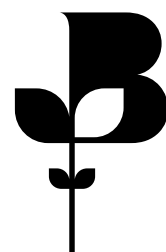


# SKILLS & EMPLOYMENT MANIFESTO

January 2014



British  
Chambers of  
Commerce

Although skills and education policy are devolved, this manifesto deals with challenges that exist across the UK and is designed to assist all governments. The ideas within it can be adapted to fit local, national and regional structures.

There is no quick fix and few easy answers when it comes to increasing the skills of the existing workforce or to transforming the systems that educate and train young people, but Accredited Chambers of Commerce are ideally placed to work with partners at the heart of the solution. The Chamber Network has unrivalled experience of working in partnership with local educational institutions, supporting employers to invest in the skills they need, and delivering welfare-to-work and enterprise programmes. **Last year, Chambers ran 2,719 courses for 20,110 participants, delivered 3,476 apprenticeships and brokered a further 868.** Most Chambers work with local schools, colleges and training providers, and many deliver employment programmes, such as the Work Programme.

This manifesto seeks to break the cycle of different organisations and sectors blaming each other, and instead identifies solutions. Although it focuses primarily on young people's transition from education to employment, we will publish further recommendations in 2014 to support employers to improve the skills of their workforce, and to help jobseekers who currently lack the skills to find employment.

We invite partners to work with us in the coming months and years to refine and implement workable long-term solutions at national and local levels. We commit to build on the existing local skills and employment services offered by Chambers of Commerce to identify opportunities for consistent national delivery.

The two most urgent priorities for governments across the United Kingdom should be:

- Careers education, starting in primary school, including the development of 'employability' skills and quality employer contact;
- Helping SMEs to invest in apprenticeships and workplace training, using Chambers of Commerce and other local bodies to encourage and support companies' aspirations.

### Preparing young people for work

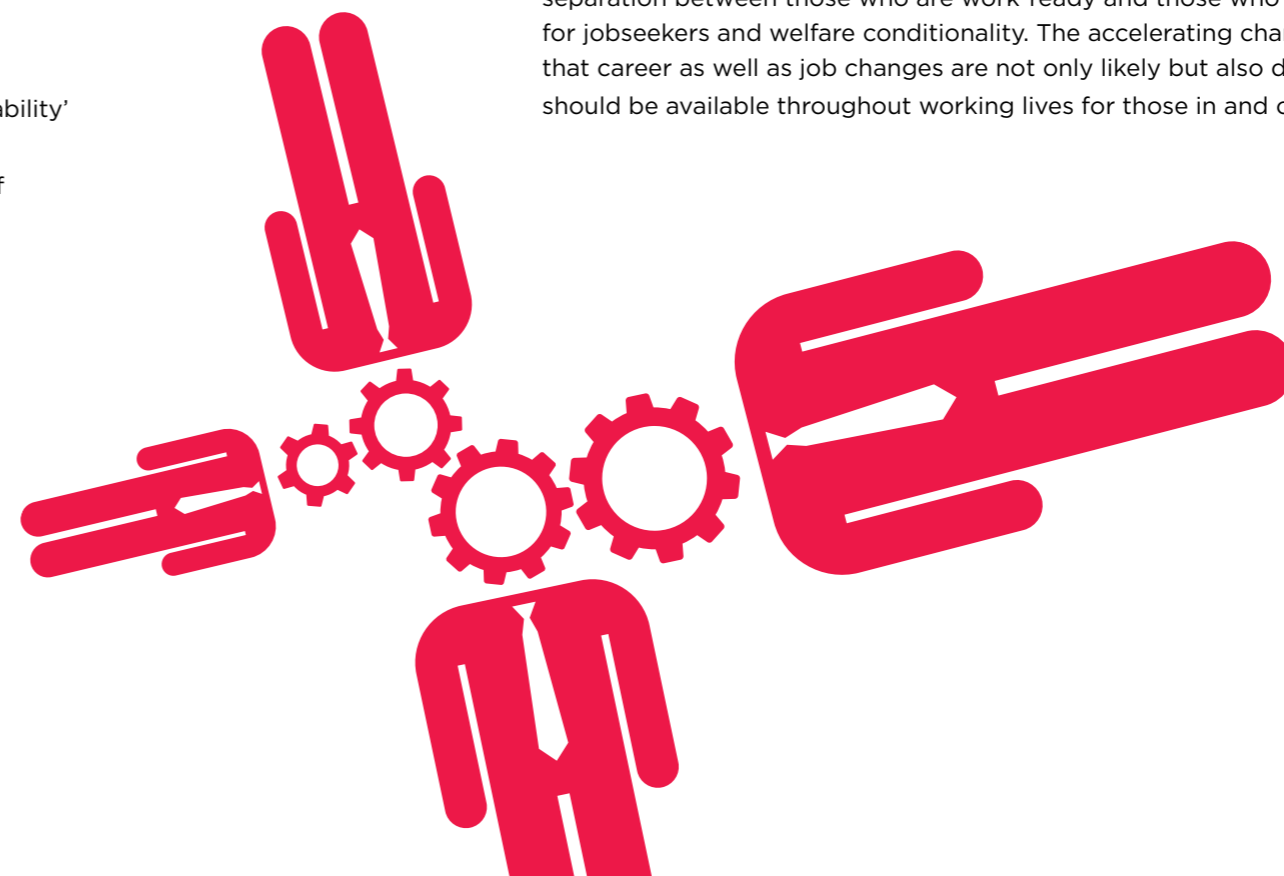
The UK must protect and build on its success in producing world-leading thinkers, leaders and innovators while catching up with other countries' ability to train for technical and employment skills. Young people should leave the education system with a career direction that is relevant to them, realistic expectations about entry level jobs, and the attitude, passion, skills and experience that employers want. This demands an education and training route that meets the needs of local labour markets as well as the informed personal aspirations of individuals. Qualifications must be consistent and clear to enable employers to understand an individual's competencies.

