now differed from what they had been under previous governments, it also, somewhat ironically as Bulpitt points out,{11} limited the choice of policies that the Government was willing to adopt because of their intention to avoid policies that could only work with outside support. Thus the Government's rejection of formal incomes policy can be seen not only as an expression of a market orientated ideology but also a conscious effort not to get embroiled in the weakening of governmental authority that 'afflicted' all previous governments that had adopted them. Related to this was the Government's predilection to adopt policies where responsibility for a successful outcome was seen to

largely rest with others. In this context can be placed the renewed emphasis upon the responsibility of industry for the provision of training: the obvious corollary being that if industry does not provide sufficient training then the failure cannot be attributed to government policy.

A New Training Initiative: The Strategic Framework

It was against this background that the Government produced, in December 1981, a White Paper entitled *A New Training Initiative: A Programme for Action*,⁽¹²⁾ which marked the first comprehensive statement by the Government of their intentions in the training area. (The term 'new training initiative' had, as we saw in the last chapter, been employed in the title of the consultative document issued by the MSC in May of 1981, although the term was first mooted by James Prior the previous February.) The MSC's consultative document had set out three major national objectives for future industrial training policy relating to: the reform of the apprenticeship system; developing a system of vocational education and training for those under the age of eighteen; and improvements to the provision of adult training and retraining. Alongside the Government's December White Paper, the MSC published a further document entitled *A New Training Initiative: An Agenda for Action*.⁽¹³⁾ The MSC document set out the nature of the responses - of which there had been nearly 1,000 - to the earlier consultative paper and noted that there had been "overwhelming support" for the three objectives,⁽¹⁴⁾ a statement that was reiterated in the White Paper.⁽¹⁵⁾ Whilst such might have been the case, the statements did not reflect the apparent disagreements that emerged between the TUC and the CBI over questions to do with resources and delivery during the period prior to

December 1981. These disagreements were claimed by a CBI source to have only been overcome by the hard work of Geoffrey Holland, MSC Director of Special Programmes and later Director of the MSC who was said to have "run between" the TUC and CBI sorting out problems and the wording of the document to make it acceptable to both sides. The result, according to the same source, however, was that the document that finally emerged was "significant in that it is a real negotiated document - not just pious words but has the agreement of all parties." Thus the rift between the CBI and the TUC that had occurred during the RETA exercise was to some degree healed during the preparation of the *New Training Initiative* (NTI). This enabled the TUC and CBI to more effectively challenge at a later stage certain of the proposals contained in the white paper. Therefore, consulting and obtaining the agreement of affected interests were still being seen as important to the forwarding of policy initiatives, but the essential difference was that the balance in the taking of the initiative had markedly tilted in the Government's direction, which might be said to reflect "major shifts in strategic policy thinking within central government".{16}

The MSC document did though comment that there was "no predominant view emerging on how to make progress. We may all be agreeing on the same objectives now - and that in itself is a milestone - but major issues remain."{17} Significantly, and as if in reply, one of the opening statements in the White Paper was that: "The time has now come for the Government to give a lead." and its attitude toward the MSC can be discerned from the later comment that the "Manpower Services Commission...is (and will remain) the main agency through which the Government initiates action and monitors progress over the

whole field of industrial training."(18) The 'Programme for Action' that was set out in the white paper was based on 10 points:(19)

- (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 £16 million 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.

Thus the White Paper represents an attempt to set out a comprehensive approach to present and future policy for vocational education and training. Most importantly, in terms of future developments, as the demand for labour was held to increasingly require flexibility and a broad base of general or transferable skills, the main emphasis, both in terms of state resources and action, was placed upon reform of the training system from the 'bottom up' -

that is at the level of young people entering employment or training. Such action alone could, however, only bring about the desired results in the longer term and at the same time therefore, greater flexibility needed to be introduced in the area of adult training and retraining. The White Paper therefore represented the first coherent statement of the Government's "decisions on immediate action and proposals for the longer term".(20) It is clear from the strategic nature of the proposals that the policy was regarded as developmental in character. That is, it represented a framework for action, some of which was to be left to later stages to be worked out and followed through.

The Government's general outlook was repeated and elaborated, in line with its evolving strategy, in a number of subsequent white papers. The first - *Training for Jobs*(21) - produced in January 1984 reviewed the progress on the achievement of the NTI objectives and put forward proposals for their further development, most notably, the establishment of a system of certification common to YTS, vocational education and other training standards and qualifications, and the launching of a 'national awareness campaign' for adult training. In the following March the Government published *Employment Policy: The Challenge to the Nation*(22) which was notable for its reaffirmation of the importance of the 'supply side' and competitive market forces as the basis for tackling employment problems generally, including those of training. Shortly after in April yet another white paper appeared. *Education and Training for Young People*(23) was jointly presented by the Secretaries of State for Education and Science and for Employment and the Minister without Portfolio (Lord Young as 'Employment Supremo' before being brought in as Employment

Secretary), as well as being supported by the Scottish, Welsh and Trade and Industry Secretaries, reflecting its central place in the Government's policy initiatives. The paper set out proposals for a two year Youth Training Scheme (YTS), beginning in April 1986, that would lead to recognised qualifications and for the establishment of a working group to advise on the development of a coherent and comprehensive structure of vocational qualifications. The final document, *Working Together - Education and Training*,⁽²⁴⁾ produced in July 1986, stressed the way in which education and training policies were being developed in a complementary and coherent way. It went on to announce an extension of the Technical and Vocational Education Initiative (TVEI)⁽²⁵⁾ which had been operating as pilot projects - beginning with 14 in 1983 and enlarged to 74 by 1986. The purpose of the TVEI projects was to test curriculum schemes for preparing young people of differing abilities for adult and working life. From autumn 1987 these are to be developed into a national scheme. The other proposal was the establishment of a new framework of National Vocational Qualifications (NVQ), to be developed and supervised by a new National Council for Vocational Qualifications (NCVQ).

The Conservative Government's Policy Standards for Training

From the NTI and the other documents referred to it is possible to identify a number of policy standards which it is important to consider at this point as there can be identified a significant shift from certain of the standards that had previously prevailed. What is further significant is, that from the NTI to the present, the standards espoused have displayed a high degree of consistency. Thus while different standards can be identified in relation to

the different matters to which the various documents have addressed themselves, what is clear is that over this period the Government has held and elaborated the same fundamental outlook on training policy. The most important standards that can be identified from these various sources are discussed below before going on to look at how these standards were applied in the policy initiatives adopted and implemented to date.

There is no doubt from these documents that the Government's stance is one which attaches considerable importance to the training function, for notwithstanding the fate of the ITBs, these initiatives represent a major intervention by the state, involving the spending of not inconsiderable sums of money. At first sight this might appear to indicate a significant departure from the standards held concerning the limited role of the state in the economy. Deaton, for instance, argues that "the Government's stated policy in the area of training stands in marked contrast to other aspects of its economic and industrial policy."⁽²⁶⁾ But an examination of the relevant white papers and policy statements reveal a familiar market orientated outlook with the consistent expounding of the view that the supply of labour and training is most efficiently allocated through the market.⁽²⁷⁾ This being so the question obviously arises as to why the Government regards it as necessary to make a major intervention in the area of training. The *apparent* contradictions between these two positions can in fact be reconciled if we take account of the fact that the Government recognises that the market in this area is not operating so as to achieve optimum allocations and further, that it cannot be 're-established' in the short run but needs to involve a longer process of changing the attitudes of participants in the market. In short, the Government

also holds other views concerning the operation of the market and the place of training within it.(28)

These have to do with what are regarded as obstacles to the flexible operation of the labour market. As argued in the 1985 Employment White Paper, "the supply side is crucial, and that needs an efficient labour market. Government can help provide the conditions for this...to ensure that the supply of labour meets demand in quality, quantity, cost and flexibility."(29) Since 1979 therefore, there has been a series of interventions designed to remove these obstacles, for example limitations on the operation of the closed shop and trade union immunities, a curtailment of statutory employment protection rights, and a reduction in the protection afforded to those in low paid industries through the Wages Council and the Fair Wages Resolution. Further, even though these education and training initiatives do represent a major intervention, they are, by the Government at least, regarded as interim measures: the ultimate objective being the withdrawal of a large amount of state involvement - extending even, for example, into the area of the training of all young people.(30) In the meantime the Government has assumed it is necessary for the state to play a leading role - particularly in the area of finance - in certain areas of training provision.

Withdrawal from other areas such as the ITBs should not, however, be taken to indicate that it was the Government's belief that an adequate amount and standard of training was being provided in these areas. Rather, the opposite view was held.(31) Importantly, the reason for inadequate provision is assumed in part to be due to the attitude of employers, who in a large number of cases,

it is claimed, regard training as a cost and not as an investment.(32) Following on from this is the standard, which has been firmly stated, that "the major responsibility for training must fall to employers as customers and users."(33) This reflects the view, as stated in the 1984 White Paper *Training for Jobs*: "the decisions as to who is trained, when and in what skills are best taken by the employers (and indeed the individuals concerned) who have to satisfy the needs of the market, rather than central direction."(34)

The view that employers tend to regard training as a cost rather than an investment means that this is regarded as a causal factor in any explanation of labour shortages and inadequacies, and makes transferring further responsibility to them in the market not a straightforward issue as is evident by the inability of previous arrangements to have a satisfactory impact in this respect. Such a problem, however, most particularly affects training that is not job specific: that is general or transferable skills training. (It is this kind of training for which YTS is, in the long-run, designed.) Echoing arguments from as far back as the 1950s, the Government has claimed that because of the costs involved, employers are deterred from training individuals who may then take up employment with employers who are willing to offer higher wages freed from the costs of training - that is 'poached'. The problem is seen, therefore, as one where "the individual firm has absolutely no guarantee of a return on [its] investment since the trainee is under no legal obligation to stay once his training is complete."(35) The fact that employers may act as 'free riders' in respect of the available pool of trained labour is in effect leading to a distortion in the operation of the market which has

implications for the output of the national economy whatever the benefits or disbenefits for individual employers.

On this basis there is, therefore, on liberal market premises a case for intervention to correct the inefficiencies created by such distortions, and one possibility suggested by the Government is a remissable tax on training.(36) This is despite evidence - some of which has been produced latterly(37) - which would suggest that poaching does not constitute a significant problem in affecting the total volume of training undertaken by firms. As we shall see, however, although such views are similar to those which were around in the early 1960s, the response has been different. Part of the rationale of the 1964 Industrial Training Act was to share the costs of training more fairly between employers, but past experience of trying to implement such an objective clearly convinced the Conservative Government of its inappropriateness. As it stated in the NTI White Paper: "Attempts to even out costs between employers in particular industries through the Industrial Training Board's levy/grant system foundered under the weight of bureaucracy involved and its inability to deal with the problem in respect of cross-sector skills where much of the difficulty lies."(38)

On top of that of employers there is also need to consider the position of trainees. Being given renewed emphasis is the argument discussed in earlier chapters that as skilled labour is able to sell its skills in the market, this means that trained workers are often able to gain a higher income from an investment to which their contribution may often have been marginal. In short, training enhances the individual's market position, and given this benefit an

individual could be expected to make a contribution towards the cost of training, that is share some of the burden of the investment in themselves. This is certainly a standard that can be identified with the government's approach to youth employment and training where it is possible to argue that the financial burden, especially in the area of skill training, had increasingly been borne by employers in the first instance and latterly by the state. The perceived source of this increasing cost is indicated by Norman Tebbit's statement that: "[O]riginally the individual and his family paid for training at craft level...The period of apprenticeship has been reduced, although it is still longer than that actually required for the training. The pay of apprentices has improved both in relation to that of trained adults and to that of young people in employment where no training is given. Contracts of the old nature have become virtually unenforceable in a Court of Law. As a result skill training has become more expensive to firms with less promise of a return."(39) The suggested solutions therefore rest in efforts to keep training costs down and the need for "the acceptance by trainees of levels of income which reflect the value to them of the training given."(40) This is one means of reducing the cost to employers of training, thereby making training more attractive financially. Another means would be to reduce the overall cost of training. The view of the Government is that training could be significantly more cost effective. This applies in particular to the apprenticeship system where trade unions are regarded as exercising undue influence to the detriment of costs. In the Government's opinion: "Our apprenticeship system may have been admirably suited to the first half of the twentieth century, but it is certainly not suited to the last quarter."(41) The reason being that: "In recent years...apprenticeships have failed to provide an adequate response to our

emerging skill needs. In many instances rigidities have discouraged entry and linked skilled status to time-serving rather than competence. Partly as a result of this...the number of apprentices recruited has dropped sharply so that only some 40,000 were recruited last year."(42)

Thus the standards that we can identify within the New Training Initiative and related developments may be summarised as follows;

That the market provides the most efficient mechanism for the allocation of labour, and should remain so;

That the state should, however, intervene to remove obstacles which distort the operation of the market in respect of the supply of labour: such distortions occurring through poaching and restrictive practices;

State intervention should be selectively applied in line with national manpower objectives;

Intervention should be directed towards making training more financially attractive to employers;

The state has, therefore, a responsibility to provide a significant financial contribution towards securing improvements to the training system, but that this should be in the short, rather than the long-term;

That wherever possible, decisions about training should be taken within a voluntary framework but that the main responsibility for such decisions should reside with employers, not employees;

But that individuals who benefit from training should be expected to make a greater contribution towards its costs

The most significant means through which the Government has sought to apply and realise these standards embodied in the New Training Initiative has been the Youth Training Scheme. The scheme's outstanding significance can be attributed to three principal factors. First, the scheme is the largest ever mounted, initially set to provide some 400,000 training places. Second, it is

similarly the largest in terms of resources employed. Although subject to underspend, as we shall see, planned initial expenditure on YTS was set at £1.1 billion. Third, there is no doubt that it was, and has increasingly been seen as, the linchpin in the reform of the training system. We need, therefore, to consider in some detail the provisions and implementation of the Youth Training Scheme within the context of the New Training Initiative. This will be the concern of the following chapter. Firstly, however, we need to look at the other developments under the New Training Initiative and also at what has happened to the voluntary arrangements in those industries where the ITBs were abolished. The abolition of the ITBs and their replacement by a range of Non-Statutory Training Organisations (NSTOs) marked the Conservative's first initiative to reform the training system and consideration of the extent to which increased voluntarism has produced improvements or not is of importance given that extending voluntarism is a longer term aim of the New Training Initiative.

THE NEW TRAINING INITIATIVE PROGRAMMES

Although YTS is regarded as the central component in the long term reform of the training system we will be concerned in this section to review the progress of other policy initiatives especially those relating to the three NTI objectives: the reform of occupational training, including apprenticeship, to achieve greater flexibility and competence judged on the basis of standards; the provision of full-time education or training or planned work experience

for all young people under the age of 18; an increase in the opportunities available to adults to acquire, increase or update their skills. As the second of these relates primarily to YTS, it is the first and third objectives that mostly concern us here.

Policy towards the training of young people differs in one important respect from that towards adult retraining or the reform of occupational training in that there exists a much more clearly defined programme through which the objectives are pursued. Securing the other objectives are less straightforward as they trespass on areas affecting collective agreements that are regarded as for negotiation between management and unions. Thus whilst the Government has given the lead in terms of setting out the standards that it wishes to see pertain and the overriding policy objectives to be achieved, the working out of the programmes and their implementation has been left more - though by no means exclusively - in the hands of the MSC than has been the case for YTS. The reason being that progress towards these objectives is seen to require a more gradual, or step by step, approach because of the greater need to obtain the agreement of the different interests than was necessary for the establishment of YTS: in this respect the MSC is viewed as an appropriate forum to secure such agreement. We therefore move on to a consideration of the extent to which the standards are being applied and objectives moved towards in these other areas. One of the difficulties that confronts us in this respect is that unlike policy towards the vocational education and training of young people, there exist a wider range of smaller scale programmes in relation to the two other NTI objectives. We are not, however, concerned so much to provide a detailed examination of these programmes, as to draw out the overall pattern

that is now emerging in these areas, together with the role of the centre, and in particular the MSC.

