

BRITISH INDUSTRIAL TRAINING ACT: A PROGRESS REPORT

In the August 1969 issue of this Journal, Gary B. Hansen wrote about Britain's Industrial Training Act. A year later Eric Frank, who as a senior member of the School of Management of Bath University of Technology is responsible for training training directors, edits Britain's Industrial Training Institute magazine and is a member of the Advisory Committee of this Journal, gives a further progress report.

In March 1964, the British Parliament passed legislation to encourage an increase in the quantity of skilled men and women, in their general competence and the sharing out more fairly of the cost of training. Many leading British firms had complained that they spent considerable sums teaching their employees skills, only to see them hired away by other firms prepared to pay workers a little more rather than set up expensive training schemes of their own.

The "Industrial Training Act" gave the Government power to obtain information about training, to establish a "Central Training Council," Industrial Training Boards and Tribunals for resolving conflicts.

THE CENTRAL TRAINING COUNCIL

The C.T.C. advises the Department of Employment and Productivity on the operation of the Industrial Training Act of 1964.

The Council has 33 members: the Chairman, six members representing employers; six members representing the Trades Unions; two members representing the nationalized industries; six chairmen of the industry training boards; six members concerned with educational bodies and six independent members who are either from organizations primarily concerned with training or individuals who are carrying out research into training. The main council meets four times a year but is divided into several standing committees.

The General Policy Committee's terms of reference are to consider and make recommendations to the Council on general policy in industrial training and on the form and content of publications by the Department of Employment and Productivity, the Ministry responsible.

The function of the Research Committee is to stimulate research into industrial training. It is also responsible for the allocation of grants for research.

The terms of reference of the Committee on the Training of Training Staff considers and makes recommendations

to the Council on matters of general policy in connection with the training of training officers and other training staff, and in particular, to consider their recruitment and measures to be taken to increase the supply, and to advise on the provision of facilities to meet the demand, including the content of training.

The Commercial and Clerical Training Committee and the Management Training and Development Committee cover areas of training which are common to all industries and their function is to coordinate research in these fields.

Since its formative years the Central Training Council has come under heavy attack. A committee set up to look at its future, recommended earlier this year that its advisory character should be retained but that it should exercise more initiative and influence and should develop a greater capacity to carry out detailed surveys and investigations into the work of Training Boards, that it should be more concerned with the relationships between training and education and exercise some oversight over Boards training recommendations to insure that their "education" content is adequate.

THE BOARDS

As for the Training Boards, there are now thirty, each for a different "industry."

Some of the Boards cover millions of people — the Engineering Industry Training Board more than three. Others, like the Water Supply Industry Training Board, some 50,000 only. The Gas Industry Training Board looks after 13 units or establishments (Gas Council and Area Boards) and the Man-Made Fibres Producing Industry Training Board deals with 42 establishments in four companies, yet the Board covering Agriculture has nearly 90,000 units, (mainly farms) and "Hotel and Catering" over 100,000.

The division of the economy into "industries" has always been a matter of criticism. It has been suggested that the notion of "industries," hermetically

H. ERIC FRANK

sealed off from one another, is nothing more than a useful shorthand means of description, a convenient bureaucratic fiction, at best irrelevant to effective training and at worst highly unfair to employers and disruptive for employees. The logic of the separation of Carpets, Cotton and Allied Textiles, Knitting, Lace and Net, and Wool, Jute and Flax among four separate boards is far from clear. "This type of organization may well, in time, provide an institutional barrier to exactly the sort of changes towards efficiency that we should be looking for" is often heard.

On the other hand the Printing and Publishing Board has been attacked on the grounds that the firms covered are so diverse and heterogeneous that it makes no sense at all to put them under a common training umbrella. The same accusation applies with equal force to the Construction, Distributive and Hotel and Catering Boards, each covering hundreds of thousands employees.

