

Advancing Enterprise 2005

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Speech by Sir Digby Jones, Director-General, Confederation of British Industry at Advancing Enterprise 2005.

Advancing enterprise: people and skills.

Thank you, Secretary of State, and good afternoon to you, ladies and gentlemen. Globalisation was made for Britain. Not for us the protectionist economy of America, not for us the subsidies and tariffs of some countries in the European Union, but actually we make fabulous partners. We trade in mind as well as in deed, and we have the raw material there to make globalisation a success for us as well, macro-economic stability that you heard a lot of this morning, the ability to trade around the world which is second to none.

But as we restructure our economy out of making things and providing services which sell only price, commodities, into things which sell on value-added quality innovation and brand, the things that the world will pay top dollar for, then we can only pull that off if we have a skilled workforce, and there we have the supreme challenge, and I would put it to you that if we did nothing else in this country in the next five years but made sure we maintained macro-economic stability, facilitated world trades from which Britain could take advantage, and at any level of skill in this country of anybody, upgraded that one level for everybody, the poorest person in Britain would get richer. That is how important it is. We are moving to a more high-skilled workforce in front of our very eyes. I was quoted last November as saying, 'There's be no jobs in manufacturing, for instance, in this country unless you have a skill inside five years.' Well, I have to say, I think I was being optimistic. At the moment, by 2010 my numbers are saying there will be 2 million more managerial professional and skilled technical jobs. 80% of the jobs in Britain today require level 2 competence. 60% of the jobs by 2007 will need level 3 or above. This is frightening if you're sitting there with no skill at all, and yet that's what 3½ million adults tonight have in the workforce, no skill at all. 3½ million people will pull down a wage tonight, go home and can't read and write, the fourth biggest economy on earth, the most successful economy in the western world, it's a disgrace. We have to do something about it, and as Ruth said, the numeracy level is even worse: 15 million adults have not got the numeracy level of an 11-year-old. Of all those kids who are going to take GCSE's this summer, half of them are not going to get grade C or above in maths and English, and they're the ones who take it. If we're going to make the most of that macro-economic stable environment, if we're going to put Britain where she should be in a globalised economy, we can't afford to have statistics like that, because a skilled workforce is going to be essential. Some of our employees even at those other levels where they can read and write, they're still less qualified than key competitors. Just over half, about 55% of all employees in Britain have a first level 2 qualification, just over half. In France it's 73%. In Germany it's 83%. So forget the basic skills. At level 2 we haven't got enough of them either, and that's a very important focus for government, because a lot of those people with level 2 are in their comfort zone. No-one's stretching them, no-one's pushing them. We, as employers, are not maximising their potential, and we have to stretch everyone up a level, and the training provision provided to help employers get there

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is frankly not good enough. The key issue is to ensure that more FE colleges are able to provide a flexible, tailored service to its customers, but sadly my members really don't believe that FE provision is the best way to meet their training needs. Only a quarter, recent surveys say 26% of firms have been contacted by their local FE college and only 29% have then used the college to undertake the training. My members last year paid £23.5 billion on training, but only 29% of them used a college of education, and you know, to be fair to the colleges, it is a disgrace when a kid of 17 learning A-level maths, if they learn it from a teacher at a school, that teacher is earning twice as much as if they learn it in a college of education with a lecturer teaching them, than that lecturer. That can't be right, and that's how you get morale down, it's how you get a lack of ability, and it's a self-fulfilling prophecy in a vicious circle downwards. So that is the problem. So what do we do about it, how do we get it right?

Firstly I would put it to you this afternoon that the skills debate, issue, agenda in this country is so important, it should transcend party politics. There shouldn't be a party political row about skills at the general election. It should, and Brendan and I work on this and we'll work even more in the coming months, it should transcend the employer/employee dichotomy, and we should really, really take this to another plane. Just as I like to think macro-economic stability is now a given, people don't want to play around with it as a political football any more, just as I hope this nation in its DNA is so engaged with free trade that we don't have all the rows that other countries have. Well, I have to tell you, skills should be in the same league, it is that important.

Secondly, I don't know what the government are going to do with the Tomlinson White Paper, but I tell you now, if all they made it on was vocational training, making sure that smaller businesses in localities got round their schools, making sure that teachers actually believe businessmen and women haven't got six heads, don't turn up in the morning, want to rip off the customers and get cheaper employees, but actually care and want to improve their communities. We must get kids of 14 and 15 going in for two days a week into a business and learning a skill and a craft, and actually engaging in vocational training early. I'm delighted that we have higher education that is world-class, but frankly there are careers for a lot of people that don't involve getting an upper second-class honours degree in Norwegian aardvark sexing. No, if we can not only have that, but also major on the scandal of a lack of basic skills in the workforce, it starts with the product of the education system delivering people who can't read, write and count. If all they did was major on vocational training and basic skills, I have to tell you, the poorest person in Britain would get richer.

There's two other ways of dealing with it. One, and I wish you well 'cos I don't know how you're going to pull this one off, but there is one group in society that always blames everybody else, and that is parents. Parenting in this country is key to this. It's key to getting people to understand that if their child actually becomes a plumber in London, aged 22, earning 50 grand a year, not bad, in fact marvellous. Get parents understanding that that gives them a status in society just the same, different in one way, same in another as a degree. Parents are key to that. Parents are key to giving teachers a break, making sure that teachers can teach. Parents are

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key to ensuring that their children get into the world of self-discipline, going to the workplace with your hands out of your pockets, head up, saying, 'I'm on time for work,' the life skill of attitude. Parenting is key to the delivery of a skills agenda.

And lastly we in business could do so much more. I get round so many members and the bigger companies all do have their training programmes. Smaller businesses will always tell you, 'Oh, it's different for us, it's so expensive.' Well, if you think training's expensive, try ignorance. But smaller businesses do do it, but then one of the complaints I get from them is, 'Well, I've spent all my time training these people, down the road someone else isn't and they've nicked my people,' so we have to have an environment, I want it to be voluntary, I do not want compulsion, but we have to have an environment where smaller businesses understand they are in the last chance saloon, and if they don't come to this training agenda, someone's going to make 'em, and we are at five to midnight.

And there's another group of employers who actually get off the hook quite a lot when people talk publicly of employer engagement for training, and that's the public sector. When people talk employer, they always think business. Why don't we see about what prisons and schools and hospitals do with training people? I don't mean training the doctor or the prison officer. I mean, what about a local authority and all their myriad employees? How do we train them? Are they engaged in equipping people for this very fearful world to the globalised economy?

Not one thing I have said is impossible to achieve. Everything I have said is essential if this country's going to take its rightful place as one of the best nations on earth in a globalised economy. Thank you.

Ends.