The Government's approach towards education and training and wider labour market issues has been expressed in economic rather than social terms, and is consistent with its market oriented outlook. This approach was perhaps most clearly expressed in the January 1984 White Paper, *Training for Jobs*. Such an emphasis upon economic objectives can also be discerned in the pattern of programme developments emanating from the MSC post-1983, and which it can be claimed reflect the Government's market orientated stance on education and training. The direction which the MSC has been taking has tended to follow the Government's views that the state cannot create jobs, but it can provide the conditions in which they might be created. There can be little doubt that such views have been fostered by the appointment to the MSC of chairmen sympathetic to the Government's approach. Thus when David Young was 'elevated' to the Cabinet via the House of Lords in October 1984, his successor was Bryan Nicholson, chairman of Rank Xerox and a known supporter of the Government on employment matters. Thus the Government can be seen to be exercising greater influence on the Commission's decision making through its use of appointments to the chairmanship. But also, the programmes that have been developed have significantly increased the the status and functions of the MSC as an organisation, which we may assume has the support of MSC permanent officials. Therefore, the ability of the Commission (ie the Commissioners collectively) to act as an independent decision making body appears to have been markedly downgraded as it has been squeezed between pressure emanating both from above and below. Indeed the extent to which the Government is 'sidestepping' the

Commission may be gauged from the manner in which Lord Young announced the Government's most recent package of employment measures. These were announced at the Conservative Party Conference in October 1986 without prior reference to the Commission. It was commented at the time that "several MSC members expressed concern...and that it was another example of the Department of Employment taking a unilateral decision".(43)

So we can see a shift, from 1982 onwards, in the direction of MSC programmes to one which bears a closer resemblance to the Government's market oriented approach. Whilst the problems resulting from unemployment - particularly for the young and long term unemployed - are seen to require continued attention, (although the issue of youth unemployment can be expected to decline in line with the considerable drop in the school-leaving population already beginning, and which will result in one third fewer 16 year olds in the labour market in the early 1990s than there were in the early 1980s) the greatest emphasis has been placed upon helping industry to become more efficient. This was most clearly marked in its 1984 *Corporate Plan* where the MSC's major task was identified as providing programmes "designed to meet the challenge of the labour market in those years ahead, both in reinforcing recovery through helping to remove obstacles to the efficient utilisation of skills, and in helping to ensure that all those in work or seeking employment have every opportunity to make the most of their skills or to acquire new ones."(44)

A more market oriented approach does not, however, given the current obstacles mean a greater degree of de-centralisation. On the contrary, one result of the MSC's attempt to push through the NTI objectives has been an increase in

centralisation, in particular as a consequence of efforts to develop a comprehensive and coordinated system of vocational education and training with a common basis of qualifications. Such developments have led to the MSC playing a far more prominent role in the field of secondary and further education at the expense of the DES, LEAs and FE colleges. One clear example of this is in the area of work-related Non-Advanced Further Education (NAFE) whereby the Commission was requested by the Government to ensure that NAFE courses related more closely to labour market needs.⁽⁴⁵⁾ To ensure such an outcome the MSC's budget has been increased by the transfer of funds totalling £65 million in 1985/86 and £110 million in 1986/87 from the Rate Support Grant.⁽⁴⁶⁾ The result, according to Dutton, has been that "[I]n schools and FE, we appear to be robbing the pupil in general education in order that a few following vocationally orientated courses...can benefit."⁽⁴⁷⁾ This move raised the hackles of both educational and local authority interests not only because of the loss of revenue and functions to the MSC, but because of the secretive manner in which the decision was taken: "No one in local government or education knew it was coming; even the MSC Commissioners were kept in the dark."⁽⁴⁸⁾ Such an extension of the MSC's operations in this and related areas such as TVEI,⁽⁴⁹⁾ in particular at the expense of the DES, lend a good deal of credibility to Moos's contention that "when the government wanted to change the direction of education and training quickly, the MSC proved an essential mechanism, uncircumvented by the normal - and often lengthy - process of consultation and lobbying associated with local authority decisions. The implication of this for the LEAs was profound - as, indeed, was probably intended."⁽⁵⁰⁾ But from a somewhat different perspective, Aitken argues that

the DES has simultaneously and successfully achieved an enhanced degree of central power.(51)

We can see therefore that in those areas where the MSC acts as purchaser (eg FE courses) or supplier (eg of finance) it has moved towards a position of increasing control over the provision and providers of education and training and/or training related activities, which has resulted in a far greater degree of centralisation than existed previously. In other areas, however, its influence is far less direct and depends to a much greater extent upon exhorting and persuading those with more direct responsibility for determining the amount and quality of training provided. As set out by the MSC, achievement of NTI objective 1 means "going beyond modernising initial training arrangements such as apprenticeship. We must improve access to training and vocational education and to jobs; improve the relevance and cost effectiveness of training; and provide a sounder basis for assessing and testing competence and ensure that arrangements for validating, recording and certifying training competence attained are effective and flexible." Such aims however "call for quite radical changes in policy and practice in industry and in our education and training institutions. Much of the work and almost all the agreements required are the responsibility of employers, trade unions and professional bodies, the joint industry organisations, including ITBs and the further education standard setting and validating bodies. *In many areas the Commission can only use its influence and help others make progress.*"(52) So the MSC's strategy has been one that has attempted to change attitudes to training, not through regulatory and inspectorial means, but by adopting much more aggressive marketing and promotional - not to say propagandist - tactics,

encouraging employers *and* individuals to take advantage of the benefits of training.(53)

A similar approach has been adopted in pursuit of the objective of opening up training opportunities for adults. This has been furthered not only by developing new training methods but through the Open Tech programme which, by April 1986, had produced some 3,000 training modules providing 18,000 hours of learning which had been used by some 32,000 people at a cost of £16.2 million.(54) But most significantly, November 1984 witnessed the launch of an Adult Training Campaign. The purpose of the Campaign being to "inform employers, individuals and training providers of the importance and value of training and retraining for adults and their relevance to economic growth and competitiveness....The Commission believes that a sustained campaign over several years involving all those with an interest in adult training will be necessary to bring about the desired changes in training arrangements".(55) As a first step, during 1985 "a wide range of materials was made available in support of the Campaign, including a Campaign Guide, a speaker's kit, leaflets and the bi-monthly newsletter, *Focus on Adult Training*."(56) In addition regional conferences have been held and Local Action Groups formed to tackle local training issues. The focus upon improving the labour market through better access to information is also being pursued by exploring the "possibilities of using new technology developments to make such information more widely available to individuals and employers through a computer based network of *Training Access Points* (TAPs) linking local and national databases, and to support that information through local advisory agents".(57)

As far as the MSC's responsibility for the direct provision of training is concerned again we can witness a clear move towards a market based approach in line with the Government's statement that the "resourcing of the Training Opportunities Programme...should increasingly be directed to encouraging the necessary provision in industry".(58) The Training Opportunities Scheme was replaced in 1985 by a series of schemes coming under the collective title of the *Job Training Programme*. The largest of these, which is the direct descendent of TOPS is the Job Training Scheme (JTS) providing "intensive occupational training to upgrade, update, extend or convert skills of unemployed people aged 18 or over".(59) Other schemes include the National Priority Skills Scheme, providing grants through Industry Training Organisations for training in key skills; Training for Enterprise; Access to Information Technology; and Local Consultancy and Local Training Grants. All such schemes are delivered through the Skills Training Agency which was established as a separate agency within the Commission on 1 April 1983. The function of the agency is stated as being to provide "an efficient, up-to-date range of training services responsive to changing training needs through the Commission's network of skillcentres and its Mobile Training Service".(60) The emphasis is obviously on cost effectiveness for the agency operates on a full trading account basis and is required to achieve the complete recovery of its costs in providing training services to the Commission's Training Division (formerly Training Services Division) and employers. Such financial accountability is presumably based upon the assumption that it makes for responsiveness and flexibility in meeting 'customer' demands. These moves have been carried further in the most recent (1986) reorganisation designed to enable the MSC to respond to its "rapidly developing role" and "meet the

changes of the future"(61) Thus the MSC is now divided into five major organisational units: The Vocational Education and Training Group (which clearly illustrates the emphasis that is being placed upon the coordination of education and training); The Employment and Enterprise Group; The Skills Training Agency; Planning and Resources Division; and Personnel and Central Services Division.

Whilst we are mainly considering initiatives in relation to the three objectives (national standards of competence; education and training of young people; adult training) separately, it is at this point worth re-emphasising their interconnectedness. For example, the establishment of a sound foundation training for young people (objective 2) that is linked to nationally or industry recognised qualifications from which trainees may progress to further qualifications would itself make a significant contribution to the first objective. One important reason being that it would have created a mechanism for the recruitment of young people into skilled occupations that circumvents the traditional means for recruiting apprentices. That first year apprenticeships have been funded through YTS is proof of this. Further, where agreements have been reached upon training standards - as they have been in the chemical, printing, engineering, shipbuilding and catering industries(62) - and where this is based upon a modular structure this opens the door to adult training and retraining. It is as yet, however, unclear precisely what such progress as has been made in these areas adds up to. It was abundantly clear that the aim of achieving the first objective by 1985 as intended had fallen by the wayside. Nonetheless, agreements are being reached in some sectors it would seem, and the vocational education and training of young people is being

re-shaped so as to meet the perceived needs of the labour market. One indication that the programmes are bearing fruit is the declining attention given to reforms required to the apprenticeship system. Indeed this also suggests that apprenticeships are in any event coming to be seen as increasingly irrelevant and replacement rather than reform of the system is what is required. Thus, the MSC reported that "[D]uring the year [1984/85] the training offered by skillcentres continued to move away from traditional trades and centralised syllabuses and towards training in skills relevant to today's demands, including the application of new technologies and more local, flexible, modular training".(63)

Some of the vehicles for a number of these reforms and for implementing the market based strategy have been the Industry Training Organisations. This is the now collective noun for the Non-Statutory [voluntary] Training Organisations plus the remaining Industry Training Boards, many of which operate at the local level unlike arrangements under the former ITB system. So having looked at the emerging pattern of industrial training policy from the central level, it remains in this chapter to give some consideration to the organisation of industrial training through the NSTO system. In the main this is done by returning to review what has been happening in the two industry sectors from our earlier case study: pottery and chemicals.

NON-STATUTORY TRAINING ORGANISATIONS

The speed with which the Government acted in 1981/82 to wind up seventeen ITBs and replace them with voluntary arrangements was seen by many as the

Government not taking such arrangements too seriously, despite statements to the contrary.(64) Such an interpretation was certainly held by some of those involved in the process, perhaps the most outspoken comment coming from the Director of the outgoing Food, Drink and Tobacco ITB, David Mitchell, who claimed in April 1982 that the voluntary proposals coming forward from organisations in that sector were grossly inadequate and furthermore that the Government had effectively dropped any pretence of creating a viable voluntary alternative. Mr Mitchell was quoted as saying that the Minister of State, Peter Morrison, had told industrialists that he must have "at least a piece of paper" demonstrating their capacity to deliver, "otherwise I will get egg on my face".(65) Even the CBI was concerned, as it reportedly believed that only about one-third of the non-statutory training bodies would be effective and there was no focal point provided for the new arrangements.(66) The CBI was, however, treading warily at this stage as it had 'upset' one or two important employers' associations because of the active role that it had assumed during the preceding months.(67) It remains to be seen therefore how seriously employers actually took these new arrangements. To date, however, there is little by way of information regarding the performance and achievements of NSTOs and the conclusions presented here are largely based upon information obtained from the ceramics and chemicals sectors.

Following the negotiations in 1982 between the DE, MSC and employers organisations approval was given to approximately 160 organisations to establish themselves as NSTOs.(68) Since that time, due to a number having failed to get off the ground or amalgamations between NSTOs the figure seems to have settled down at around 100.(69) Given that NSTOs are a clear

expression of the standard that responsibility for training rests with industry - or perhaps more precisely with employers - NSTOs are in the main left to develop their own philosophies, priorities and arrangements for encouraging training within their industries. Their links with the MSC centre largely around their contribution to the objectives of the *New Training Initiative*, and contact between the two sets of organisations appears to be loose and irregular,⁽⁷⁰⁾ being most often concerned with training grants which are disbursed by the NSTOs. In any industrial sector the number of NSTOs tends to reflect the degree of heterogeneity: The greater this is the larger the number of NSTOs. Thus in the food and drink industry, for example, there are 14 NSTOs,⁽⁷¹⁾ whilst there is only one for the ceramics industry - the Ceramics Industry Training Organisation (CITO) - and one main one (there are a number of much smaller ones) for chemicals which is part of the Chemical Industries Association (CIA), the employers' association. However in the latter case a joint organisation (see below) has been set up with the NSTO for the pharmaceuticals industry which is attached to the employers' association - the Association of the British Pharmaceutical Industry (ABPI).

Clearly the establishment of the NSTOs represented a new role for many employers' organisations. It is quite apparent that the NSTOs do not envisage their role to be a voluntary form of an ITB. Quite apart from anything else they are not resourced to anywhere approaching the previous level of ITB funding. They have therefore had to establish their priorities according to modest budgets, and the employment of relatively few staff. Thus, the CIA Training Department was allocated a budget of £70,000 in its first year and consists of four staff - two training (Training Manager and Training Officer)

and two support (information and administration). This compares with the 1979/80 expenditure (mostly of MSC grant income) of the Chemical and Allied Products ITB of £2.781 million, and a staffing complement of 140.(72) Because the NSTO is part of the CIA, membership is automatic for CIA members with no provision for 'opting out'. In this way the budget of the NSTO is protected. The pottery NSTO, CITO, on the other hand is in a much less secure position as it has been constituted separately from the relevant employers' association, the British Ceramic Manufacturers' Federation (BCMF), and is funded on the basis of a voluntary subscription from member companies. The rate of subscription is calculated on the number of persons employed and is set at £2 per head per annum but with no membership fee (thus the smallest firm on CITO's books pays an annual subscription of £8: and members are entitled to one vote at General Meetings for each £1 subscription paid). This results in a budget of just under £80,000. CITO employs a staff of five and a half (a Chief Executive and three training 'Team Leaders' plus a full-time secretary and part-time typist) and a YTS trainee who is destined to become a permanent member of staff. It was the view of those interviewed in September 1986(73) that it has only been during the past year that the future of CITO has begun to look secure.

One early reservation about NSTOs was that where they were attached to employers' associations many employees would be excluded from their scope. Such would appear to be the case in the chemical industry where membership of the CIA covers around 60 per cent of employees formerly covered by the ITB. However, the NSTO operates a decentralised system of regional self help groups (of which there are eleven) and non-member firms are encouraged to join these

groups, although it remains unclear what additional proportion of employees this covers. CITO on the other hand claims a membership covering over 90 per cent of employees whereas those firms in membership of the BCMF only cover about 60 per cent of the workforce. The employee coverage claimed by CITO is probably accurate but some reservations do need to be made because since the abolition of the ITB there are no labour force statistics collected. The industry has undergone considerable contraction during the past six years, but again, no precise figures exist about this.

The Ceramics Industry Training Organisation

The reasons why CITO was constituted separately from the BCMF were probably twofold. First, the lack of the Federation's training experience. This resulted in their original proposals being given 'short shrift' by MSC officials (see chapter 9). The inference being that, in the early stages at least, training was not being considered a serious issue by employers in the industry. Second was the need to cover a wider range of membership than that of the Federation. The real impetus came in fact from the chairman of one of the largest pottery groups in the industry (Royal Doulton) who, although working closely with the Federation, initiated a series of working parties from September 1981 onwards until the Board of CITO was formally constituted in May 1982. Whilst the overwhelming majority of employers in the industry had been in favour of the abolition of the ITB, it did not follow that they viewed the establishment of a voluntary organisation in positive terms. As a CITO official put it: "most firms saw their membership of CITO as the price that had to be paid for keeping out the Board".(74) No doubt bearing such attitudes in mind one of the

first decisions was that initial membership would be for a minimum period of three years, thus giving the NSTO time to establish itself within the industry. It is therefore only during the past year that memberships have come up for renewal and according to CITO officials membership has been maintained at around 70 firms (a few having left and a few new ones having joined), which at least suggests that there exists at present a sufficient basis of - at least passive - support for the organisation.

Formal decision making authority rests with an elected Board of Management which meets four or five times a year. The constitution (75) provides that the Board consists of not more than twelve nor less than six directors or senior executives of employer members. It also makes provision for an officer or employee of a union member. However, to date there has been no union representative on the Board. Part of the reason relates to the initial opposition and stance of the trade union movement towards NSTOs and which also affected union membership of the chemicals NSTO. Originally it was TUC policy that unions should not participate in the establishment of NSTOs. However, following invitations to join, and the feeling that was evident among some unions that members' interests might best be served by their involvement, the TUC held a special conference in August 1982 which resulted in the issuing of guidelines for participation. The most significant of these were that the organisation should cover the majority of employees in the industry; that there should exist parity of representation between employers and unions; and that the organisation should be adequately financed. It would seem, however, that few NSTOs have been willing to grant membership to unions in accordance with such guidelines and it appears that individual unions have made judgements

about their participation on rather more pragmatic criteria.(76) The Ceramic and Allied Trade Union (CATU) was invited to nominate a member but the conditions that CITO laid down suggest that it was an offer that CATU could only refuse. There would for instance be no parity of membership, but more importantly the CATU Board member would only be entitled to vote where membership was on the same basis as that for other members - a subscription rate of £2 per head for all those represented.