THE POWERS OF THE BOARDS

The powers of an industrial training board can be summarized under ten headings:

1. Provision of courses of training.
2. Approval of existing courses.
3. Definition of standards that they will expect to find in courses seeking their approval.
4. Definition of standards of proficiency which they will expect trainees to be able to show at the end of the course.
5. Assistance to individuals to obtain training with the industry.
6. Carrying out or financing research into training.
7. Entering into contracts of apprenticeship.
8. Provision of training for employees from industries covered by another Industrial Training Board.
9. Paying allowances to trainees and grants or loans to those who are providing training and
10. Causing the Minister to make a "levy order" which will authorize

the Board to collect a levy which in turn may be used to meet administrative costs, for redistribution as grants or to pay for additional training.

Originally it was intended that levy grant should be based on training costs but many companies have found it virtually impossible to measure reliably what their training costs are. Today there are wide differences in the amount of levy different Boards charge. The Engineering Industry levy is 2.5 of the total payroll, that of the Electricity Supply Industry is .0035.

It is accepted that there need only be a small levy if the industry has a small number of "good" employers already doing all the training necessary, such as is the case in Britain's man-made fibres industry. However, it is difficult to reconcile the difference that exists between the Electricity Supply Industry and the Gas Supply Industry training levies. That for Gas is roughly 40 times as big as the one for Electricity. Of course the Gas Industry gives much bigger grants but why should it be handling so much bigger sums of money?

By the middle of 1970, 28 of the 30 boards in existence collected annually the equivalent of 500 million dollars. Half this amount was collected by one board alone, the one covering the engineering industry with more than three million people.

With such large amounts of money being collected and paid out, it is hardly surprising that what has received the most discussion is not training, but the financial aspects, which were intended to be a stimulus only to "good" training.

REVIEW OF THE ACT'S WORKING

When after four years operation of the Act, the Confederation of British Industry, Britain's vast Employer's Association, reviewed the working of the Industrial Training Act, it found that employers generally endorsed the principles and intentions of the Act but that there were a number of aspects relating large-

ly to its implementation which concerned its members. Those which were most criticized had to do with finance.

They found that the levy and grant mechanisms were often not sufficiently flexible to take account of particular problems and requirements within the industry concerned and that systems of administration and procedures appeared in many cases unduly complex and wasteful of money and resources. A more realistic and practical approach by some boards was essential so that the maximum amount of levy money could be paid back to employers in the form of grant. There were inequities in the treatment of many firms particularly the smaller ones which could not always meet the requirements of the Training Boards. Those with low labor turnover or employing a high proportion of semi-skilled labor were often unduly penalized by the levy and grant system.

John Wellens, who for many years has been a chief critic of Britain's Industrial Training and has written much about it, considers what has been done so far, "a monumental achievement." He accepts that most of the effort so far has been devoted to organization and administration and not to training, but feels this is the right way to start. No other country can compare with Britain, which now has a fully-integrated training system, which to Wellens is a logical extension to the national educational system.

Early in 1970, some four years after the first boards started operation, Edmund Dell, the Minister of State for the Department of Employment and Productivity, who is responsible for making the Act wrote:

"Industrial training has become an essential factor in government policy and an important influence on the decisions of management in industry and commerce. These changes have to be absorbed and developed. We need also to encourage informed and instructive examination of the effectiveness of the methods and machinery we are using. There must be innovation, for progress depends on the flow of new ideas and methods. The major advances now taking place in training methods and techniques must be made known and adopted

widely. We must also promote continuing research into existing problems and ways of satisfying future needs."

PRESENT POSITION

Stimulated by comment, inquiries and one board's deficit of some 20 million, the Industrial Training Boards have recently rethought their levy/grants schemes and have come to the conclusion that as overall training standards in their industry improve, collection and redistribution of levy becomes of less relevance or even an expensive and unnecessary paper exercise.

