“Thank you for inviting me to speak. First time I have spoken at a NIACE event...good to see so many familiar faces.

The title of my speech today is Skills and Global competitiveness.

Such a big concept. And a phrase that is used a lot in Government and in the media.

But what does Global competitiveness actually mean in practice? And is it something that we can actually do anything about?

I am not sure that I can answer that question fully today – at least not in 20 minutes!

But what I do know is that Education and training is one of the key drivers of competitiveness; and that is something that we can all do something about.

And for the LSC and the FE sector, I think it is now very clear what Global Competitiveness means. It means that we must make sure that:

First: individuals are equipped with the skills they need to live and work in a modern global economy and;

Second: businesses have the workforce they need, to help them compete and thrive in a modern global economy.

Today, I want to "keep it real".

Over the past few months, we have heard a lot about the nature of the challenge and what’s wrong.

So today I’m going to talk about what we are doing to try and put some of it right.

Along the way, I’ll probably refer to the challenge; and respond to Leitch’s recommendations. But I’ll really major on what I want to see happen.

Now that Sandy Leitch’s report has been published, we can stop speculating, flying kites with our favourite ideas and start to think about how we turn these proposals into firm policies and actions.
So, let’s just accept that we are going to need better level of skills at all levels.
From basic, right through to higher levels.

And because there are likely to be 600,000 fewer young people aged 16-24 entering the workforce between now and 2020; and over 70% of the 2020 workforce is already over the age of 16, we have to worry most about people of working age, whether they are already in employment or not.

The bottom line is that if:

**we don’t get it right for adults, we get it wrong for the country.**

There really is no such thing as a “job for life” anymore. Instead we need to start taking about “skills for jobs”.

So we have to seriously raise our game. As a sector, as employers, as a country.

That is what the Leitch Report is all about.

And the FE system is the key mechanism by which we must achieve the ambitions set out in Leitch.

The FE White Paper and the resultant FE Bill will, I believe, help create the right environment to achieve the huge leap forward required.

**Progress to date…**

It may seem like we have been waiting for the Leitch Report to be published for an eternity. And I think we probably have!

But during that period, a huge amount of activity has been going on….the FE sector, the LSC and its partners have been achieving at a remarkable rate; and I think its worth reflecting on what has been achieved.

I was slightly disappointed Sandy didn’t say a bit more about this. Because I don’t know about you, but I find it easier to do more for people who appreciate what I have done already.

To recap, there are now….

- record numbers of young people in education
- record numbers of apprenticeships and more young people successfully completing them. There are huge improvements here.
- we have the highest ever levels of adults with qualifications
- we have exceeded our targets on Skills for Life with one and a quarter million learners achieving transferable qualifications.
- And we have renewed over half the FE Estate
These sorts of results can literally transform people’s lives, allowing them to progress in learning and work.

And for employers there have been a number of improvements and results too:

First: in the past year we have seen the launch of **Train to Gain** – a service that helps business get the skills they need to succeed.

Since April – through Train to Gain - the LSC has worked with over 12,000 employers on their skills needs. 56% of these are also hard to reach employers – ones who don’t have a tradition of investing in the skills of their workforce. 95% of these employers are small organisations, employing less than 50 staff.

Through a major competitive tendering exercise, we have identified colleges and independent providers who are able to deliver high quality, flexible training – delivered in the main on the employer’s premises – minimising disruption.

Employer satisfaction with the skills brokerage service is extremely high, with 89% of employers stating they are satisfied with the service provided.

Second: in October, along with the official opening of the Fashion Retail Academy, we also launched our first employer-led National Skills Academies in financial services, construction and manufacturing.

The Academies are a new partnership between employers and government – in this case the LSC. They give employers the means for hands-on involvement by employers in the design and delivery of learning, so that training is tailored to the specific needs of their sector. Once established they will form a network of centres of excellence across the country – setting a new standard for the delivery of vocational excellence.

Third: The LSC’s National Employer Service – “a one stop skills shop” for large employers is working with major employers such as MacDonalds, Sainsbury’s and Ford to successfully broker the right skills solutions for them.

And we have again conducted the national employer skills survey, engaging with 75,000 businesses across England. This has confirmed that there has been a 4% fall in the proportion of employers affected by a skills gap, this is now down to 16%.

**Response to Leitch…**

Yet despite this progress, we know the scale of the challenge is much greater.

The LSC and I personally, share fully Lord Leitch’s bold and compelling vision for the UK to become a world leader in skills by 2020.