Most decision making activity is delegated to CITO staff, Board meetings apparently tending to focus upon organisational issues such as staffing levels, the use of cars and other expenses. It was interestingly claimed though that from the outset the Board had adopted a somewhat 'hawkish' attitude to the MSC, apparently the image of an over-extended, inefficient bureaucracy remains strong in many employers' minds. There is said to exist a policy of "no compromise" with the MSC in cases where a clash of interests might exist. This attitude has apparently spilled over to CITO staff who, although claiming that on the whole relations with MSC officials were cordial, frequently referred to the fact that they would brook no interference from the MSC in their internal affairs. CITO staff see their role very much as providing a service to their industry based upon its needs. Early priorities obviously focussed upon survival: establishing a credible image and what was termed 'building bridges'. The latter was seen to be necessary, indeed unavoidable, it was claimed, due to the extreme unpopularity of the former training board. This was apparently the reason why none of CITO's staff were drawn from the Ceramics ITB (although one training officer was recruited from a former textile training board) nor, indeed, and perhaps more interestingly from within the pottery

industry itself. The rationale given was that the organisation wished to demonstrate its independent status; something of an irony given that one of the major criticisms of the ITB had been that their staff lacked expertise of the industry.

CITO staff in fact do not regard themselves as being concerned with 'training' which is regarded as too narrow a concept, but rather with the more in vogue term the 'management of human resources'. Thus having apparently achieved their early objectives, current priorities were stated as being the development of management training which is viewed as a crucial starting point for encouraging sound attitudes towards training. Other priority areas mentioned were financial and marketing training, plus YTS. Again somewhat ironically, opinions about the state of training within the industry are reminiscent of those expressed by previous staff of ITBs: that with the general exception of the larger firms (although by no means all), training was highly traditional, and was viewed essentially as a cost to be minimised. Management attitudes are regarded as the main priority due to what was seen as the low level of competence: "Management in the pottery industry is light years behind that of many other industries." (??) In order to bring about the desired changes therefore, the decision was taken that the organisation should not exist simply as a resource and information centre for members, but should actively be involved in course development, using their own staff and where necessary, outside consultants. Although early days, the response from members was said to be encouraging. Because of resource constraints, however, communication with members seems to be somewhat haphazard. No regular newsletters or similar publications are distributed (possible accusations of wasting money may also

serve as a deterrent). Instead the organisation seems to rely largely on members approaching them if the need arises and lack of time limits the extent to which other forms of contact can be maintained. To overcome this constraint and in order to stimulate a greater interest in training a Trainers' Working Party was established in January 1986, composed of training managers and officers from individual firms.

CITO also administers MSC grants which are available *inter alia* for sandwich students, apprentice training and training in new technology. The low level of take-up of such grants was, however, instanced as an indication of the lack of interest in training within the industry, although the need for such training within the pottery industry was claimed to be less than for other industries. During the current year (1986) firms have only taken up 5 grants for industry based sandwich courses amounting to around £10,000. It is only in the case of the Youth Training Scheme that all of the available funds are distributed. CITO is the largest Managing Agent (see chapter 11) for YTS in the pottery industry, currently administering 280 places. The claim is that after having got off to a poor start with YTS, largely due to the jaundiced view that employers had from their experience of the Youth Opportunities Programme, the attitude of employers had changed. Rather than seeing the YTS as a 'social/political' instrument, employers were now participating for the "right reasons: an opportunity to provide adequate, formal training".(78)

CITO officials claim the credit for this change in attitude. In 1983 it was stated, the majority of industry was refusing to participate in the scheme: that it eventually did so was due to CITO's persuading employers that it would

be inappropriate to absent themselves from it. The change is such that it was claimed that there is now more demand for trainees than there are trainees. This overprovision of places was said to have arisen largely because employers now recognise the benefits to be derived (although it was also acknowledged that the falling school rolls and some increase in jobs also contributed). There was, however, some ambiguity surrounding precisely what these benefits were. CITO staff did not feel that YTS trainees were displacing those who might otherwise have been taken on into permanent employment. The main reason given was that CITO only approve places where trainees are not taken into permanent employment at "a very early stage - before the off-the-job element is undertaken". The inference to be drawn is, in fact, that some employers at least regard YTS as a form of cheap labour and that this issue has caused a degree of tension between CITO and some firms. On this point, it is significant that there was no 'top-up' of trainee allowances in the pottery industry, as there have been in many other industries, although the trade union has negotiated additional payment for the second year of the two-year YTS. Employers' 'enthusiasm' for YTS did not, however, extend to the two-year scheme launched in April 1986. They were supported in their opposition by CITO who wrote to the MSC objecting to the second year being mandatory rather than optional. Because of the way in which the pottery industry is structured, it was claimed, and the narrow band of craft skills required, two years is viewed as unwarranted and 'gilding the lily'. CITO's solution therefore was to advise firms that "if, after 12 months it is appropriate to terminate the training, then do so. But that training cannot be terminated if the trainee is not going into permanent employment."(79)

There is little doubt that one of the major achievements of the Ceramics NSTO is to have survived the past three and a half years and to have established itself within an industry that is not, on the whole, renowned for its progressive approach to training. We turn next to look at how the NSTO that has been established within the chemical industry has fared.

The Chemicals NSTO

Established in January 1983, the NSTO for the chemicals industry is firmly placed within the organisational structure of the Chemical Industries Association, being simply known as the CIA Training Department. It is linked to both the Training Policy Committee and the Industrial Relations Board (employers forming the majority membership of both) but under the overall responsibility of the Industrial Relations Directorate. In addition to the Training Department, however, a further body has been established, the Chemical and Allied Industries Training Review Council (CAITREC) which was initially composed of eight employer representative members from the CIA and the Association of British Pharmaceutical Industries (ABPI), plus one from education. Until early 1986 there were no trade union representatives on CAITREC, although invitations to join had been extended. Trade unions in the chemical industry had been extremely hostile towards the establishment of the NSTO(80) and refused to participate. During the course of the past three years, however, opposition became more muted, possibly even symbolic, particularly as the Training Department managed to work with and secure the agreement of the trade unions to significant changes in the structure and content of craft apprenticeships(see below). There is little doubt that this experience

convinced the unions of the utility of participatin in the work of the NSTO in a formal basis. CAITREC, however, is a non-executive body and does not employ staff. Its purpose is to "keep under review the training needs and activities of those parts of the chemical and allied industries represented on the Council, and to provide a forum for the several interested parties to discuss these factors at national level." (81) Thus the NSTOs have served as vehicles for closer cooperation between the two main employers associations within the industry. (82)

As training within the chemical industry is regarded as being of a generally high standard the NSTO is much more sanguine than the Ceramics NSTO about the extent to which it needs to encourage training. It does not, for example, directly involve itself in the provision of courses - other than those that the CIA has traditionally provided in the areas of industrial relations and health and safety. In broad terms its role is seen to be that of facilitator and coordinator. More specifically its objectives were set out in the first of its annual Training Bulletins (83) as being to:

- a) establish local self-help groups of chemical industry training personnel
- b) provide a training advisory service
- c) provide a training information and reference service
- d) facilitate the provision of training courses to meet specific identified needs, eg supervisors, safety representatives
- e) provide a direct link to MSC and Government training policy decision makers
- f) maximise the provision of MSC Training Grants to qualifying member companies.

Thus the NSTO sees itself generally as having a consultancy and advisory role. For example, one of the first documents it issued was 'Guidelines to Good Training'(84) The regional Chemical Industry Training Organisations (somewhat confusingly, given the Ceramics NSTO acronym, labelled CITO's) are regarded as an extremely important element in keeping members in touch on training matters and stimulating interest. Their purpose is stated to be to: "ensure that there are sufficient local resources in terms of people with the requisite skills and knowledge to meet the present and future needs of a profitable Chemical Industry."(85) In addition to representation from firms from other industries CITO's are encouraged to invite representatives from education, the MSC and "where appropriate" local trade union officials. So far, however, only one CITO contains a trade union representative. All of the CITO's are serviced by the CIA Training Department, and every meeting of every CITO is attended by one of the two field officers from the Department. Interestingly though, the CITO network is additionally viewed by the CIA Training Manager, as particularly important in the achievement of national training objectives. For instance: "The CITO network...also provides me with information about common priority needs which accumulate into a national need and thence to a national solution."(86)

In October 1985, the CIA announced a 'first' in industrial training which was "set to revolutionise craft apprenticeships".(87) This was a scheme for craft training in chemical plant maintenance based on a national standard and testing procedure. Work on the project was carried out by the CIA's Training Manager in conjunction with the City and Guilds of London Institute and was claimed to have "the full backing of the Manpower Services Commission and the

trade unions". Companies were invited to register their new and the majority of their existing craft apprentices from October 1985. Clearly such a development was regarded as something of a feather in the cap of the CIA, having achieved what the ITB had failed to do in its fourteen years existence. And it can also claim to have met the first objective - reform of the apprenticeship system - of the *New Training Initiative* with a few months to spare. To date (September 1986) the scheme is being used by around one-third of the new craft entrants to the industry and by some sites for certification of existing craftsmen. The bulk of the remaining two-thirds are employed by ICI who are, however, committed to progressively join the scheme through 1987-88. It is estimated that by 1988 over 90 per cent of trainee craftsmen in the industry will be registered.(88) One of the stated future priorities of the Training Department was to make training to standards *the only* system within the chemical industry. The Training Department's commitment to the validation of training through the application of standards has been evident in the contributions that it has made to the work on the Review of Vocational Qualifications.(89) Being keen not only to introduce common standards, but to influence the direction of change, the CIA Training Manager is a member of the Planning Group which will advise the new National Council for Vocational Qualifications (NCVQ). He has also promoted the formation of an 'expert' group within the CBI to "provide original thought" from that source to the NCVQ.

The CIA appears to have established good working relations with MSC officials which is viewed as necessary given that a major aim of the NSTO is to ensure that its industry is able to make maximum use of the public funds available. This approach stands in marked contrast to the ceramics NSTO especially when

we look at the total size of grants distributed. In contrast to CITO's £20,000 for 1985/86, the CIA's £453,100 was the largest award of grants for any industry, a record that has been carried through for 1986/87 with awards of £512,000.(90) Although the CIA does not act as a YTS managing agent, consultations with the MSC are currently taking place about developing two-year YTS model schemes for engineering and laboratory technicians in order that future selected YTS trainees could be integrated into apprentice training arrangements. This again can be regarded as a not insignificant contribution to the NTI objectives, combining the first and second.

Clearly, the CIA Training Department has achieved much in its short existence given the resource limits within which it operates. The resourcing of the Department does, in fact, look set to become an issue within the CIA in the near future. The Training Manager, for example, stated that although adequately resourced until recently the situation had now changed and he expressed the fear that the "work load will destroy my team (and possibly myself) if help does not arrive soon".(91) The 'help' needed being one more field officer immediately and another by 1989. Whether CIA Council will be prepared to provide the additional funds is, at the moment, uncertain.

* * * *

It is obviously difficult to estimate how far the NSTOs have contributed - or otherwise - to improved training arrangements within their industries. One reason is that since ITBs were abolished there is no systematic collection of information about training in individual firms, and neither organisation sees

itself as having a monitoring function, indeed they are anxious to avoid such a role given the ill feeling that this produced in the days of the ITBs. Another reason is that it is still early days in which to make what must essentially be qualitative judgements about the performance of the NSTOs and such a task is in any case made more problematic as the standards of training as well as the needs of industrial sectors varies considerably. Further, such information could only be properly assessed through studies undertaken in individual firms. What we can say, however, is that in a comparison of the two NSTOs studied the CIA certainly seems to have made greater strides in achieving significant changes in training practice. In particular, there is a far greater emphasis placed by the CIA on the achievement of national training objectives than there is within CITO. To a significant extent this is to be expected, given the geographical concentration and the structure of the pottery industry which we have discussed previously. But partly it is suggested, it is also a function of the different organisational structures involved. The greater relative security of the chemicals NSTO means that it needs to devote less time selling itself to its industry and hence has more time to devote to more strategic issues. CITO on the other hand, operating within an industry that does not have a tradition of sound training, has had to concentrate more upon the different training needs of individual firms and has consequently had less time to develop an overall strategy for the industry.

As far as resources are concerned, both organisations are operating on 'shoe-string' budgets when compared to the resources available to the former ITBs. In a sense, employers are getting their training services on the cheap. There is, however, a feeling within both organisations that they are highly cost-

effective and that this is regarded as a plus with many employers. While CIA Training Department claims the positive support and commitment of its members, CITO cannot, as yet, make such a bold claim. It does, however, feel that one positive achievement at least is that they have dispelled the overt antagonism towards interference in training that existed within firms that had been generated by the old ITB.

Interestingly members of both CITO and the CIA Training Department meet on a fairly regular basis through their membership of the Process Industry Group. One particular criticism of the concept of NSTOs when they were first established was the likelihood of fragmentation and a lack of any clear focus for coordination of their activities. In this regard the CBI has played a significant part in establishing liaison groups through its NSTO Standing Conference. The standing Conference acts as a consultative forum with the purpose of sustaining the NSTO structure within the national training system. Through the Conference the views of the NSTOs are conveyed to the MSC and CBI staff service the the liason groups. This structure developed out of the CBI's determination to adopt a 'drier' and more assertive role in training matters in order to prevent the MSC from taking the lead as it was seen to have done in the past. (92) The Process Industry Group is one such liaison group, although it had its origins in pre-NSTO days. It currently consists of 19 industry sector representatives which includes man-made fibres, glass and wool textiles in addition to ceramics and chemicals. The aim of the Group is to provide mutual support and cross fertilisation of ideas as well as a channel of influence in policy matters. How effective it performs this function is,

however, questionable. It was described to the author as "a talking shop. Of limited value to the larger NSTOs, but of some comfort to the small."(93)

Both the MSC and the DE seem to have been content to let the NSTOs operate without much attempt to influence their activities, although CITO has experienced some problems with the MSC over the tightening up of standards in relation to YTS (see chapter 11). The only indication of recent interest from the DE was a letter circulated to all NSTOs in March 1986 under the signature of D Trippier, Parliamentary Under Secretary of State. Essentially the letter was concerned with "taking stock, to see what arrangements have actually been made, and to look at what progress has been made in each sector."(94) There was no indication that the DE was concerned to do other than obtain some fairly basic information.

So, having examined the above developments relating to the New Training Initiative, it remains to complete our analysis by an examination of the main plank of the NTI, the Youth Training Scheme. This we shall do in the following chapter.

FOOTNOTES

1. See, for example, the speech by Ken Graham of the TUC, to the BACIE Conference of 12 October 1981, in which he accused the Government of 'gross incompetence' in their handling of training matters. *BACIE Journal* Vol 37, No 1 (January 1982) pp 23-25.
2. See R C O Matthews and J P Sargent (eds) *Contemporary Problems of Economic Policy* (London: Methuen, 1983). On the nature of the switch in the direction of policy from 1979 onwards see P M Jackson 'The new Economic Order' in P M Jackson (ed) *Government Policy Initiatives 1979-80* (London: RIPA, 1981).
3. *Skilled Manpower and Training Policies* Report of the British Institute of Management Labour Market Panel (London: BIM, 1981).
4. CBI *Will to Win* (March 1981).
5. *Financial Times* 13 October 1981.
6. 'Developments in the Labour Market', Memorandum by Sir Richard O'Brien to the National Economic Development Council (NEDC(81)16) April 1981, Annex 3 para 3.11.
7. Somewhat ironically perhaps, Sir Richard O'Brien was appointed to the Chairmanship of the Engineering Industry Training Board: *Financial Times* 13 May 1982.
8. See for instance, *TASS on Training* (AUEW-TASS, 1982).
9. J Bulpitt 'The Discipline of the New Democracy: Mrs Thatcher's Domestic Statecraft' *Political Studies* Vol 34 (1986) pp 19-39.
10. A Gamble 'The Rise of the Resolute Right' *New Socialist* (Jan/Feb. 1983).
11. Bulpitt 'The Discipline of the New Democracy' p 22.
12. *A New Training Initiative: A Programme for Action* Cmnd. 8455 (London: HMSO, December 1981).
13. *MSC A New Training Initiative: An Agenda for Action* (London: MSC, December 1981).
14. *A New Training Initiative: An Agenda for Action* para 4.
15. *A New Training Initiative: A programme for Action* para 2.
16. A McArthur and A McGregor 'Training and Economic Development: National

- versus Local Perspectives' *Political Quarterly*, Vol 57, No 3 (1986) p 246.
17. *A New Training Initiative: An Agenda for Action* para 10.
 18. *A New Training Initiative: A Programme for Action* paras 2 and 51. My emphasis.
 19. *A New Training Initiative: A programme for Action* para 3.
 20. *A New Training Initiative: A Programme for Action* para 2.
 21. *Training for Jobs* Cmnd 9135 (London: HMSO, January 1984).
 22. *Employment: The Challenge to the Nation* Cmnd 9474 (London: HMSO, March 1985).
 23. *Education and Training for Young People* Cmnd 9482 (London: HMSO, April 1985).
 24. *Working Together - Education and Training* Cmnd 9823 (London: HMSO, July 1986).
 25. For a discussion of the formulation of the TVEI see J Moon and J J Richardson, 'Policy-Making with a Difference? The Technical and Vocational Education Initiative' *Public Administration* Vol 62, No 1 (Spring 1984).
 26. D Deaton 'The Labour Market and Industrial Relations Policy of the Thatcher government' in D S Bell (ed) *The Conservative Government 1979-84* (London: Croom Helm, 1984) p 42.
 27. *Employment: The Challenge for the Nation* paras 5.4 and 6.7.
 28. See for example, Peter Morrison 'The Government's Strategy' *Social Policy and Administration* Vol 19, No 2 (1985).
 29. *Employment: The Challenge for the Nation* para 5.4.
 30. Chancellor's Budget statement of 19 March 1985, *Financial Times* 20 March 1985.
 31. *A New Training Initiative: A Programme for Action*.
 32. See *A Challenge to Complacency: Changing Attitudes to Training* A Report to the MSC and NEDO by Coopers and Lybrand Associates (London: MSC/NEDO, November 1985); and *Competence and Competition: Training and Education in the Federal Republic of Germany, the United States and Japan* (London: NEDO, 1984).
 33. *Employment: The Challenge for the Nation* para 6.7.
 34. *Training for Jobs* para 8.
 35. *A New Training Initiative: A Programme for Action* para 59.

