INVESTING IN SKILLS IN AN ECONOMIC DOWNTURN

Chris Banks speech to the British Chambers of Commerce convention, 27 April 2009

I want to talk to you today about winners ---- and about losers.

Some companies seem to be doing better during the recession than others. What are they doing differently?

Next year, while some will still be struggling for survival, others will seem to be taking more advantage of the upturn. What will they be doing differently?

While for others, the recession will mean the end of the road.

What could they have done differently?

And while I would put a pound to a penny there's no-one in the room who doesn't know someone who's lost their job, of course the recession won't affect everybody the same way.

History tells us that young people will be disproportionately badly hit by unemployment.

A million, maybe a million and a half more people will end up wanting to work, but without jobs. Workers in our big cities, not least here in the Midlands.

And people with disadvantages, who will need more help than ever to play a full part in society, will be in real danger of being left behind

The young, the marginalised, the unemployed, the under-skilled and the overworked and overwhelmed worker worried about redundancy. They're your current employee, or future employee and they're certainly Britain's future workforce. And remember, we went into this recession as an under-skilled country.

I came into the skills sector from unemployment – and no, I wasn't one of the success stories from our Apprenticeships! - and what prompted me to do that was looking at people who weren't working and asking: why not?

The answer? In most cases, they didn't have the skills, education or training they needed to get into work. And there's a worrying trend that's just appeared in the past month – the number of young people who are NEETS, not in education, employment and training, is rising.

So for as many of us as possible to be winners, we need think about the legacy this recession might leave Britain. As business leaders, that's something every single one of us can have an impact on.

We need to help our businesses and our people survive the recession and prepare for the challenges of growth ahead. And this is where investing in training and skills can play a major role.

But what we've got in common right now with everyone outside this conference hall is that we've ALL got money worries. Every single one of us.

So if you're anything like me as a businessman, you'll constantly have your eye on the cash flow; and the bottom line.

But keeping an eye on the bottom line can sometimes distract us from looking up. We have to be looking to the top line; the growth to come, as confidence returns.

Did you know that businesses that do not train their workforce are 2.5 times more likely to fail than those that do?

2.5 times more likely to fail. A sobering thought if we look around the room and work out how that statistic might be applied here.

Companies with better skilled workforces offer better customer service and they have higher-quality products. Both things that can make the difference between winning or losing that contract.

So the one thing we should not be squeezing is the training and skills budget.

But I'm not being naïve – of course you need to keep a tight rein on costs and are seeking a return on your investment. The very large employers that work with **the LSC's National Employers Service** are in exactly the same position.

That's why we've been working to make training as easy as possible for companies. The National Employers Service is there to reduce the bureaucracy act as a single point of contact for employers, a "one stop shop" for skills.

(There's more information on all that the LSC offers in our leaflet in your conference pack).

Let's hear from some of our best known companies, who are working with the LSC's National Employers Service, on their thinking on investing in skills in the recession:

RUN DVD "LSC DOWNTURN FILM DISC 1"
["INVESTING IN SKILLS IN AN ECONOMIC DOWNTURN"

IN WORDS: (TITLE 5") "TRAINING FOR US IS A WAY…

OUT WORDS: ….A COLLECTIVE ENTERPRISE, IF YOU LIKE."
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I think they've got it just about right, those large employers.

They're looking ahead, planning for success, aiming to be winners.

They know that the future skills of the workforce depend on their investment, and that investment will mean that in the future they can recruit, train and develop more people with the right skills to contribute to the success of their businesses. A win-win situation.

As Justin King alluded to there: "we're all in this together".

Perhaps he was thinking of Ghandi: "Be the change in the world that you want to see"

All of us here can make a difference.

As a country, despite massive levels of investment and really significant improvements in the last 5 years or so, we went into this recession under-skilled. It's worth remembering that one of the consequences of the recession is that your staff are less likely to

move on from their current jobs. So a poorly skilled workforce stays that way until they're trained. They lose out, but you do too as your company doesn't perform anywhere nearly its potential.

The good news is that there's been a massive explosion in interest in training over the past six months. In some ways the system is creaking a little at the seams. I just want to say a couple of words about two areas where we are seeing the greatest growth. Please don't worry about the detail because it's all on this leaflet which is in your packs.

Two of our flagship programmes are **Train to Gain** and **Apprenticeships**.

Train to Gain is a success story. It's all about making it easy for every employer to deliver the training and learning their people need with the least amount of fuss.

In 3 years nearly 1 million learners have started training.

Almost £1 billion has been committed to training this year.

But we know it's not perfect, that changes could be made. We're working on that.

But there have been significant improvements for small and medium sized firms - widening their access to funding and giving more support.

Andrew Day is one of the winners under the new flexibilities. He says training has helped his business keep its head above water. Now I don't think many of you know Andrew?

Not unless you're from Dewsbury in West Yorkshire anyway!

His firm's a very small family run company, Conex Plant and Tool Services Ltd. They provide plant services to construction firms.