I am delighted that Apprenticeships, Skills for Life, Train to Gain and the National Employer Service… all flagship LSC programmes and services that are working
for learners and employers... are all programmes and services that Leitch has recommended to be significantly expanded, as a way of making this vision a reality.

This expansion is something the LSC has been calling for, for some time.

And I am particularly delighted that the Chancellor endorsed these ambitions in his Pre-budget report, by announcing a threefold increase in the numbers of adults who will be able to gain qualifications by 2011, through Train to Gain and; a doubling of Apprenticeships by 2020 to 500,000.

He also committed additional capital for Further Education colleges.

Given the LSC’s support for the report’s direction of travel and the clear message that time is running out, we are already looking at what we can to do accelerate progress, including:

- Support for National employers who sign the “pledge” to train workers up to level 2, working with Jobcentre Plus.
- Signing the employer “pledge” ourselves…the first public service employer to do so.
- Launching the pilots for the introduction of learner accounts.
- Talking to a number of Sector Skills Councils to boost the number of adults with level 2 qualifications. [We hope to confirm which ones shortly]

The LSC has also been working closely with DfES (and Treasury) to develop the Leitch implementation plan – playing a key role in regional events that will build the consensus for Leitch

Skills and employment
Sandy also brings a renewed and much needed focus to the skills and employment agenda which despite the best efforts of Jobcentre Plus and the LSC, there are still barriers to integrating the services we offer for the benefit of those of working age who are on benefits.

By far the largest pool of potential new recruits is to be found in the workless families and communities in our most disadvantaged neighbourhoods; and closest to the demand for new jobs in our cities and major towns.

These groups are the least skilled and, overwhelmingly unqualified and they are becoming increasingly cut off from the labour market.

This huge demographic challenge demands a joined-up approach on jobs and skills.
We need a progressive system which provides systematic "upskilling" at every level.

In particular, we must equip workless people with the minimum skills to be work-ready and then provide them and their new employers with the right job training to secure them sustained employment as valued employees.

There is already a great deal of joint work on the ground which is making a real difference to the lives of individuals. We look forward to working with Jobcentre Plus as we implement Sandy’s recommendations, which are designed to rapidly scale up this joint work.

To that end, we have called on Jobcentre Plus to join us in preparing a joint response and action plan.

By involving employers with real jobs in skills and employment boards we can provide solutions that mean people get skills and jobs that will sustain their employment not just for months, but for years.

We have seized the initiative here and plan to get a programme underway in the New Year, which will commission high quality, tailored provision that will equip those not in work with the skills needed to enter sustainable employment.

Provision that is segmented and tailored towards the needs of different groups of individuals: especially lone parents, those in receipt of incapacity benefits or other forms of income support.

It is our job, working with all our partners, with all of you, to make sure that everyone has the opportunity to get the skills they need.

Wrapper…

It is also clear that we have a job to do in terms of what Sandy calls “embedding the culture of learning”.

I was very pleased that he has joined us in our call for a campaign to raise aspirations and awareness of the benefits of learning.

One of the key ways that we can increase and focus our efforts is by transforming the way individuals and business value learning and skills.

For example, we often contend with the issues that:

- Vocational qualifications are not valued as highly as academic.
- Often their value can only be described as an equivalent to academic levels, which clearly demonstrates where the reference point of value lies (for example: GNVQ Level 2 is ‘the equivalent of 5 Good GCSE’s).
Many employers and individuals don’t know what the levels are or what they mean - there are thousand and thousands of different vocational qualifications.

There are a huge number of different descriptors used, making it confusing for many. There are several “level 2’s” all of which have different definitions and in fact are at different levels.

The LSC has done extensive research among employers and the general public on this issue and we have found that there is:

- a real appetite for major simplification in the terms used to describe the level of attainment and;
- an overwhelming support for the concept of a common term to describe the levels of attainment – whether vocational or academic.

Everyone knows the term ‘degree’ describes level 4 and above and this is the model that I would like to replicate for Levels 2 and 3.

What I am suggesting is that we find a new ‘descriptor’ for levels 1, 2, 3 to be created to be part of a family of terms along with ‘degree’ which are applied equally to all qualifications – vocational and academic - at a certain level, irrespective of the qualification achieved.

I believe that this will achieve a powerful demonstration of the equal value of different qualifications, without the need to change the qualifications themselves; and therefore avoiding all the technical and political implications, that such a change would bring.