36. *A New Training Initiative: A Programme for Action* para 60.
37. Coopers and Lybrand Report, *A Challenge to Complacency* p 11.
38. *A New Training Initiative: A Programme for Action* para 59.
39. Speech to BACIE Conference *BACIE Journal* Vol 37, No 1 (January 1982).
40. *Training for Jobs* para 9.
41. HC Debs (27 January 1982) Col 908 (Employment debate).
42. *Education and Training for Young People* para 20.
43. *Guardian* 10 October 1986.
44. *MSC Corporate Plan 1984-88* (Sheffield: MSC, May 1984) p 3.
45. *Training for Jobs* para 48.
46. *MSC Annual Report 1985/86* (Sheffield: MSC 1986) para 3.69.
47. P A Dutton 'The New Vocationalism and the 14-18 Age Group' Paper presented to the Political Studies Association Annual Conference, Manchester University, April 1985, p 15.
48. *Guardian* 1 February 1984.
49. M O'Connor 'Going into Training' *Guardian* 23 October 1984.
50. M Moos 'From Education to Training, or Whatever Happened to the DES?' in M Brenton (ed) *The Year Book of Social Policy in Britain 1985-6* (London: Routledge & Keegan Paul, 1986) p 72.
51. R Aitken 'MSC, TVEI and Education in Perspective' *Political Quarterly* Vol 57, No 3 (1986). More broadly, Litt and Parkinson identify an increasing amount of centralisation of educational power occurring from 1970 onwards, E Litt and M Parkinson *US and UK Educational Policy: A Decade of Reform* (London: Praeger, 1979).
52. *MSC A New Training Initiative: Modernisation of Occupational Training. A Position Statement.* (Sheffield: MSC, July 1984) paras 15 and 21, my emphasis.
53. Compare the white paper *Training for Jobs*.
54. *MSC Annual Report 1985/86* paras 3.42-3.43.
55. *MSC Annual Report 1984-85* (Sheffield: MSC, July 1985) para 3.25.
56. *MSC Annual Report 1985/86* para 3.39.
57. *MSC Annual Report 1985/86* para 3.44.

58. *A New Training Initiative: A Programme for Action* para 49.
59. *MSC Annual Report 1985/86* para 3.51.
60. *MSC Annual Report 1984-85* para 3.37.
61. Department of Employment *Employment News* No 147 (September 1986).
62. *MSC Annual Report 1985/86* para 3.9.
63. *MSC Annual Report 1984/85* para 3.40.
64. See for example the text of Norman Tebbit's speech to the October 1981 BACIE conference, *BACIE Journal* Vol 37, No 1 (January 1982).
65. *Sunday Times* 11 April 1982.
66. *The Times* 31 March 1982.
67. Private information.
68. *BACIE Journal* Vol 38 No 1 (February 1983).
69. *MSC Annual Report 1985/86*.
70. 'Voluntary Industrial Training - One year On' *Industrial Relations - Reviews and Reports* Vol 8 (November 1983).
71. H Rainbird and W Grant *Employers' Associations and Training Policy* Institute for Employment Research, Warwick University (1985).
72. *CAP/ITB Report and Statement of Accounts for the year ending 31 March 1980* (CAP/ITB: Staines, 1980) pp 71 and 4.
73. In particular the Chief Executive of CITO.
74. Interview with CITO 'Team Leader'.
75. The Ceramics Industry Training Organisation *Constitution* private copy (undated).
76. 'Voluntary Industrial Training One Year On' *Industrial Relations - Reviews and Reports* p 8.
77. Chief Executive, CITO.
78. 'Team Leader', CITO.
79. Chief Executive, CITO.
80. *Financial Times* 12 January 1983.
81. *CIA Training Bulletin* No 1 (22 November 1983).

82. Rainbird and Grant *Employers' Associations and Training Policy* p 36.
83. CIA *Training Bulletin* No 1.
84. CIA 'Guidelines to Good Training' (December 1983).
85. CIA *Training Bulletin* No 1.
86. Letter to the author from K G McNichol, Training Manager, CIA, October 1986.
87. CIA News Release, 1 October 1985.
88. Stated by the Training Manager, CIA.
89. See the white paper *Working Together - Education and Training* paras 5.1-5.38; and CIA 'Case Study to the Review of Vocational Qualifications' (1985).
90. CIA *Training Bulletin* No 3 (November 1985); also letter to D Trippier, Parliamentary Under Secretary of State at the DE, from ME Trowbridge, Director General CIA, 9 April 1986.
91. Letter to the author, October 1986.
92. CBI source.
93. Training Manager, CIA.
94. Letter from the DE to all NSTOs, 24 March 1986.

CHAPTER ELEVEN

THE YOUTH TRAINING SCHEME

In the previous chapter we examined the general approach the Conservative Governments of Mrs Thatcher brought to industrial training policy embodied in the New Training Initiative. In particular, we identified a new set of policy standards, with a different weighting of emphasis, than had previously prevailed. What was notable, if not surprising, was the prominence given to market orientated solutions to training problems. Given the view of the Government, however, that the labour market in general and the training market in particular were subject to distortions the result of such an approach to training did not necessarily result in an immediate withdrawal of state intervention. Rather what we have witnessed is more a process of 'intervening to withdraw' that seeks to enhance the capacity of the market to provide an adequate supply of skilled labour by removing barriers to its operation and trying to change the prevailing attitudes of market participants. This was clearly a visible feature of the various programmes launched under the New Training Initiative. Withdrawal has occurred, nonetheless, in respect of the replacement of 16 ITBs by a range of NSTOs. The resorting to a far more voluntarist set of arrangements must in part be attributed to the declining importance afforded by the government to training organised along industrial sectors, rather than to simply just a dogmatic aversion to intervention. So,

the arrival of the Conservatives has not produced a sustained exercise in withdrawal from the area of training. Instead, there has been more a realignment of efforts and change in the pattern and form of intervention. Significantly, higher levels of unemployment have obviously provided much of the impetus to this change in direction. At the centre of this switch in training intervention, and reflecting increased unemployment, has been the inauguration and development of the Youth Training Scheme (YTS). We now turn to look at the scheme which cannot be seen as merely an attempt to 'mop up' the young unemployed, but must be seen as a direct and ambitious attempt to refashion industrial training and vocational preparation in Britain. We begin with an examination of the policy standards pertaining specifically to the scheme - in addition to those that relate to the New Training Initiative (NTI) in general - before going on to look at the policy that was developed and its subsequent implementation.

YOUTH TRAINING SCHEME: POLICY STANDARDS

Perhaps the first and most obvious standard that can be identified in respect of youth training relates to the view that high levels of unemployment amongst young people, compared to other forms of unemployment, is politically, economically and socially damaging. The relative priority accorded to the young unemployed, while reflecting a general concern within society about the particular plight of this group, nonetheless also reflects the Government's view that the responsibility for this form of unemployment does not rest

primarily with those affected. As Mr Prior stated at the time YTS was first mooted, "We have a special duty to ensure that in these difficult times their [young people's] prospects are not permanently damaged" adding that schemes like YTS are "to provide help and assistance to those groups that are least able to help themselves."(1) In the main the Government has 'laid the blame' for high levels of unemployment on the structure and operation of the labour market - on the supply side rather than the demand side - particularly the prevailing levels of wages. The Prime Minister herself has clearly indicated that she believes unemployment has been significantly caused by workers already in the labour market pricing themselves out of a job or destroying the jobs of others.(2) The position, however, is somewhat different in the case of the young unemployed who have not previously participated in the labour market and cannot share in the collective responsibility for present adverse conditions. Furthermore the state under the guise of previous governments, must also assume some of the blame for failing to provide - through the education system - an appropriate vocational preparation to enable school-leavers to successfully compete in the labour market. (3) Thus as we shall presently see, YTS has also become an important instrument not only in the reform of vocational training but also in the reform of vocational education, through the agency of the MSC. Previous governments are also considered to have contributed to the uncompetitive position of young people in the labour market by sustaining interventionist machinery such as Wages Councils which "have done damage to the job opportunities of young people."(4)

Where perhaps some responsibility can be attributed to this group for their employment problems is the 'unrealistic expectations' about wage levels they

collectively hold. Thus closely allied to standards concerning the relative priority of young people has been that to do with wage levels among this group, as well as others, which are seen as having been excessive and which has had a detrimental effect on employment prospects. As Employment Secretary Tebbit expressed it in 1981: "Pay is far from the sole cause of inflation, but excessive labour costs feeding through into prices are a major cause of job losses."⁽⁵⁾ An important element in reducing wage costs is seen as a lowering of expectations about wages, particularly among young people who may forego employment because of the wage levels offered.⁽⁶⁾ Part of the effort to reduce expectations is evidently seen to lie, like much else in the NTI, in reforming structures in the labour market like apprenticeships and Wage Councils which raise prevailing wage norms and hence fuel expectations.

Therefore, whilst the Government has treated youth unemployment as a special case, this has been most overtly stated in economic rather than political or social terms. We may deduce that the Government is not unaware of the political and social damage that may result from this and other forms of unemployment⁽⁷⁾ Indeed as Jim Prior has recently revealed, the riots of the summer of 1981, together with an unemployment rate fast approaching three million, was the most worrying time for the 1979-83 administration.⁽⁸⁾ The YTS scheme, which the Employment Secretary had had to persuade Cabinet to accept, provided Margaret Thatcher with "something more positive to say about the Government's efforts on youth unemployment" despite the fact that "[S]he didn't like the idea of spending more money".⁽⁹⁾ By striving to keep the debate in economic terms, however, the Government are hoping that responsibility for the causes and effective cures of this form of unemployment - and indeed possibly

others - will remain outside the political, that is the government's, domain. In sum, the assumption held is that because the young unemployed are not significantly responsible for their own condition, then the state has some responsibility to provide an alternative to unemployment. Given the view that young people lack adequate vocational preparation the logical alternative to unemployment is some form of training. This also mirrors the Government's view that the state cannot create jobs but can provide opportunities. However, closely aligned with such views is that the assistance is provided on the grounds that young people cannot expect to be shielded from the 'realities' of wage levels in the labour market. We can, therefore, identify four standards relating specifically to the Youth Training Scheme in addition to those which pertain more generally to the NTI. These are:

1. That relative to other forms of unemployment, unemployment among young people is unacceptable.
2. Given that young people cannot be held directly responsible for their own unemployment, the state should take responsibility for providing an alternative to unemployment.
3. That the alternative should take the form of a coordinated system of vocational preparation and training.
4. That the expectations of young people in relation to levels of remuneration should be lowered.

THE YOUTH TRAINING SCHEME: THE POLICY

Having extrapolated the standards from an examination of those assumptions that pertain to the area of youth employment and training we now move on to

examine how the policy, as formulated, is 'bounded' by these standards, as well as those considered earlier about training policy in general. In doing so it is important that we bear in mind the 'developmental' character of the YTS initiative. This was explicitly acknowledged in the *New Training Initiative* White Paper which stated: "We therefore set out in this White Paper our decisions on immediate action and proposals for the longer term."⁽¹⁰⁾ Similarly the MSC's simultaneously published document *A New Training Initiative: An Agenda for Action* concluded that "[w]e regard the agenda as a stepping stone along the way - a start."⁽¹¹⁾ From the relevant government and MSC documents it is possible to identify a significant number of closely interrelated objectives for YTS that are evidently bounded by the standards previously discussed. Some of the objectives identified, not surprisingly overlap with, or contribute to, those wider objectives contained in the NTI documents. For example, the third objective listed can also be regarded as a contribution to the reform of the apprenticeship system where YTS training may be broadly similar to the modular system which it has been suggested should replace an apprenticeship system based on time-serving. These objectives⁽¹²⁾ are set down as follows:

- 1) To create circumstances where young people in the under 18 age group are not subject to unemployment.
- 2) To provide for those school leavers not entering further or higher education, or going on to other forms of training, a programme of training, thereby improving their employment prospects.
- 3) To have included in the programme training in general, transferable skills, moving towards the introduction of recognised standards of competence.
- 4) To change the expectations of school leavers in respect of their immediate employment prospects and remuneration levels.

- 5) To widen and make more flexible the skills base of the workforce.
- 6) To contribute to halting and reversing the decline in training - particularly in manufacturing industry - in order to increase international competitiveness.
- 7) To contribute to a longer term change in the nature of training provision by allowing employers to exercise greater control (and trade unions less control) over the content of training. provision made available to those undergoing training and, by so doing, to shift responsibility for training away from state agencies.
- 8) To change attitudes on the part of employers towards training provision whereby they see it as an investment rather than a cost.
- 9) To move towards a position where financial responsibility for training is largely borne by employers. (13)
- 10) To have the necessary state machinery to exercise certain functions of control and coordination.

The above objectives, bounded by the standards which emphasise economic concerns and the ultimate efficacy of the market, demonstrate that YTS is not - at least in intent - some straightforward job creation programme for young people, but rather a major initiative for transforming training in line with the broader NTI. Not only do the objectives encompass the aim of eradicating the problem of unemployed young people, they also reflect a coherent move to increase the provision of training, as well as change the balance of responsibility for and the nature of training through extending the role of employers in the training of this major new category of trainees. In effect the intervention, initiated as a response to the large numbers of unemployed, will increase the role of the market in the *global* allocation of training and allow employers greater scope to determine training provision in line with their needs. However, as can be noted from objective three above, the policy expresses the general type of training that should be provided, namely

that in general or transferable skills. There does appear to be a potential conflict between the intention to increase the employers' role in determining training provision and the Government's view that there is a need for transferable skills training. This issue will be addressed presently.

Before going on to look at the implementation of the scheme it is necessary to outline the programme elements and related operational objectives of the policy. Despite the Government's involvement in training, it was keen, as might be expected, that the organisation, delivery and financing of YTS should be as straightforward as possible involving the minimum amount of bureaucracy. Thus Exchequer funding basically comprises only two elements: the trainees' allowance and a contribution towards the cost of training. Until April 1986 YTS was operated under three different modes - 'A', 'B(1)', and 'B(2)'. Mode 'A' is probably the simplest, and certainly the cheapest, of the three which may in part account for the fact that it constituted nearly 80% of the places. All three modes were to provide a broadly based twelve month training programme, with a minimum 13 weeks off-the-job training, to all 16 and 17 year old unemployed school leavers, and some employed 16 year olds. Mode 'A' was where employers acted as the managing agent (see below), while with Mode 'B' the MSC acted as the managing agent because of the absence locally of enough employer based places or to provide for the special needs of some trainees. Given that Mode 'B' was for those not able to take up a Mode 'A' it developed a reputation of being 'second class'. The schemes have principally been administered and delivered through the following structures:

- a) a national *Youth Training Board* (YTB) which includes representatives of the CBI, TUC, Local Authorities and the MSC. It is an advisory body attached, but without direct

responsibility, to the Training Services Division of the MSC. Its functions are to advise on strategy and planning and to oversee the content of the scheme;

- b) *managing agents* - generally major private sector employers including non-statutory training organisations, as well as local authorities and nationalised industries - contracted to the MSC in particular localities to design and deliver programmes involving a number of individual organisations and to exercise supervision over them. Managing agents receive a fee of £100 per place contracted and manage the sponsor's block grant and the trainees' allowances. Most agents are also sponsors;
- c) *sponsors* are those organisations offering places under the scheme;
- d) *Local Area Manpower Boards (55)*, composed of representatives of employers, trade unions, education, local authorities and voluntary organisations, with an independent chairperson. Local Boards are responsible for assessing the quality of and monitoring and evaluating schemes in their areas in the light of local needs and advising the;⁽¹⁴⁾
- e) *55 MSC Training Division Area Offices* which exercise general oversight and control and have ultimate responsibility for approving managing agents and sponsors. They also prepare plans of places and entrants in their areas.