### Training for the workplace - More power to employers

With 70% of the adult workforce already in employment we need to ensure that the skills system (privately and publicly funded) focuses its resources to meet the present and future needs of employers. We also need a system that ensures employees, where appropriate, can gain qualifications on-the-job which demonstrate their competencies. Employers need support to invest in appropriate training for their workforce, and information about providers, courses and qualifications that makes sense to the average businessperson. This is particularly important if we are to encourage more SMEs to invest in training.

### Making the unemployed attractive to business

Despite record numbers of people in work, unemployment, particularly long-term, remains too high, threatening business competitiveness. With increasing numbers of people returning to the labour market, it is vital that pre-employment support includes skills training that is driven fundamentally by local jobs and the skills employers are looking for. There should be a clear separation between those who are work-ready and those who are not, and between support for jobseekers and welfare conditionality. The accelerating changes to the economy mean that career as well as job changes are not only likely but also desirable. Quality careers advice should be available throughout working lives for those in and out of work.



## A MATTER OF URGENCY

The world has changed dramatically in recent decades. The global economy is no longer divided between a few developed countries with a monopoly on high value work and the vast majority of nations largely confined to low value work.

Skills are the currency of the 21st century economy, and it is the extent to which the UK is able to offer a more highly skilled workforce than its competitor countries that will determine our future prosperity. Individuals must ensure they are able to deliver the higher value work and productivity to justify the increased costs associated with living in the UK, or face the consequences of trying to compete for work on price alone; and employers unable to access the skills they need or those unwilling to invest in training their existing workforce will lose business to other firms at home and abroad. Government must listen to the repeated calls from business to ensure that education and skills providers are focused on what employers need.

Unfortunately, the current trajectory is ominous. Although there are excellent examples of world-class practice among British schools, colleges, universities, training providers and employers, too many people lack the basic skills to succeed at work, let alone the higher skills required to underpin our national prosperity. The recent OECD adult skills report showed that in just two generations the average UK worker has lost significant ground to other developed countries when it comes to the skills that employers value. The ageing workforce threatens a significant and permanent loss of skills and knowledge that requires immediate and urgent attention. All levels of government, employers and education leaders must work together to deliver a workforce with the skills, knowledge, experience and attitudes to compete in the 21st century.