The Engineering Industry Training Board, one of the "first generation" boards now proposes that firms consistently meeting agreed training targets should eventually be excluded all together from levy/grant transactions in those categories in which the agreed standards are reached. The Iron and Steel Industry Training Board envisages categories being excluded from levy/grant when their training is up to standard of the whole industry. Such proposals, which may well lead the way for other Training Boards, are encouraging as they indicate a first tentative step towards eventual disengagement from the levy mechanism.

In spite of these and similar improvements which have taken place during the last two years, there is still an underlying dissatisfaction among very large numbers of employers about the operation of their boards. Most of the disquiet is over such matters as:

- a. Cost of some Training Boards in terms of day-to-day
- b. The degree of cost effectiveness throughout the boards' growing operations including the need for cost-sav-

ing exercises and for the sharing of resources and facilities between boards.

- c. Authoritarianism and inflexibility of some boards.
- d. Lack of consultation with industry over important training recommendations and poor communications in their implementation.
- e. Delays by some boards in payment of grant after receipt of levies.
- f. The process and timing of consultation about further education courses.

One of the fairest assessments of the Act comes of C.D. Lovell, the Chairman of the Food, Drink and Tobacco Industry Training Board, which has recently established.

"One of the most important effects of the Industrial Training Act is most certainly the way it has raised the subject of training at board level in companies, and the growing consciousness that this is an important activity in terms of profitability and higher productivity. Parallel with this is the enormously increased number and standard of qualified training staff, both in and out of companies.

The amount of training carried out in industry, particularly at operative/craft level, has soared over the years since the Act and there has been a noticeable effect also on the amount of management training carried out. At the same time, the Act has accentuated the growth of training courses and has enabled the use of the international upsurge of training ideas. It has also forced new developments in certain areas - for example, the changes introduced in basic engineering training. In industries covered by the longer established boards, training recommendations have been introduced which have led to a significant rise in the standard as well as the quantity of training carried out.

In other words, the Act has by now cultivated the ground of people's minds although the crop of this cultivation is not yet fully evident.

On the other hand, the Act has tended to make training a statutory rather than a commonsense business function and has produced general confusion over the financial implications. It has also emphasized the separation of large and small companies. And through lack of control it has clouded the respective training roles of industry, the Training Boards, and the further education system. Clarification of these areas is essential.

Of the major tasks facing Training Boards in the future, one of the most important is the clear demonstration to companies that the training activity has a real pay-off in industrial terms. The role of boards in relation to the industries in their scope - whether advisory or otherwise - also needs to be more properly determined. And their activities should be a clear reflection of the needs indicated by industry.

More emphasis must be placed on the need for critical examination by companies as well as by boards of their training activities. And more resources need to be devoted to the development of useful cost effectiveness criteria for training and its relation to business efficiency. This would lead to the extension of activity in some otherwise untouched areas and would tend to limit some of the glamorous, fashionable training activities often entered into with little thought about their effectiveness.

Much remains to be done in the raising of standards of training towards the acceptance of the professional competence in all occupational categories, and this again involves the development of reliable methods of evaluation.

A great deal of initial work has been carried out to identify and meet the special training needs of small firms. However, an enormous amount remains to be done in this area before boards can clearly justify the application of their work to smaller firms and show that they are fulfilling a real need.

Finally, boards should always be working towards the reduction of the dominance of emphasis on the levy/grant system and the substitution for this of a meaningful industry - based training advisory service. In other words, as Marx would have put it, they should be working towards the withering away of the power of the State leaving behind something that has grown and been achieved."

BUSINESS OUTLOOK

"The rate of increase in prices for the economy as a whole will moderate in 1970, compared with an expected increase of nearly 5 per cent this year . . . Expect a further (profit) squeeze as aggregate output eases and

labor costs continue to rise . . . With the economy growing at a slower rate, it is necessary . . . that wage increases not be as large as in 1969." - Secretary of Commerce Maurice H. Stans on the 1970 business outlook.