It is important to point out that in addition to being responsible for establishing the policy's strategic objectives the Government also played a major role in determining the content of the programme which it set out in the New Training Initiative White Paper. There were, however, a number of issues of contention concerning the programme, as well as details in need of finalisation. Reconciling these differences, which had certain implications for realising the strategic objectives, and finalising the small print fell to the Youth Task Group, the establishment of which had been recommended by the MSC.⁽¹⁵⁾ The Task Group was established through the MSC and reported its findings and recommendations in April 1982. The Task Group Report⁽¹⁶⁾ was accepted by the Government and became the basis for the operation of the scheme as set out above. Although it did not signify a major departure from

the Government's original proposals it did secure certain alterations that the Government would no doubt have preferred not to have conceded. Certainly, the important point is that the scheme remained very much a government initiative and was not, with the exception of some minor modifications, a negotiated compromise between itself and outside interests.

The Government's assent to the changes proposed by the Task Group were largely due to the unanimity that reigned within the Commission and the serious possibility that any attempt by the Government to dilute the recommendations of the Report would lead to the resignation of the TUC from the Commission.⁽¹⁷⁾ Despite the Government's desire to reduce the influence of trade union support in training matters, it was perfectly clear that any scheme for youth training would almost certainly fail in the face of trade union opposition. Under pressure therefore from the MSC itself,⁽¹⁸⁾ the scheme was extended to employed 16 year olds *in addition to* the unemployed to give greater substance to YTS as a training rather than a job creation programme. This was, however, acceptable to the Government as it could be achieved within the maximum budget laid down of £1 billion. This extension of the scheme by 160,000 places was achieved through the 'additionality principle' whereby an employer is expected to take on three additional trainees for every two young people normally recruited. The scheme was, therefore, supposedly financially attractive to employers, who received a contribution towards training and the trainees wages during the first year.⁽¹⁹⁾ In practice the additionality principle has not been strongly applied and is being phased out.⁽²⁰⁾ Other changes brought about by the Task Group were less palatable and challenged the Government's view that youth unemployment could be attenuated by reducing wage

levels. The Report therefore provided for a trainee allowance of £25 - a similar level to that received under the Youth Opportunities Programme - rather than the £15 proposed by the Government, on the grounds that it should reflect trainees learning role.(21) It was also argued in the Task Group Report that unemployed young people who did not participate in the scheme should remain entitled to Supplementary Benefit. Whilst the Government grudgingly accepted this recommendation(22) it did not entirely relinquish its position as it was provided that where young people 'unreasonably' refused the offer of a YTS place their benefit would be reduced for six weeks. What these changes to the programme amounted to was not an abrogation of the Government's strategic objectives, but did place a check on moves to create the conditions where school leavers' expectations about remuneration would be lowered. Quite simply employers did not wish to be saddled with devising programmes for a disgruntled army of conscripts.

THE YOUTH TRAINING SCHEME: IMPLEMENTATION

Apart from these changes the policy as laid down for the launch of the scheme was very much in line with the Government's standards identified above. But when we turn to examine the implementation of the scheme the standards begin to look increasingly less secure. As already indicated the evidence is that the consultations with outside interests, particularly employers and trade unions, did produce a genuinely agreed package. However, the agreement was in principle among representatives of peak associations and not in practice from

all those bodies who might be involved in delivering the programme. So, as is almost unavoidable in training policy, the success of implementation depended upon 'carrying' the vast number of participants involved in various capacities. This was not to prove an easy task for the Government and MSC, and a number of tensions and obstacles soon began to emerge as the policy 'confronted' prevailing attitudes. Apart from the technical and organisational difficulties(23) associated with the launch of a major new initiative, there were more fundamental problems facing the operation of the scheme. So, while the very rapid establishment of a scheme intended to provide around 460,000 training places was no mean achievement by those involved, the longer term success of YTS has far from proved so readily achievable as its initial establishment.

Not surprisingly the drive to find the necessary quantity of places was at some cost to the qualitative objectives that the training should emphasise general, transferable skills and that labour market considerations should determine trainee placements. It has, for instance, been claimed that the need to find places quickly overruled labour market considerations and that this need even led to schemes being approved in declining industries where there was spare training capacity.(24) Likewise a study by Chapman and Tooze of YTS in Scotland (which included a detailed analysis of mode 'A' schemes operated in Dundee and Renfrew) found that 90% of trainees were concentrated in just four of the 11 'occupational training families' (OTFs) identified, namely: clerical and administrative; manufacture and assembly; installation, maintenance and repair; and personal service and sales. They concluded that this reflected the personal preference of trainees.(25) (More recent figures of the national

picture would confirm this concentration, if not to such an extreme degree, with 69% in these four families.(26)). Likewise, Challis *et al* have similarly observed that in some areas the aspirations of trainees were given priority in where they were placed.(27) Thus there is evidence that we have trainee-led rather than employer-led demand for training. That this state of affairs arose is not completely surprising because the voluntary nature of the YTS means that young people have to be attracted onto the scheme, which to some extent mitigates against placements being determined solely by employer demand. Indeed, a more recent follow-up of the Dundee and Renfrew studies discloses a further shift within the four OFTs, away from manufacture and assembly and installation, maintenance and repair, to clerical/administrative and personal services/sales. The net result being to increase the proportion of trainees in the latter two groups from 54.4% in 1984 to 70.7% in 1985.(28) There must exist serious doubts about the capacity of the economy to absorb these types of skill in this volume, particularly as evidence would indicate that any increased demand for them is more than likely to be offset by increased productivity.(29)

The difficulties occurring with the allocation and distribution of places have not been the most serious ones encountered. For one thing, as YTS is concerned to provide foundation training in general, transferable skills, the actual source of the training probably cannot be regarded of the first importance. What is central is the *quality* of the training. Yet it is in this respect that YTS has come in for some of its most damning criticism. Nor can the problems encountered here simply be attributed to the priority given firstly of finding places and then secondly of filling them. Rather, the troubles encountered

first off are best seen as a foretaste of what appear to be longer term problems that pose a deeper challenge to the ultimate success of the strategy being pursued. Before going on to suggest what may happen in the future, however, we must look at the record to date. From the evidence there is little doubt that the requirements of quality of training provision have conflicted with the need to have such a large number of places made available at any one time. Ryan, for instance maintains that the eight quality criteria originally laid down by the MSC was in fact waived with the exception of the one requiring three month off-the-job training. In doing so, the MSC was explicitly recognising that it was dependent upon the goodwill of employers and could not push them too far in terms of demands on training quality. In such a position of dependency, therefore, when faced with low quality schemes the MSC's only course of action was to close them down. Such an option was unlikely to prove a valuable sanction in the light of its more general dependency on employers to obtain and retain places. In any case, obviously to foster the necessary goodwill, the MSC had given an assurance to employers that "inspection of projects would be restricted to low levels."⁽³⁰⁾

It is doubtful, nonetheless, whether in the early years of the scheme effective monitoring was a practical proposition given that the competence of the MSC's programme assessors assigned to keep a check on managing agents was not of the first order. As one successful scheme manager said of the assessors "We would not employ some of the people who come here to check us. They ask us basic questions about YTS which they don't know. They go through a checklist of questions, and ask us questions like: 'are there proper toilet facilities?' and go away quite content. We are left to our own devices."⁽³¹⁾ And although

claiming to be on reasonable personal relations with the MSC Assessors, the Chief Executive of the Ceramics Industry Training Organisation (CITO) was dismissive of them on grounds of competence - the first visit had, he claimed, been made by a clerical assistant. Although never explicitly alluded to by the MSC it is clear that this problem has been increasingly recognised. Throughout 1983/84 the MSC's own monitoring system(32) was indicating that around one third of scheme places were not meeting the minimum requirements laid down (hence the need to waive the quality criteria). The MSC, therefore took some steps to rectify this situation by organising courses in quality control methods for 1,500 staff.(33) Concern over this has persisted and evidence of continuing attempts to improve quality control suggest that difficulties remain, although some of this effort reflects the increased demands placed on quality control by the move to the two-year scheme which entails the comprehensive awarding of qualifications and to which we shall be referring shortly.

The problems surrounding the quality of training cannot, however, be solely laid at the door of the MSC and its staff who were in any case pursuing initiatives to overcome them. Those actually involved in delivering the training presented more deeply embedded obstacles to successful implementation. From a pilot study conducted by the MSC "there was found a marked lack of understanding by managing agents and sponsors of certain aspects of the standard criteria; and a lack of integration between programme elements, particularly when off-the-job training was carried out externally." Further the MSC has noted "that large numbers of managing agents' staff had little or no background in training" and that they were finding difficulties in

encouraging agents to remedy this.(34) Therefore, we can see that while the machinery for implementing YTS was established in rapid time, having the appropriate personnel to effectively operate the scheme has not proved such a straightforward matter. That this should be the case cannot be held to be completely unexpected. The scheme marks a net extension to the scale of industrial training in a relatively short period of time, but it has been established within an industrial environment where training is accorded what is widely recognised as a low priority. Such an environment has produced a situation over many years where training, and equally importantly trainers, have endured low levels of provision and status. Moreover, it is claimed in an independent report for the MSC that this situation has, in fact, worsened in many sectors following the disbandment of the ITBs.(35) And on top of all this the situation has been exacerbated by the recession during which training has been viewed as an expendable 'cost' rather than a route to increased competitiveness and profitability.(36) Thus, industry has not been geared up to effectively train the increased number of trainees arriving through the scheme. It is not, therefore, surprising to find that a significant amount of the training is being provided not by large companies, but through private training consortia backed by public money who vary in their competence from the very good to the very bad.(37) Nonetheless, there is no getting away from the fact that YTS, not to mention its recent extension, ultimately depends for its success upon a significant development in the training 'infrastructure' of British industry, and it is bringing about this development that lies at the heart of the implementation of the policy. (Interestingly the MSC(38) and others(39) see as the path to be followed something akin to the system of modular vocational education being developed in Scotland. The irony of this

emulation is that the Scottish initiative has been built upon the existing state education system.(40))

Whether YTS and the wider *New Training Initiative* of which it is a part is able to bring about the development of the training infrastructure must remain open to doubt while major questions hang over the quality of training provided under YTS. This doubt is further compounded by suggestions that the scheme does not represent the net addition to training provision it may at first sight appear to be. For one thing there is the possibility that YTS may actually have contributed to the continuing decline in permanent, employed training places in manufacturing industry because employers are not obliged to provide contracts of employment to YTS trainees even when recruited as part - as is possible - of the normal training intake. They can thus replace all trainees with a fresh intake each year. Some doubts have also been cast upon how far the scheme has been genuinely creating additional training places, and the MSC admits that YTS does not fully represent a net addition to global training. Rather, in the case of Modes 'A' and 'B2' 24% of the places reflected jobs (ie 'permanent' training places) for 16 and 17 year olds brought within the scheme and 7% represented job substitution of trainees for older workers.(41) The first survey carried out on the destinations of YTS trainees(42) revealed that 56% of those completing a YTS course went into full-time employment and it may be deduced that approximately 30% became unemployed. Figures for 1985/86 were broadly similar.(43) It is difficult to estimate from the figures available the extent to which YTS trainees are displacing other workers or would have got jobs anyway,(44) although Chapman and Tooze put the displacement figures in Dundee and Renfrew at 64.7% in 1985.

(45) Evidence obtained about the pottery industry suggests that many employers are only willing to provide YTS places where they can be relatively sure of offering a full-time job at the end of the training.(46)

While of primary importance the inadequate training infrastructure is not the only obstacle to realising the objectives of the policy. The scheme has in addition suffered from an 'underutilisation' by young people of such infrastructure as currently exists. It is not possible to provide anything approaching a definite view on how serious a problem this is - either in terms of the needs of the economy or the objectives of the policy - but it clearly represents a significant shortfall between what policy makers wished to see happen and what has actually occurred in practice. First, take-up has not been as high as was originally estimated. In 1983/84 of the 560,000 eligible 16 and 17 year olds the Youth Task Group estimated some 460,000 entrants on to YTS but the actual numbers reached only 370,000. The cost of supporting the resulting unfilled places amounted to some £55 million in 1983-84. By 1984-85 the MSC had managed to get its estimate of take-up (404,600) more in line with actual take-up (389,400), with the position being slightly reversed for 1985/86 where take-up (400,000) exceeded estimates (384,000).(47) This does not, however, cover up for the fact that there is a major shortfall - of approximately 40% - between numbers eligible for the scheme and those entering it. Such a shortfall is reflected in that spending in 1984-85 at £773.4 million was well short of the Task Group's original estimate of £1.1 billion to run the scheme in that year,(48) and was still well below, at £869.9 million, in 1985/86.(49) (£93 million of that spending came from the European Social Fund.)

However, this failure to fully generate the intended extension to industrial training is not the full picture. Having entered the scheme a significant proportion of entrants have not remained on the scheme the full year. While there are significant seasonal fluctuations in the number of early leavers (those who leave before 48 weeks), over 1984-85 of all leavers 55% fell into the 'early leaver' category,(50) the average length of stay being 42 weeks.(51) The current average length of stay on the scheme is put at 39 weeks.(52) Many of the early leavers do so to take up full-time employment, but this still raises questions over the extent to which YTS can be supplying an integrated package of training if so many leave early and places some doubts over the importance of the one year training, let alone a two year package, to labour market demands. Finally, the Government's intention that allowances should be at a low level to reflect the individual benefits conferred by training and to make expectations about earnings more realistic has itself been dented as a number of trade unions have, under TUC recommendations, been able to negotiate a 'topping up' of allowances because trade union agreement is necessary before a scheme may be approved by the MSC(53) This may, of course, lead to further distortion between the supply and demand of places. (There is in addition some evidence to suggest that certain managing agents are doing their own form of 'topping up' by seeking additional payments from firms with whom they are placing trainees.(54) It would be wrong, however, to imply that the trade unions have had much influence over a scheme that in many respects, by seeking through the 'back door' to reform the apprenticeship system, poses a direct challenge to one of their power bases. Clearly, the unions have found it difficult - though not impossible as evidenced by NUPE's boycott - to oppose a scheme with social overtones.

Youth Training Policy: Retrospect and Prospect

Having examined youth employment policy and its implementation to date it is possible to summarise some of the key issues and also to look forward to the prospects for the two-year scheme launched in April 1986. There is little doubt that there have been problems surrounding the efficacy of the strategy incorporated in the policy. The intention to open up market forces in the allocation of training sat uncomfortably beside the expectations of markedly increased provision by industry of training for 16 and 17 year olds in general, transferable skills. In particular, there are evidently widespread doubts within industry as to the value of general, transferable training. Such training not being company specific poses the greatest question for companies over returns, even ignoring dangers of 'free riding'. Indeed evidence from the representative body for one major sector consulted over the *New Training Initiative*, talks of such training being the type that employers are most likely to avoid and of the need for public funds and back up from the education service to carry it out. The central plank in attempting to increase the amount of this type of training, even if its problematic nature tended to get played down, is bringing about a notable shift in employer attitudes to training, and to a lesser extent the attitudes of young people to employment. This strategy of changing attitudes was in a sense the 'policy within the policy'. What we now need to address is whether those problems we have identified with the implementation should be regarded as failed implementation, policy change during implementation or something else.

What in effect we are addressing here is what responses were evoked by confronting such problems and to what extent did the responses stay within the framework laid down by the policy as it was originally conceived. In other words, are the responses reinforcing the strategy or are they displacing it? The major problem that the implementation of the scheme has faced has been the quality of the training provided, itself in large measure the outcome of an inadequate training infrastructure. The response evoked by this has been continuing efforts by the MSC to improve the level of training competence in the private sector through various initiatives designed to establish a core network of approved managing agents several of which will probably be constituted by private training consortia rather than by large companies. Therefore, developing the training infrastructure has been, and will remain, an important part in the implementation of YTS. It is important to emphasise that while this network of training agents will receive public funds for their services, they will be to some degree operating in a market environment in that funds will, it appears, be increasingly tied to the quality of service provided. (55) That extending and improving the training capacity of industry should be necessary is hardly surprising given the generally low priority afforded to training in Britain, but it does also suggest that the policy as originally formulated and identified above did contain within it 'a policy within a policy'; that is establishing YTS as originally conceived necessitated various initiatives inside and outside the scheme to restructure the market. The complexity of this approach, of course, was that YTS itself constituted an effort to restructure the market, thereby generating potential uncertainty in distinguishing means from ends. The crucial question is thus whether the market can readily be restructured in a training orientated direction.