## PREPARING YOUNG PEOPLE FOR WORK

Employers understand the business case for recruiting young people, but often struggle to identify individuals with the skills and attitude required in the workplace. To prepare young people for their adult lives, schools must combine their focus on academic rigour with strong vocational training opportunities and better preparation of all young people for the realities of work. This will require coordinated interaction with employers.

### The Basics

Employers do not expect the education system to produce fully-formed skilled workers, but they are clear about the basic building blocks they require when recruiting for entry-level roles. All young people must demonstrate functional literacy and numeracy, which should include maths, English<sup>1</sup>, computer skills and a foreign language. Employers repeatedly tell us that they also want school leavers to demonstrate passion, discipline and an ability to learn. Business wants schools and colleges to develop in their students the soft 'employability' skills that will enable them to function within an organisation and interact with managers, colleagues, customers and suppliers. It is also essential that young people have a good understanding of the options available to them and realistic expectations about entry-level jobs and future progression.

Publicly funded education providers respond to the different performance indicators set by each government, including league tables, short-term destination measures and inspections. These must be adapted as quickly as possible to make the employability of every young person a key measurement of success in order to allow Principals to

allocate appropriate resources to prepare all pupils for their working lives. Given a little help, many employers are willing to support schools to provide an insight into different sectors and job functions, as well as quality work experience. Contact with employers can give studies additional relevance and help to embed soft skills. Chambers of Commerce can facilitate and support these interactions, and with proper funding and incentives to bring more businesspeople into the classroom, this could transform the UK labour market and boost UK productivity.

### Qualifications

Qualifications only have value if they can be interpreted by their end user, the individual's future employers. Many employers are confused by the wide range of different qualifications and frequent changes to the system by successive governments, and struggle to equate particular grades with skills relevant to their business.

- Qualifications regulators must ensure greater consistency over time of the competency and knowledge required to achieve a given qualification.
- Teachers should be supported to relate

The government should recognise the special status of these core functional skills with the introduction of a universal qualification or indicator that is simple to understand and relates directly to day-to-day tasks.

knowledge and skills learnt in the classroom to real world uses. This will improve learner motivation in the classroom, future career direction and enable them to explain better what they can offer a potential employer.

- Competency-based grades should be accompanied by a percentile rank to provide employers with a clearer indication of each individual's relative performance.

### Functional skills (literacy, numeracy, digital literacy and foreign languages)

Functional skills are the basic practical skills required to be effective in the workplace and are therefore relevant to every business when recruiting a new member of staff. The existing graded qualifications in these subjects do not help employers to understand whether individuals have the practical literacy, numeracy, digital or language skills required to function effectively at work. Individuals are branded for life by the grades they achieve at school with little opportunity or incentive to improve those grades.

The functional skills indicator should consist of pass/fail exams at different levels of competency, similar to the well-understood music certification system or the Common European Framework of Reference for Languages, with a single awarding body. This would provide consistency and stability, and would make it easy and attractive for individuals (or their employers) to invest in training to improve these vital functional skills beyond school. As the principal indicator of an individual's literacy, numeracy, computer skills and applied foreign language skills, the indicator would also form the English and maths elements of 'Technical' and 'English' Baccalaureates in England. Additional academic or vocational qualifications could co-exist for related subjects, such as English Literature, statistics and computer science.

- The government should investigate clawing back a portion of a school's funding for each student that leaves it without achieving a minimum competence in these functional skills. This could then be reinvested in future remedial training in these subjects.

### Soft 'employability' skills

Soft skills are the personal attributes that facilitate modern work. They characterise how an individual interacts with others and with institutions, and a necessary complement to functional and other hard skills.

- The remits of the education inspectorates across the UK must be changed to place a greater emphasis on schools' efforts to develop soft 'employability' skills including team working, time management, resilience, flexibility, problem-solving and communication skills. Many schools and colleges already do this to a high level, but too many young people are let down by weaknesses in how they organise themselves and interact with others.
- Schools should be measured against the number of times an average pupil experiences quality contact with a business (work experience, work tasters, company visits, visits by an employer to the school etc). Increased contact for employers with young people will increase their propensity to hire from this group. Chambers of Commerce stand ready to work with schools to facilitate these contacts and provide support to ensure quality.