If you would like to join the LSC in campaigning for this, then please let me know.

Major simplification of the names of qualifications in this way, I believe will:

- increase the value of vocational qualifications
- which in turn will increase the value that individuals and employers will place on them; and...
- increase the demand for them.

**FE White Paper /FE Bill…**

Because if we are going to be truly demand-led, we have to encourage more demand! Otherwise, British jobs are going to be not just on a slow boat to China; but on a speedboat to Tsingtao or the broadband to Bangalore.
As the demand grows, we must respond to it. There are some key questions we have to ask ourselves. Are we – the LSC and the sector – who are charged with this responsibility, in the best position to respond to this demand?

Do we have in place the right structures and framework to enable us meet the challenges and achieve the ambitions?

Well I think we do.

I was pleased that Sandy did not recommend major structural reform. That is the last thing we need. But what he did do was call for massive change in what we do and the way that we do it.

We must not underestimate the scale of the challenge here: the capacity of the FE sector and the whole skills system will be tested like never before.

But I believe that the FE White Paper and subsequent Bill published last month, gives us a good chance of success.

The Bill puts in place a set of reforms that will make the system more responsive, that will recognise success and eliminate poor quality.

Reforms that put the LSC and the sector in the best position to do its job: to give learners and employers the skills and training they need to succeed in life and compete in a modern global economy.

And the LSC’s role is changing. We are moving away from the traditional LSC role of planner and funder and becoming a “market maker” and ‘market manager’.

A role that is consistent with Leitch’s articulation of what the LSC should be doing.

By opening up the market to other providers, we create healthy competition which can only drive up the quality of learning throughout the whole FE system, for the benefit of learners and employers.

Where the market is failing – if it weren’t, we wouldn’t have needed a Leitch report in the first place - we must intervene with public funding. It also means that public funds have to be prioritised.

We cannot fund everything that we would like to: such as learning for learning’s sake. It doesn’t mean that we don’t believe in it, what it means is that there has to be a greater balance between state, employer and individual contribution.

Although I am a huge fan of all further learning, whether it is tai chi or technical engineering; plumbing or pilates, the system has to be fair and equitable. And so the division between who pays for these courses needs to be split according to who’s getting the most out of them.
This means greater contribution from individuals/employers - the greater the national benefit, the more the state pays; the greater the business benefit, the more a company pays; the greater the personal benefit, the more the individual pays. This is surely the most logical and sustainable funding mechanism we can create.

However we must not ignore the needs of those customers who are more disadvantaged; who lack the ability or confidence to articulate their needs or demand their rights as consumers and citizens.

We know that these are the people who have been most excluded from learning and who are the least likely to participate in any future training or development. In these instances the LSC has a duty to influence the market, and act on behalf of the most vulnerable of learners.

Learners with learning difficulties and or disabilities are one such group. In these cases we need to define the offer rather than let market forces dictate the outcomes. But to do this within the context of a more open market demands a new approach from the LSC.

By adopting a customer-centred approach to defining the need for provision in an area and then commissioning new provision from an array of suppliers to meet that need.

And as the LSC’s role changes, so must its organisational structures.

We have already reformed our executive structure and there are now small local teams in place, working in partnership with providers and other local stakeholders to make sure local people and their employers get the training and skills they need.

And the Bill has given us the opportunity to align our non-executive structure with that of the executive.

The 47 Local Councils have a played a key part in the LSC’s success to date. Going forward the need is different. Instead, we plan to have 9 Regional Councils, both strengthening our regional impact and simplifying the local landscape. These changes will free up the LSC locally and give us the flexibility and agility to work across different boundaries; and to work more effectively with other local bodies - such as the new local skills and employers boards - and other partners.

I am pleased that Sandy acknowledged the progress the LSC has made in its own streamlining.

Simplification, of course, lies not just with the LSC but with the whole system. We look forward to working with our partners to achieve this. We absolutely must make sure that simplification becomes the watchword and that we all collaborate to take out overlap and needless duplication. With the new Commission about to be born, the time is right to be doing this.
Conclusion

So to conclude …Sandy’s report ends by saying that “Skills were once a key lever for prosperity and fairness. Skills are now increasingly the key lever.”

I don’t think anyone in this room today, has ever doubted this.

It is now up to all of us to seize this opportunity and accelerate the progress made, to ensure that the UK has the skills it needs to compete globally, today, tomorrow and for the future.

Thank you for listening.”