It might be thought, given that industry has responded well in at least providing places, that doubts about the future for developing the training capacity of industry need not be great given time. But such a viewpoint rests on the assumption that places are supplied by industry for serious training reasons. Evidence suggests, however, that many firms participate in YTS based on other considerations. For as the Coopers & Lybrand Report noted: "Many of our respondents claimed that they had participated in the scheme from a sense of social responsibility, rather than because they saw it as a valuable training programme or useful for their business; a few said it was to avoid adverse public comment."⁽⁵⁶⁾ Much of industry may be happy to participate, but for reasons other than the policy's objectives; such latent conflict is likely to become conspicuous as moves are taken to enhance the training element of schemes and to shift more of the costs on to industry. It has only been by the MSC 'soft-peddling' that such conflict has not been brought to the surface in such a manner that would have seriously threatened the implementation of the policy. Moves to tighten up on the monitoring of schemes and to transfer more of the costs and responsibilities to employers may well bring matters to^ahead.

In addition to issues of training quality, the implementation of YTS has also to some degree been adversely affected by difficulties encountered with the value young people place on the scheme. To many of them it does not seem to be the pre-requisite for success in the labour market. In consequence participation in terms of take-up and length of stay have not been as high as originally intended by the policy's designers. Instead, the large numbers of 'early leavers' from the scheme must cast a doubt over just how many young people are gaining an adequate foundation training. Furthermore, to enhance the

attractiveness of the scheme to young people the allocation of places has not been employer-led, though whether employers really wish to play a fuller part is another matter.

Nevertheless, this adds greater weight to the question as to how far YTS is actually the training scheme envisaged at the outset. Looking into the future the prospects for the necessary change are not promising. The problems emanating from the perceptions and attitudes of young people, like those of employers, are more than those simply associated with teething problems. Rather the outlook appears very much to be based on the general aura⁽⁵⁷⁾ surrounding YTS and the prevailing conditions in the labour market. For one thing, there is little doubt that YTS has had difficulty in shaking off the public image attached to YOP as being for those who failed to get a proper job.⁽⁵⁸⁾ The very fact that YTS was introduced after a dramatic rise in the proportion of young people who were unemployed adds much credence to such views. On top of this, if the quality of training is often of a low standard and employers are not exactly seen to be crying out for this kind of training, then it may not be so surprising that the scheme is not seen as the panacea to problems of getting a job. While the Government may criticise those who do not take up a place for being unwilling to participate in the labour market⁽⁵⁹⁾ and the MSC points an accusing finger at detractors of the scheme, it does appear that many young people perhaps not unwisely have taken the view that a permanent job in the hand is presently more valuable than completing a YTS. It might even be said that young people have a more realistic picture of the current labour market than either Lord Young or the MSC. It, therefore, can be argued that the difficulties encountered from the start in ensuring that YTS

was universally recognised to be an effective and needed addition to industrial training is likely to continue to hinder its recruitment and holding capacity and that this may, in turn, detract from any potential it has to become a fully effective training scheme - the scheme is in danger of being caught in a vicious cycle of a continuing credibility gap.

From the foregoing it is clear that there have been a considerable number of difficulties surrounding the implementation of YTS. It is also, however, equally clear that the responses, both from the Government and the MSC, do not suggest any move away from the standards that have been identified as pertaining in this area, but on the contrary may be seen to represent a re-affirmation of them. The direction of change has not been towards a decline of policy in the area of youth training but towards its development and enhancement. Development has taken place in the face of difficulties encountered with implementing the programme. This developmental perspective has been one adopted by the Government and the MSC themselves in recognition of the point that YTS represents a lead from Government that employers in the market will increasingly be expected to assume responsibility for; it is not just about establishing a training scheme but entails a gradual restructuring of the market. The implementation of YTS represents a clear example of policy development, and one that has been led from the top.

There remains, however, one outstanding issue concerning the evidence of policy development: The absence of a precise timescale thereby rendering the implementation process so elastic as to never allow for it to be deemed a failure. Though readily acknowledging that there have been serious difficulties

in putting the programme into practice as a means to realising the objectives, this does not mean that to date YTS can be regarded as an example of implementation failure. It is unrealistic to assume that an initiative of this sort can from the outset produce a programme that is so perfectly constructed as to be able to overcome any and all circumstances mitigating against its successful operation. Revision and time are pre-requisites for success in realising policy objectives. In other words, implementation failure is not some *absolute* category. Instead, it is proposed that it is more appropriate to see implementation failure, at least in the case of YTS, *relatively* in terms both of time and development. Thus the longer the programme is being put into effect and not fully realising the objectives the more appropriate it is to talk of implementation failure. This would need to be qualified in circumstances where the shortfall between outcomes and policy objectives was continuing to diminish. By the same token, it would be more valid to regard YTS as an example of implementation failure if the number and/or scale of initiatives to develop the programme declined or stopped altogether, ie the programme was being left much more to stand - *or fall* - by its own devices. Therefore, implementation failure can be seen to start to occur once the prospects for successful development of the programme begin to recede. Of course, this does not prevent judgements being made about the likely effectiveness of any development initiatives - as has been done above - but it is important to distinguish between predictions of failure and its actual occurrence.

Not only have the responses had to do with developing the policy in order to overcome implementation difficulties, there has also been an important response

to enhance the policy in its own right. Such an enhancement of the policy may be viewed as on the one hand a move to sustain more securely those standards that already hold, and on the other to realise more rapidly those that remain to be attained. In other words, the Government has taken strategic decisions to up-grade the scheme so as to more closely realise the policy's objectives. This has involved a clarification and a re-ordering of the priority afforded to the objectives of the policy. Most obviously this is apparent in the decision to move from a one-year to a two-year YTS despite the difficulties encountered in implementing the original scheme: "Introducing the programme has not been without difficulty for some providers and the Government recognises, in particular, the problems of transition. But success lies within our reach. The Government remains committed to achieving that success."(60) Indeed, one reason why the implementation of YTS is not likely to be allowed to simply run into the sands is the very strong promotional drive by the MSC for increased training in industry and the much greater prominence given to the issue of training as a cause and cure for Britain's economic problems.(61)

In his budget statement of 19 March 1985, the Chancellor announced that the Government was willing to make available an additional £125 million in 1986/87 and £300 million in 1987/88 for the development of YTS so that from April 1986 it would offer a two-year training place to 16 year old school leavers and a one year place to 17 year old school leavers. The proposal was to be more than a doubling of the length of the scheme, it being intended that "all trainees should have the opportunity to seek recognised vocational qualifications." Additionally, it was indicated that the new YTS would become a permanent feature of vocational education and training provision, but it was

added that employers would be expected to make a "substantial contribution towards the costs." (62) For its part the MSC entered into negotiations with representatives from industry, the trade unions and the education service. These negotiations were not without difficulties with the CBI indicating that many of its members in sectors like retailing did not know how to occupy trainees for the longer period and certainly by the proposed starting date. (63) Information from the pottery industry confirms that this applies in that sector, where the majority of employers are of the opinion that the range of skills required by a trainee cannot be extended to two years. This seems to have been got around by an 'informal agreement' between firms and the managing agent whereby young people may be taken into permanent employment at the end of twelve months - although if there is no job their training cannot be terminated. In effect it would seem that many employers in the pottery industry will be continuing to operate a one year scheme. One consequence of this situation is that there will be no doubling of the off-the-job training component, despite the trade unions and education interests supporting 26 weeks. Instead, in line with what employers were arguing a minimum of only 20 weeks off-the-job training was laid down, although the MSC has structured the grant regime to encourage provision above the minimum. (64)

The new scheme is based on a more precisely defined model encompassing inputs (induction and initial assessment; participative learning; continuous assessment; and guidance and review) and outcomes (competence in a job and/or a range of occupational skills; competence in a range of core skills; ability to transfer skills and knowledge to situations; and personal effectiveness). The MSC in the run-up to the launch has been supplying general guidance on the

requirements of the two-year scheme and providing "model schemes" covering a range of occupational areas, especially where experience of such training is limited. Included in the latter are requirements that trainees should be provided with the opportunity to pursue relevant vocational qualifications. Nonetheless, it is recognised that only a few qualifications are entirely appropriate to the work-based training provided by YTS. Therefore a standard YTS certificate is being introduced which amounts to a record of the main elements of the training programme, the trainees performance against the four outcomes of the scheme and the trainees achievements in particular 'competence objectives'. In effect, the MSC seems to have become a national awarding body. The certificate will also list any other qualifications achieved.⁽⁶⁵⁾ What we are witnessing with the move towards the two-year scheme is a far greater involvement by the MSC to lay down the framework for the content and assessment of the scheme, backed by tighter monitoring and quality control. ⁽⁶⁶⁾ As MSC chairman, Bryan Nicholson stated: "Two-year YTS gives us the chance to bring in even higher quality standards and stricter controls and to make sure they are observed."⁽⁶⁷⁾ Although it remains the MSC's responsibility to oversee and monitor the scheme, the securing of recognition of qualifications obtained through YTS for progression within and from the scheme is the responsibility of the YTS Certification Board. The Board was established following the interim report of the Review Group on Vocational Qualifications in England and Wales⁽⁶⁸⁾ and includes representatives from the City and Guilds of London Institute, the Business and Technician Education Council, the Royal Society of Arts and the Scottish Vocational Education Council.

It would be wrong to imply that there is consequently a high degree of centralisation as far as training provision is concerned, but such moves to lay down a national framework are increasingly bringing to the surface conflict between the Government and MSC's economic/training objectives for the scheme and the social ethos of many employers providing places. Thus, even before the well orchestrated fanfare that launched the new scheme in January 1986 had died down, there were rumours that several companies which supply places, including Unilever, Rank Xerox, IBM and Dixons, were threatening to boycott the new scheme. There was additionally talk of a number of these companies establishing their own independent schemes, while the CBI had to organise workshops to inform MSC staff of the problems companies were facing in meeting the standards laid down and dealing with the auditing procedures.

{69} With such views among several of the CBI's members it is not surprising that CBI chairman Sir Terence Beckett was engaged in a rallying call that "[w]e must make the Government's new two-year YTS succeed if we are to catch up with our competitors." {70} There is no doubt that many employers are committed to YTS, but that such a commitment persists in . . . being for social reasons. As a CBI source put it: "We have always tended to emphasise the economic objective and it is perhaps a little disappointing that more companies have not realised the potential of the scheme to raise the level of skills overall." {71} Such an outlook from companies would obviously generate serious tensions if the government decides to follow through on its proposal to shift the full cost of the scheme onto employers. Conflict can also be expected to arise as the MSC moves further to tighten its control. The area where this seems most probable is in the establishment of Approved Training Organisations (ATOs). It is intended that: {72}

"from 1 April 1988 no organisation will be able to continue to provide training for YTS unless it has secured the status of an *Approved Training Organisation* by satisfying a number of conditions, whose purpose is to ensure high calibre and competent training throughout the programme, including previous satisfactory experience, adequate resources, systematic arrangements for assessment, the means of keeping its training programme under review and positive commitments to equal opportunities and health and safety."

For this reason many of the larger companies, as well as the CBI, established dialogues early in 1986 with the chairman of the MSC, Bryan Nicholson, to discuss *inter alia* the issue of ATOs. Nonetheless old habits, or old perceptions, die hard. For example, a recent meeting between the Ceramics Industry Training Organisation and MSC District Office officials ended in disagreement because of what was seen by the Chief Executive of CITO to be unacceptable demands for the provision of information on the operation and financing of the organisation. This apparently resulted in a 'deadlock' with the MSC threatening to withhold ATO status. The number of MSTOs - of which there are approximately 100 - is relatively insignificant in the overall total of around 4,000 YTS managing agents. However, although such threats may carry greater weight with managing agents specifically and solely established to administer YTS, they may carry less credibility with the larger companies who also act as managing agents. The actual outcome of such attempts to lay down standards for training organisations remains to be seen. Meanwhile, the 1986 budget brought forth a further development to assist in the achievement of policy objectives, namely the New Workers Scheme which provides a one year subsidy of £15 a week to employers who recruit those aged 18 or 19 at wages below £55 a week (or 20 at £65). "The scheme is designed to boost the employment prospects of those who have just left YTS..."(73) It appears YTS is

not enough on its own, although one would not guess that from the MSC's television commercials for the new scheme.

With the conclusion of our examination of YTS we have brought our study up to date. In the final chapter we will make an assessment of the process of policy change in the area of industrial training, trying to identify the key factors affecting change, before assessing the future prospects for the New Training Initiative.

FOOTNOTES

1. HC Debs (21 November 1980) cols. 204 and 209. See also col. 216.
2. HC Debs (4 May 1980) col.185.
3. A New Training Initiative: A programme for Action (Cmnd. 8455, Nov. 1981), paras. 11-22. See also P A Dutton 'The New Training Initiative: What are its Chances?', *Managerial Law*, Vol. 23 (1981), No. 4.
4. HC Debs (27 July 1981) col. 901 (Nigel Lawson).
5. HC Debs (27 January 1981) col. 909.
6. HC Debs (27 July 1981) col. 835 (Prime Minister).
7. See M Jackson *Youth Unemployment* (London: Croom Helm, 1985) Ch. 5.
8. J Prior *A Balance of Power* (London: Hamish Hamilton, 1986) p 141. Prior also adds that YTS "was a long overdue reform in Britain, making the first steps towards the kind of training provided for all young school-leavers in West Germany." He adds "I had visited Bonn and Nuremberg that Easter[1981] to study their scheme at first hand, and in the summer was able to persuade Margaret and the treasury to boost their spending...and launch the new scheme from 1982."
9. Prior *A Balance of Power* p 142.
10. *New Training Initiative* para. 2.
11. *A New Training Initiative: An Agenda for Action* (London: MSC, 1981) para. 58.
12. For the more specific aims adopted as well as a description see *Youth Task Group Report* (London: MSC, 1982), esp. para. 4.3.
13. But see Chancellor's budget statement of 19 March 1985 which states on new YTS: "In the long run, we expect employers to meet the full cost...".
14. For a discussion of how the Area Manpower Boards have operated in the Yorkshire and Humberside regions, see R King and K Schnack 'The MSC's Area Manpower Boards: The Role of Employer and Union Representatives' *Political Quarterly* Vol 57, No 3 (1986).
15. *New Training Initiative: An Agenda for Action* para. 41.
16. *Youth Task Group Report*. The YTG comprised representatives of

- employers, trade unions and educational interests, but was chaired by the Director of the MSC, Geoffrey Holland.
17. *Financial Times* 28 April 1982.
 18. *New Training Initiative: An Agenda for Action* para. 43.
 19. *Youth Task Group Report*, para. 4.38. See also P G Chapman and M J Tooze *Youth Training in Scotland: A Review of Progress* (Dept. of Economics, University of Dundee/Scottish Council, Development and Industry, 1985) p 50.
 20. *Development of Youth Training Scheme* (Sheffield: MSC, 1985) paras. 6.19-6.21.
 21. *New Training Initiative: A Programme for Action* para 34.
 22. *Financial Times* 22 June 1982.
 23. On the management of certain schemes, see J Morrison *Youth Training: Principles and Practice* (London: Hutchison, 1984)
 24. B Challis, C Mason and D Parkes *YTS and the Local Authority: Interim Project Report* (Sheffield: MSC, 1984).
 25. Chapman and Tooze *Youth Training in Scotland: A Review of Progress* pp 68-70.
 26. *Youth Training News*, No 32, September 1986 piii (supplement).
 27. Challis, et al, *YTS and the Local Authority* p 56.
 28. P G Chapman and M J Tooze *A Re-interview Survey of Employers' Attitudes to the Youth Training Scheme in Dundee and Renfrew in 1985* (Dept. of Economics, University of Dundee, 1986) p 42.
 29. J Gershuny and I Miles *The New Service Economy: The Transformation of Employment in Industrial Societies* (London: Pinter, 1983). See also V Williams 'Employment Implications of New Technology' *Employment Gazette* Vol 92 pp 210-215.
 30. P Ryan 'The New Training Initiative After Two Years', *Lloyds Bank Review*, No. 15 (April 1984) p 39.
 31. *Guardian*, 3 July 1985.
 32. National Audit Office *Department of Employment and Manpower Service Commission: Vocational Education and Training for Young People* (Report by the Comptroller and Auditor General) (London: HMSO, 1985) para. 4.11.
 33. Ryan 'The New Training Initiative After Two Years'

34. National Audit Office p 13.
35. *Challenge to Complacency* pp 12-13.
36. See *Challenge to Complacency* Part 1.
37. *Guardian* 3 July 1985.
38. *Development of Youth Training Scheme* p 11.
39. *Challenge to Complacency* p 24.
40. *Guardian* 1 July 1985.
41. National Audit Office paras.3.13-3.14.
42. Department of Employment *Employment Gazette* Vol 92, 1984.
43. *MSC Annual Report 1984-85* (Sheffield: MSC,1985) p 16.
44. See for example, P A Dutton *YTS - What are the Facts?* Discussion Paper No 33, Institute for Employment Research, University of Warwick, 1985. *Task Group Report* para. 5.6.
45. Chapman and Tooze *Youth Training in Scotland: A Review of Progress* p 50.
46. Interviews conducted at the Ceramics Industry Training Organisation, the non-stautory training body which also acts as a YTS managing agent. 25 September 1986.
47. *MSC Annual Reports 1984/85* (p 16) and *1985/86* (Sheffield: MSC, 1986) p 15.
48. *Youth Task Group Report* para 5.6.
49. *MSC Annual Report 1985/86* p 41.
50. National Audit Office, para. 4.15.
51. *MSC Annual Report 1984/85* pp 14-17.
52. *MSC Annual Report 1985/86* p 15.
53. Chapman and Tooze *Youth Training in Scotland: A Review of Progress* p 63.
54. John Cunningham 'A cut above the rest' *Guardian* 13 August 1986.
55. National Audit Office, paras. 5.13-5.14; and *Development of Youth Training Scheme* p 27.
56. *Challenge to Complacency* para. 3.13.