When Andrew phoned one of our Skills Brokers to see if he could get help through Train to Gain, team morale was at rock bottom and business had slowed significantly.

Andrew's been doing leadership training since December. He's learnt several ways to generate new business leads, and help retain old customers. He told us: "***The leadership training has really helped spur interest and boosted our profits. Just when***

team morale hit rock bottom, it has given us all hope that we can survive.'

Another very successful programme is **Apprenticeships.** Apprenticeships are the perfect rejoinder to the old saying: "You can't learn to fly a plane by watching the pilot".

Apprenticeship starts have more than trebled in the past ten years, and 81 percent of businesses say employing apprentices generates higher overall productivity for their company. Training costs and recruitment costs are lowered.

That's the sort of winning outcome that benefits both the business and the individual.

We want to encourage more employers to offer Apprenticeship places. We've created the **National Apprenticeship Service**, being launched today in fact, to take the lead on this.

You might be thinking that you're not really in a position to take on new staff at the moment, but in our experience, Apprenticeships can also be a great way of improving the skills of your existing staff as well; and apprenticeships for adults (over 25's) are currently the fastest growing part of the programme.

Within this we will continue to look at our processes to ensure we keep bureaucracy to a minimum. For example, the NAS will provide you with a web service where you can advertise your vacancies to interested applicants in a user-friendly way. And its launch will also see the creation of at least 10,000 Apprenticeships in sectors that are likely to be hit hard in the economic downturn.

It is investments like this that will ensure the construction and retail sectors are well placed when the economy starts to recover. And help us to raise the number of winners, and minimise the losers from the downturn.

In the Budget the Government also announced that will spend over £260m of new money, for training and subsidies to help people get the skills or experience needed in sectors with strong future demand.

So I've talked skills and training in relation to large and small employers, about two of our flagship programmes and the new National Apprenticeship Service being launched today.

I'm convinced that continuing to focus on training now is the best way of making business better skilled and more competitive. And the best way to ensure we don't all lose out as a consequence of this recession. We need to focus on not just the performance of our organisations but the workforce as a whole.

I want to end with a word about what we're doing to improve the way the education system not only respond to your needs, but also helps you to anticipate them, enabling you to fuel and benefit from the future growth in the economy.

There has been a quiet revolution going on in **Further Education.** More young people and adults are learning and gaining recognised qualifications; not just billions invested in new facilities and world class buildings; but a determination to make the system deliver for you.

The focus needs to be on strong local partnerships and consortia involving schools, colleges and training providers AND employers to help young people navigate their way through the system.

Not least because young people have more choices; and we need to help them make the right ones.

I had the great pleasure of going to Milton Keynes College the other day to present to them with their certificate for achieving the accreditation to the **Total Quality Standard (**TQS) which is our badge to say they are truly outstanding at working with employers and providing the sort of service you need. They are the one hundredth college or other provider of learning and training up and down the country to receive this award.

And they're in the Directory of Skills 2009 that the LSC, BCC and Association of Colleges have jointly published and which is available at the BCC Exhibition Stand outside.

I believe as business leaders we must continue to show our commitment to training and to skills and to use all the support available to us, despite the downturn. Maybe even because of the downturn

The **National Skills Academies** network is another string to our bow. We know that by 2012, two-thirds of jobs will require level 3 qualifications. If we're to pick ourselves up from this downturn, it's vital that we can call on highly skilled, motivated and ambitious people. But with the current added outside pressures, what's needed is a simple and streamlined approach to training.

Skills academies are beginning to deliver this. We are in the process of re-designing, re-shaping and adding to existing training programmes, to suit each sector. We are also developing new qualifications, filling training gaps and trade skill shortages.

The National Skills Academy for Enterprise was launched the other week (today it's the turn of the Skills Academy for Retail) and the man behind that launch is Peter Jones – entrepreneur and business Dragon.

Peter clearly recognises the benefits of business and education uniting on training. So when I offered him the opportunity to share his views on skills, he jumped at the chance. Here's what he had to say:

RUN DVD "LSC DOWNTURN / PETER JONES DISC 2"

["INVESTING IN SKILLS IN AN ECONOMIC DOWNTURN"

IN WORDS: (TITLE "When I heard….

OUT WORDS: ……your business."

RUNNING TIME: 1'52]

I agree

As I've said and as Peter has reiterated – we lag behind on skills and investment in this country, and our businesses cannot be winners with a workforce that has the skills they need to help us maintain productivity and improve competitiveness.

So to recap:

There will be winners and losers out of this recession and we need to raise our game if we want to increase the number of winners.

All of us need to be at the top of our game to ride out this economic storm. The more skilled the workforce is, the more motivated and productive it is likely to be and ultimately more profitable.

To help our businesses and people survive the recession and prepare for the challenges of growth ahead, investing in training and skills is not an option – it's a necessity.

Our decisions now will have a huge impact on the legacy this recession will leave Britain As business leaders, that legacy is something every single one of us can have an impact on.

And the investment you make now in your workforce, and your future workforce, will pay dividends when the upturn comes.

It's our future. It's in our hands

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