57. For MSC Chairman, Bryan Nicolson's view of this as "misinformed, misguided or simply mischievous" see *Youth Training News*, No 32, September 1986 p i (supplement).
58. J Payne and C Payne 'Youth Unemployment 1974-1981: The Changing Importance of Age and Qualifications', *The Quarterly Journal of Social Affairs*, Vol 1, No 3 (1985) p 192.
59. *Guardian* 1 July 1985.
60. *Working Together - Education and Training for Young People* (Cmd 9823) (London: HMSO, 1986) para 4.9.
61. *Competence and Competition: Training and Education in the Federal Republic of Germany, the United States and Japan* Report prepared by the Institute of Manpower Studies, University of Sussex, for the National Economic Development Council. NEDO, London, 1984.
62. *Education and Training for Young People* (Cmd 9482) (London: HMSO, 1985) paras. 30-33.
63. *Financial Times* 20 June 1985.
64. *Development of Youth Training Scheme* paras. 4.12-4.19.
65. *MSC Two-Year YTS: Guide to Scheme Content and Quality Control* (MSC, 1985).
66. *Development of Youth Training Scheme* Part V.
67. *Employment News* No 140, February 1986.
68. *Review of Vocational Qualifications in England and Wales* (London:HMSO, May 1986).
69. *Guardian* 10 February 1986.
70. *Employment News* No 140, February 1986.
71. Deputy Director of Education and Training, CBI. Letter to the author, 30 May 1986.
72. *Working Together - Education and Training* para 4.5.
73. *Employment News* No 142, April 1986.

PART SIX:
CONCLUSION

CHAPTER TWELVE

CONCLUSIONS

Having examined the area of industrial training policy in Britain over the past 25 years or so, it is now necessary to take stock of what the evidence implies for the process of policy change in this area and what it might indicate about policy change more generally. What we need to ascertain is not only what patterns emerged, but importantly what factors or forces shaped them. Further, in the light of what was said in the previous two chapters about the establishment and early years of the New Training Initiative as representing something of a departure in the form of policy compared with the previous two decades we shall also consider the likely development of training policy over the next few years.

Our analysis of industrial training policy throughout the period studied has revealed a mixed pattern in the terms of the process(es) of policy change. Without doubt changes to policy have occurred after changes of government, but to see the only factor affecting change as adversarial politics would be a very partial view, if not actually misleading. For one thing, the major formal changes to policy have all been introduced by a Conservative administration; in 1964 and 1974 incoming Labour governments were generally happy to work with and administer the framework laid down by their predecessors. This is a

reflection of the fact that, until recent years, industrial training policy has been marked by a high level of agreement *at the national level* - not only between the political parties but industrial interests also - together with a low political salience. Even some of the more radical reforms initiated by the Conservative Governments of 1979 and 1983 cannot be ascribed to adversarial politics. Nevertheless, certain aspects of these reforms, for example, the abolition of the majority of industrial training boards and the curtailment of the influence of trade unions in industrial training decision making, have breached some of the principles upon which the former consensus was based. We shall consider below how far this may have introduced an adversarial element into this policy area.

It is clear that the changes that have occurred in industrial training policy have not represented clear stopping and starting points. Rather they can be regarded much more as a process of evolution where past experience has been an important element in influencing the changes incorporated into policy. In other words, one aspect that our study has demonstrated is the links between implementation and policy change, and hence the importance of setting any analysis of change within this wider context. Our understanding of the changes that took place in 1973, for instance, would have been incomplete, if not inaccurate, if we had studied such changes solely from the perspective of, for example, the power of private actors to influence the decisions of government. This evolutionary characteristic may be seen in the three main instances when formal changes to policy have occurred. The provisions of the 1973 Employment and Training Act were largely a response to the - mainly unanticipated - consequences of the establishment of the industrial training boards following

the 1964 Industrial Training Act. The criticisms that came to be levelled against boards, in the main as a result of their use of the levy/grant mechanism - inefficiency, profligacy, duplication, bureaucracy, and their differentially harsh impact on small firms - were more difficult to defend given the problems inherent in measuring what boards had actually managed to achieve. Assessments of boards' impact tended to be subjectively based, but measurement was additionally made more difficult by the fact that little common criteria existed (subjective or objective) against which achievements could be set. This reflected the fact that the legislation had provided for the exercise of a considerable amount of discretion by ITBs in relation to training decisions within their particular industries, and for very little central direction or coordination.

Despite such criticisms, however, the utility of intervention was never seriously questioned and the 1973 Act can be seen an attempt to overcome the problems encountered during the previous eight years. This was done through modifying the levy/grant system, it being regarded as having given rise to most of the criticisms, and adding to the training machinery by the creation of a new coordinating organisation - the Manpower Services Commission - at the national level. The MSC would render ITBs more accountable to the centre and, thereby, bring about a greater degree of consonance between the activities of ITBs and the pursuit of national manpower objectives. Whilst the new levy/grant/exemption system did manage to quell - though not completely - employers' criticisms of the ITBs, the arrangements introduced under the 1973 Act produced a fresh set of difficulties in the form of tensions between ITBs and the MSC's Training Services Agency (later Division). Boards' first priority

as perceived by the boards themselves was towards improving the overall level of training within their industries. Anxious to attain and retain the support of their clients (ie firms), the boards resisted attempts from the centre to pursue national objectives where these were seen to conflict with the pursuit of sectoral objectives.

At the national level, one of the prime objectives of training policy has been to overcome the problem of shortages in 'vital' skills. What was becoming increasingly evident as the 1970s progressed was that the activities of ITBs were not leading to a resolution of this particular problem. The number of apprentices employed in manufacturing industry, for example, declined quite dramatically during this period. Whereas in 1968 there were 236,200 apprentices representing 5.6 per cent of workers in manufacturing industry, by 1974 the number had dropped to an unprecedented low of 139,600, or 4.2 per cent. Despite considerable increases in the MSC grants available to ITBs to promote 'key' skill training, the 1980 figures showed only a marginal improvement: 149,500 apprentices representing 3.6 per cent of manufacturing workers.(1) It took a severe economic recession to dispose of the immediate problem of skill shortages, which also resulted in companies cutting back on training and shedding skilled labour.(2) Avoiding future shortages to which this would give rise when the economy again began to pick up was not seen as something that ITBs could remedy. Thus the majority of ITBs were becoming increasingly viewed as inappropriate instruments for securing wider national objectives. Additionally however, it became clear that in one important respect the 1973 Act had actually made it less, not more, likely that adequate volumes of training in transferable skills would be forthcoming. The provision in the

Act for the exemption from levy of firms that were training to meet their own needs resulted in a reduction of boards' income and thus further diminished the ability of boards to encourage training in 'vital' skills. It was for this reason that the ill-fated proposals to change the basis of funding through the establishment of a collective fund were put forward in *Training for Vital Skills*. (3)

Following the inconclusive 1979/80 review of the 1973 Employment and Training Act, the Government decided to abolish the majority of the ITBs, retaining only seven in what were regarded as 'key' sectors. The majority of employers, who had been faced with the prospect of either retaining and paying for the ITBs, or establishing their own voluntary, and very much cheaper, arrangements, opted for the latter and supported the Government. Thereafter, the Government set out its 'New Training Initiative' which is an attempt to structure training arrangements so as to provide a labour force that is more responsive to the changing requirements of industry. Because demand for skills in the future is likely to be increasingly in new areas of growth and away from a skill structure that is based upon unskilled, semi-skilled and traditional craft-skilled jobs, the attention of policy makers has focussed upon: developing a comprehensive and coordinated system of vocational education and training for young people; and encouraging the modernisation of training within industry in order to provide for the more effective utilisation of existing labour. The chief means by which these were to be achieved were through the establishment of the Youth Training Scheme and the MSC's promotion of the other NTI objectives in relation to: the reform of the apprenticeship system based upon

the acquisition of agreed standards and flexibility of age of entry; and opening up training and retraining opportunities for adults.

Industrial training policy has thus undergone a series of formal changes during the period under study. What therefore we need to address is how these changes are to be represented. It was argued above that our evidence shows that it would be misleading to represent such changes as the outcome of adversarial politics. That indeed, until recently the policy, and changes to policy, have been based upon a broad consensus between the major interests. That there has existed this high incidence of agreement, not only about the shape and direction of policy but also about the means by which decisions should be taken, has meant that formal changes to policy have always been about securing *improvements to existing policy*. That is, there has never been a 'root and branch' (or 'belt and braces') reassessment because it was assumed that the form and direction of the prevailing policy was the generally appropriate response. The major interests were, in effect, basically happy with existing arrangements: radical change was not being looked for. As and when change was perceived to be necessary, therefore, it was as a result of difficulties encountered in implementing the policy, not as a result of any major or fundamental flaw in the policy itself. So, reducing the procedural 'red tape' surrounding the operation of levy/grant would reduce employers' hostility and enhance their willingness to comply with ITB recommendations. Excluding small firms from future levy arrangements was an admission of the view that the objective of equalising the costs of training between firms was unworkable. ITBs, it was clearly felt, would be more likely to work towards nationally perceived objectives if there existed some central machinery to identify and

clarify national priorities and coordinate and control boards' activities. Therefore, until the early 1980s at least, changes to policy were about making adjustments to what was, not about raising fundamental questions to do with the nature of the problem or the efficacy of intervention.

Furthermore, the representation of the process of policy change provided by the group process approach which we discussed in chapter one, appears in the case of industrial training to be at least rather simplistic and at points inaccurate. It is simplistic because other factors can be seen to have an influence upon the process of policy change. We have seen that changes to policy have occurred in this area as a result of firstly, the changing nature of the training problem. One obvious example of this is the way in which the rise in unemployment, which began in the mid-1970s and accelerated from the beginning of the 1980s, has become bound up with the issue of industrial training. It is highly probable that had there not been the dramatic rise in the number of unemployed school leavers, the Youth Training Scheme would not have been established. Second, there is what might be termed changing technical considerations. Industrial training policy exists to ensure that economic growth is not constrained by shortages of workers in key skills. What these skills are - or will be - is not necessarily static. Policy has, therefore, to take into account the shifts in the type of skills required by industry if it is not to encourage training for yesterday's, as opposed to tomorrow's, needs. And third, as we have noted above, change has been a response to difficulties encountered during the implementation of policy, often perceived as unforeseen consequences of the operation of the policy that have

led, for example, to policy displacement, rather than being due to the opposition, or the exercise of a 'veto', by one group or other.

The group process approach is inaccurate in that we have identified at least two significant occasions where governments have taken the lead and initiated change that has not been the result of pressure from affected interests. One such was the original decision to intervene in the area of training. As we saw in chapters two and three, neither side of industry was challenging the basic premise that the responsibility for training should reside with industry, nor that the state should do more than provide some retraining facilities for social, as opposed to economic, reasons. The challenge to this prevailing view came from within the governmental machine itself. The second such occasion relates to the series of decisions taken in respect of the New Training Initiative. Not only did this involve the Government going ahead with decisions that were opposed by the unions (and in some of the details by employers), but was the beginning of a process whereby the decision making capacity of the Department of Employment was enhanced at the expense of that of the Manpower Services Commission. Thus, in effect, government has reduced the influence of representative interests - in particular the trade unions - upon the formulation of industrial training policy. So we have seen that governments have been both able and prepared to initiate change in this area. Moreover, rather than change being secured as a result of agreement and compromise between government and groups, it has been secured when there has been disagreement between the main affected interests (as in 1980) or when no clear position was held by them (as in the early 1960s). Government was not, however, prepared to push ahead with changes in 1972/73 when a) there was a

unified opposition to the proposed changes from industrial interests and b) the Government was anxious to secure the cooperation of the two sides of industry in other policy areas which, at the time, were accorded greater priority than industrial training.

What therefore is evident is that implementation has been important in setting the agenda for subsequent changes to policy. This provides a further reason why changes to policy should not be seen simply as the result of a different government arriving on the scene with a fresh set of policy proposals ready and waiting to be put into effect. Although formal changes have taken place after changes of government, what was incorporated in them had, to a significant extent, already been determined by prevailing views that had developed during previous periods of implementation. What is also clear, however, is that there is not much evidence of policy development having taken place. Indeed we would conclude that there was little opportunity for those concerned with the implementation of policy to attempt to improve the strategy being pursued in order to achieve a greater realisation of the policy standards. This was certainly the case with the ITBs and, though perhaps to a more limited extent, with the MSC. The principal reason for this resides in the nature of the policy itself. As we have seen, industrial training policy was primarily about establishing machinery through which changes in attitude and behaviour, it was hoped, would be induced in those responsible for the provision of training. Thus the policy set up machinery which did not have the capacity to follow through where behaviour fell short of what was desired by policy makers and implementers. This was due to certain contradictions between the objectives of training policy, the practical realities of the training

system, and the form of intervention chosen. These contradictions were never really addressed during the (re)formulation of policy and were thus incorporated into the policy programmes that were to be implemented. Such contradictions were incapable of being resolved, however, at the implementation level. What, therefore, we are seeing when we talk of the lack of impact of industrial training policy in, for example, removing skill shortages or reforming the apprenticeship system, is not so much an implementation failure as a failure of the policy itself.

These contradictions become evident when we move on to consider the *nature* of the responses involved in the changes to industrial training policy, where a much more consistent pattern emerges. This relates to the persistence of certain 'key' standards that have bounded not only the policy choices made, but those that have been considered. The standards that all governments have accepted and applied in this area have reflected certain prevailing values and as such have led to the formulation/reformulation of policies that did not breach particular principles, even where change to policy has been concerned to overcome problems disclosed during implementation. First and foremost amongst these has been that to do with the autonomy of private capital. Document after official document, from the 1962 white paper(4) to the 1986 education and training white paper(5) have stressed that industrial training should primarily be the responsibility of industry - or more specifically employers. Although the state has been regarded by all the main interests as having a legitimate interest in seeking to set out national manpower objectives, the pursuit of such objectives through policy action has

consistently been bounded by the standard that employers take decisions about levels of training, just as they take any other investment decision.

Thus the role of the state has been regarded as one which supplements (not supplants) the market in the allocation of labour. The means through which this is done is firstly by establishing machinery, the purpose of which is threefold: to provide a forum whereby the main (in particular industrial) interests can participate in decision making; to coordinate training activity; and to provide a system of financial penalties and incentives to encourage behaviour in line with policy objectives. Secondly, as the type of training that the state is primarily concerned to increase is assumed to be that which is generally (though not exclusively or necessarily) over and above the immediate needs of individual employers, then it has been accepted that the state has *some* responsibility to finance additional training. And thirdly, that the state should have a residual role in directly providing retraining opportunities for unemployed individuals, but only so long as this does not trespass upon the view that employers are the final arbiters. The contradictions inherent in this position are clear. On the one hand, 'intervention' in training is necessary because it is widely acknowledged that employers under-invest in training which, in turn, results in under-training and persistent skills shortages. Yet on the other hand it is argued that the decisions about the type and amount of training required should be left in the hands of employers. It is asserted that the aggregate decisions of employers do not add up to national economic requirements, but that somehow these national requirements can only be met by leaving training decisions in the hands of individual employers whose investment in training tends to move up

and down with the business cycle. Industrial training policy therefore, has been concerned with encouraging, exhorting and inducing, through the variety of organisational forms established, producers to change their behaviour. But it has stopped considerably short of providing any more direct means of influencing behaviour. It has, almost totally, left crucial training decisions in the hands of private actors. And even where representatives of producer groups have participated in policy making at both national and sectoral level, as we have seen, they lack the capacity to ensure the necessary follow-through on decisions taken.

Not only has the dominance of the standard concerning the autonomy of private actors limited the strategy pursued, but prior to that it has also led to a rather narrow definition of the training problem itself in terms of what is viewed as *the problem(s) requiring governments' attention*. Thus, despite a recognition that skills shortages may be caused by a number of factors, what has repeatedly appeared as the most consistently stated cause has been that of 'poaching'. That there is in fact very little evidence to support the contention that poaching leads to skill shortages (indeed one recent survey claimed that small firms - often assumed to be the 'villains of the piece' as far as poaching is concerned actually spent proportionately more on training than other firms(6)) tends to suggest that it appears to represent something of an excuse for not directly tackling other known, but probably more sensitive, causes. Certainly, what has happened, is that faced with an observable problem, the actual definition of the causes of the problem has been narrowly cast, and this seems to owe more to preconceptions about what is feasible or acceptable in terms of intervention, rather than inadequate information about or unsound

analysis of the problem. Improvements in information gathering and analytical techniques developed throughout the 1970s have not led to any fundamental re-casting of the training problem. A prime example of other known causes which have not provided a basis for action would be the rigidities built into the pattern of recruitment and utilisation of skilled labour. This was recognised as a cause of skill shortages in the late 1950s, detailed in, for example, the Donovan Commission's report of 1968,(7) and the Central Policy Review Staff's Report of 1980(8) and often re-iterated in official publications. Broad agreement exists, however, that such matters should be resolved through collective bargaining and as such are outside the scope of state action.

As far as information gathering is concerned, it is clearly important that relevant and reliable information is available not only to implementers, but also to policy makers. Apart from some of the inherent difficulties which we have previously discussed in forecasting future manpower requirements, one other consequence stems from what we earlier termed 'forward loading', or leaving many of the crucial decisions to private actors. This is that the information upon which policy choices are made is voluntarily supplied by employers. Because such information is bound up with future investment plans many employers are reluctant to supply such information which means that what is available is often of dubious quality. The implications of this for accurately assessing problems and targetting the policy programmes are obvious.

So we may conclude that changes to industrial training policy have been set within a framework of standards that ultimately have proved inconsistent. This

is because the end-point or policy objectives - eradicating skill shortages - which have been derived from the standards have been over-ambitious in relation to the weak means chosen to attain them. Training policy has in effect been a continuous attempt to 'square' this circle. Our evidence has shown that the reasons for the the predominance of these standards has been on the one hand the desire of both sides of industry to retain control over training arrangements, and on the other the unwillingness of governments to challenge the basis of this control. How far such unwillingness springs from governments anticipating that to intervene more directly would engender such hostility from producer groups that any policy would therefore prove unworkable and/or might have unpalatable consequences in other policy areas, or how much from a genuine belief in the 'rightness' of leaving training decisions to industry is obviously difficult to say. In attempting to separate issues of what 'should' be done from what 'can' be done we are delving into rather murky waters. Nevertheless the evidence presented leads us to conclude that on balance, whilst issues of political feasibility have not been unimportant, most governments have felt that it would *not* be right to take away industry's responsibility for determining its own training needs. Even Labour governments which might have been expected to have taken a rather more interventionist line have argued that "an effective system for correcting skill imbalances and improving training opportunities for employees....is at present more likely to be brought about through agreement than by new legislation."(9)

It remains finally to say something about the New Training Initiative in the context of the above comments and to attempt some assessment about whether the NTI is any more likely than past policies to 'square' the training circle.

Such a question is all the more pertinent given that the standards concerning market allocation and industry's responsibility for training decisions have, if anything, been given greater weighting than at any time during the past 20 years. Nevertheless, the NTI can in certain respects be seen to mark a break with previous policies in that, whilst bounded by these same standards, it represents an attempt to reform the training system and overcome skill shortages by different means, chief amongst which is the Youth Training Scheme. It is essentially an attempt to establish a new pattern of training intervention taking into account that previous programmes have failed "to produce the number of skilled people required by a modern competitive economy".⁽¹⁰⁾ Establishing this new pattern has involved a clear shift away from the previous standard that the state should provide the machinery through which to influence private actors and to coordinate training decisions in line with national objectives. Instead there has been a more determined attempt to directly influence the key variables that are perceived to affect training decisions, of which the most important is costs. Whereas previously there was a lack of follow through on the issue of employers not investing sufficiently in training, the NTI is concerned to ultimately increase the contribution that employers make in the training area. What the Government is seeking to achieve is an increase in the amount invested in industrial training *per se* without too great an emphasis being placed upon whether this accords with national needs or shares the costs on some equitable basis. So, the problem is seen as under-investment in training and the effort is being directed towards either some upward shift in the level of investment or some 'virtuous cycle' of increasing investment that is justified in terms of individual companies' competitiveness and profitability and not the collective, aggregate needs of

the economy. In part this may reflect that the Government regards attempts by the state to lay down training guidelines to private companies (ie an anti-planning view) as anathema, but it may more importantly reflect the different training needs that are now perceived to exist. That is because "[n]o one can predict the precise composition of the skilled labour force which will be needed over the coming years...such [u]ncertainty puts a premium on flexibility and mobility within the workforce."(11) This clearly indicates that in such circumstances the role for a central directing agency will be exceedingly problematic in terms of what skills to invest in. Nonetheless the Government can contribute to this increased flexibility by giving support to a much wider range of recognised standards of achievement based on proven ability rather than on time-serving. Less directly the Government can contribute to increased flexibility by on the one hand increasing opportunities of access for adults (eg the Open Tech, the Adult Training Strategy and the Adult Training Scheme) and on the other removing obstacles to flexibility (especially trade union influence in collective bargaining).

The central part of the NTI has been the establishment and extension of the Youth Training Scheme. In the first place, through the use of government finance, it has sought to increase the global level of training. What it has also sought to develop is training schemes that provide training in transferable skills with nationally recognised standards of competence and qualifications.(12) But already identified with the progress of YTS to date is a fundamental question hanging over the approach of the NTI. This is whether significant numbers of companies are actually changing their attitudes towards training and recognising the economic benefits that the government claims will

accrue to them. Companies in large measure have participated in YTS for *social* not economic reasons and, unsurprisingly in present circumstances, are not at all keen to foot the total bill for the training of young people. This social ethos has meant in addition that much of the training provided on the schemes has not been in areas of foremost importance to the competitive position of British industry. Many of the schemes have been in either declining industries or in administrative, clerical and distributive occupations. How far this situation will persist is somewhat uncertain and the YTS indubitably still has some distance to go in achieving what is clearly the long term aim of developing a scheme of similar quality and status to the Dual system that operates in West Germany, for example. The early need, to get YTS off the ground quickly, determined the pattern that emerged, which has meant that the MSC and others are having to 'work overtime' in tightening up on quality - of both schemes and managing agents - and changing the image of YTS. In the view of the Deputy Director of Education and Training at the CBI, the main effort from here "must now be to ensure the development of a scheme that is balanced in terms of occupations, that remains firmly entrenched in business, that is increasingly a quality scheme and one that is attractive to young people. Also that the scheme is increasingly integrated with other forms of long duration training." But despite many past and current difficulties it is his view that "we have a great opportunity now in the UK to develop a form of Youth Training that is much more flexible than in some competitor countries and better able to respond to changing economic and social needs."(13)

It has also been claimed that the YTS is "a scheme which has been evolved in partnership (most of the time!) between the interests involved"(14) Whether

this 'partnership' extends to other areas of the training system is, however, more doubtful. The trade unions and the Labour Party were totally opposed to the abolition of training boards and the introduction of voluntary arrangements. It would seem likely therefore that if the next general election were to witness the return of a Labour Government, that changes in this area would be forthcoming. But whilst the trade unions might press for a return of the ITBs in some form, it is doubtful whether a Labour Government would adopt such a course of action, not least because they are aware of the limitations inherent in the ITB system. The indications are that the Labour Party would not be prepared to resurrect the old machinery, but rather are planning to introduce some form of training tax on all employers.(15)

We may conclude therefore from the experience of the past twenty or so years that despite the centrality of industrial training to national economic needs, no government has been prepared to intervene in the supply of manpower other than through indirect and weak instruments. The belief that problems of supply would be overcome by such means has owed as much to pious hopes that attitudes would change as it has to the actual policies and programmes themselves. But so long as firms do not perceive it to be in their self interest to alter their behaviour, then traditional and entrenched attitudes towards industrial training are likely to persist unless some future government is prepared to intervene much more directly in the provision of industrial training.

FOOTNOTES

1. Department of Employment *Employment Gazette* (September 1980) p 947.
2. Sir Richard O'Brien 'Developments in the Labour Market' Memorandum to the National Economic Development Council, (NEDC(81)16) April 1981.
3. *Training for Vital Skills* Joint MSC Department of Employment publication (London: MSC/DE, 1976).
4. *Industrial Training: Government Proposals* Cmnd 1982 (London: HMSO, 1962).
5. *Working Together - Education and Training* Cmnd 9823 (London: HMSO, July 1986).
6. The Industrial Society *A Survey of Training Costs* (London: IS, 1985).
7. *Royal Commission on Trade Unions and Employers' Associations* The Donovan Commission (London: HMSO, 1968).
8. *Education, Training and Industrial Performance* Report by the Central Policy Review Staff (London: HMSO, 1980).
9. *MSC Training for Skills: An Agenda for Action* (London: MSC, 1977) Foreword, signed by the Secretary of State for Employment, Albert Booth and Richard O'Brien, Chairman, MSC.
10. *A New Training Initiative: A Programme for Action* Cmnd 8455 (London: HMSO, 1981) para 61, see also para 59.
11. *A New Training Initiative: A Programme for Action* paras 43-44.
12. See various *Youth Training News* throughout 1986 (Seffield: MSC).
13. Letter to the author from Mr D C Stanley, Deputy director, Education and Training, CBI, 30 May 1986.
14. Letter to the author from Mr D C Stanley.
15. John Prescott, Opposition Spokesperson on Employment, Radio four, 25 November 1986.

APPENDIX 1

List of questions put to individuals who participated in the case study that forms the basis of Chapter 8.

N.B. Not all questions are applicable to all interviewees: variations will occur according to rank or position, size and scope of firm.

1. What different types of training activities are undertaken (a) at divisional level and (b) at central level? What is the average length of time spent in training for each occupation or skill, for which training is provided by the firm, to reach the required standard of competence?
2. What is the proportion of on/off the job training for different categories of occupation? Have these proportions changed during past 15 years?
3. Which areas have seen the most growth in training activity since 1964 (and conversely have there been any areas which have declined)? To what reasons do you attribute the growth/decline? How can growth in the quality of training as opposed to quantity be measured?
4. Are there any occupations/skills which the firm uses but for which no training provision is made by the firm?
5. Have the firm's/division's training activities/needs changed over time? If so in what direction? How much is due to the influence of the ITB, how much to other factors (and can these be identified)?
6. How are training programmes arrived at (i.e. what are the processes involved): who prepares them, with what objectives in view; what influences their content (e.g. availability of physical, economic resources; meeting criteria of ITB, trade union influences, outside organisations; etc.); how far ahead are they planned; are they reviewed and if so against what criteria, how and when?
7. How is relevance and effectiveness of training for a particular job measured?
8. How did the system of Training Agreements come to be adopted and why? (Relevant firms only.)
9. Does the system of Training Agreements work well/moderately well/poorly, from the firm's point of view: could it be improved on and if so how? (Relevant firms only.)
10. From the firm's point of view how would you rank the following in terms of providing the most useful basis from which effective training could be promoted: (as appropriate)

Levy/Grant system
Training Development Review (TDR)
Levy Exemption Regulations (LER)
Training Agreements
Dynamic Approach to Training (DAT)

Please give reasons for your answer.

11. Does the division and/or firm as a whole suffer from any particular skill shortages? Are these the same or have they changed (and if so in what way) since, say, 1960? What do you regard to be the most significant factors affecting skill shortages (e.g. insufficient training carried out by industry; lack of mobility; insufficient financial rewards; trade union inflexibility regarding conditions of apprenticeships; etc.)? Have skill shortages been eased in any way by the activities of ITBs - or are the causes such that ITBs could have little impact anyway?
12. What proportion of man hours is specific to training (providers as opposed to receivers) for the firm as a whole?
13. What do you regard to be the major advantages/disadvantages of the training board system: can these be measured effectively?
14. From your experience of ITBs what do you consider the objectives and priorities of ITBs to be (from the ITB point of view)?
15. What do you consider to be (or should be) the primary objectives in training - from the point of view of the firm? Are these objectives compatible with question 14 above? What are the major constraints on achieving these objectives? How can success in achieving the objectives be measured?
16. What is the frequency of contact (formal/informal) and at what level between ITB staff and training staff? (At various levels as appropriate, e.g. divisional, central.)
17. Does the ITB exert different amounts of influence in different areas of training activity: if so which, how and why?
18. Do you feel that the ITB acts as a constraining influence on any of the firm's activities? If so how and in what areas? How could this be overcome?
19. In general, do you view the Training Board as flexible and supportive of (a) the division/firm and/or (b) of the industry as a whole; or more in an inspectorial, policeman role applying prescriptive rules? What reasons for either?
20. Are the activities of the Board (a) too broad (b) about right (c) too narrow? Which of the Board's activities/services do you feel have been of most benefit to the firm in the past and in what ways can they be of most value in the future? Are there any activities which you believe could be reduced or dispensed with and for what reasons?
21. How relevant do you think the Training Board system is today from the point of view (a) of your firm (b) the chemical/pottery industry in general (c) nationally? Please give reasons.
22. Are the financial costs of dealing with ITB positive/negative in so far as this can be ascertained? Are there hidden costs (possibly unquantifiable) involved and what might these be?
23. How has the Training for Skills programme affected the firm's training activities? Can the proposals in Training for Skills be considered radical in any way? Will they have any significant impact on skill shortages in the (a) Division (b) Firm (c) nation: If so how, why and when?

24. In your opinion, why was the Training for Vital Skills programme abandoned? What are your views on the proposal for collective funding?
25. What amount of trade union involvement takes place within the firm in the preparation of training plans and what is the structural procedure for processing this? Is there any difference in the amount of interest and involvement between craft unions, general workers unions and white collar unions in training matters?
26. What are your views of the 1964 and 1973 Training Acts? What do you consider to have been the primary objectives of these Acts and to what extent do you think they have been achieved? What effects do you think the Acts have had at the level of (a) the division/firm (b) industry (c) the nation?
27. Do you believe that a national manpower/training body such as the Manpower Services Commission is necessary and for what reasons?
28. What do you believe the objectives of the MSC (or more particularly the TSD) have been and are likely to be in the future - do you believe they are the right objectives? How effective do you feel the MSC has been in achieving its objectives and solving the problems associated with training? What is your opinion of the competence of the TSD and how relevant do you consider their activities to be (a) to the nation as a whole (b) to industry generally (c) to the company/division?
29. In what ways do the MSC activities impinge at the level of the firm/division?
30. What criticisms would you make of the MSC and how would you like to see it develop in the future?
31. What do you consider to be the primary objective of the present Review of the 1973 Act being undertaken by the MSC?
32. What do you think will be the most likely outcome of the Review and why?
33. How much influence do you think the Department of Employment has in directing training policy?
34. How far, and in what senses is training policy a political issue: is it subject to a considerable/moderate/small amount of political influence, in which areas and under what circumstances?
35. Would you expect to be consulted about any government or MSC proposals for introducing new measures: if so by whom and at what stage?
36. What role do representatives (employer, employee, others) perform on the ITBs? What role should they perform?
37. What are your sources of information on training matters (e.g. books, periodicals, ITB, training staff in other companies, etc.) and which are the most important? How many journals/periodicals do you (or the firm) take and which do you make a point of reading?

38. Basically, what actual impact do you think governmental training policy has at company/division level: are there any activities which you would introduce, modify or not carry out at all if there was no governmental interference in training? Do you believe that in training matters the company's objectives are compatible with national (Department of Employment and MSC) objectives and which do you view as being the most important? What are the significant areas of incompatibility and would you consider them to be typical of industry as a whole?
39. In general, how would you sum up the changes that have taken place in the world of training since 1964. Do you see them as changes for the better or worse?
40. Future training policy. Do you think the training 'system' is performing satisfactorily at present or do you consider that changes are required? If the latter state the changes you would like to see and the reasons.