### Careers education

Our current training system relies on individuals to assess both their own strengths and likely employer demand for particular skills, and then to choose training relevant to a particular profession. It doesn't work. Inadequate careers information, advice and

guidance means that few young people are able to make an informed decision based on the full range of opportunities available to them, and many focus on skills that are poorly matched to demand from employers. Business has had enough of this broken system and calls for urgent reform. Careers education must include regular contact with employers.

- Careers education should start in Key Stage 2<sup>2</sup> and build to form a statutory element of secondary national curriculums. Every young person should gain work experience of different lengths in different sectors. Chambers of Commerce can facilitate these placements with local and national businesses.
- Publicly funded careers services should be fully extended to cover anyone over the age of 13, including face-to-face advice.
- National Insurance numbers should be used to track the average earnings of each school's alumni as a proxy for success in the labour market.
- 'Destination measures' should be extended to include longer-term outcomes. Although there is value to understanding the destination of students after 12 months, this encourages some schools to find any destination rather than the right one for each individual. Destination measures should be extended to show five-year destinations.

### Enterprise

Young people must leave full-time education with an understanding of how to apply ideas in a commercial manner. Every young person should receive basic business and financial education during Key Stage 3, culminating in a business project (setting up and running a business as part of a team, studying a local business or completing a project to benefit a local business).

### Higher education

The UK's universities perform a vital function educating the next generation of innovators and leaders, who will be the future drivers of economic growth. While this manifesto focuses on the parts of the education and skills system that are not delivering the right outputs to meet the needs of employers, government must support our leading universities to protect and build on their successes.

- Universities and Chambers of Commerce (and LEPs in England) should work together to improve understanding between the business community and university management and staff, in particular ensuring alignment of skills development with local economic need and linking graduates to local job opportunities.
- Chambers, universities and student unions should work together to promote enterprise among a wider range of university students. In England LEPs can help to focus student enterprise on areas where local companies have comparative advantage.
- The government should work with universities to incentivise a greater focus on the development of foreign language skills, and to increase the international mobility of students and lecturers. This should include clearer advice about accessing the increased Erasmus+ funding and support for UK students considering a period both within and outside the EU and for foreign nationals who want to study in the UK.
- Chambers can support universities to increase awareness among students of job opportunities in the local economy. In the West of England the universities and the business community have created a graduate recruitment portal (Graduate Talent West), which links graduates, local businesses and job vacancies.



## TRAINING FOR THE WORKPLACE – MORE POWER TO EMPLOYERS

Employers are often unable to translate between the skills needs of their business and the training available for purchase. Those that do understand what they need and what is being offered often discover that there is a mismatch. Training providers and FE colleges have adopted an advisory role in order to sustain the market for their services, and without them doing this fewer employers would invest in formal training. However, the system of central contracts attached to government funding means that for-profit providers in particular are often unable to act as impartial advisers, and instead find incentives to provide ‘popular’ training courses.

- Government should give employers in England the choice between direct funding for apprenticeships through PAYE tax breaks and directing funding to their chosen training provider. In both cases there must be transparency about the cost of each apprenticeship and a properly functioning market between competing providers.
- Each of the national governments should support Accredited Chambers of Commerce to provide objective advice to employers about how they can use apprenticeships to grow their business and to advise on appropriate local training providers. This support and infrastructure is particularly vital to encourage more SMEs to invest in training. Chambers can help to balance sector and spatial approaches.
- Chambers should co-ordinate group purchasing consortia to ensure employers work together to negotiate lower costs.
- The principle behind the Employer Ownership of Skills pilots in England should be extended through a similar funding route based on competitive bidding to address particular sectoral and geographical skills needs. Unlike the pilots, this must be easy for SMEs to engage with, and allow representatives of the business community such as Chambers, trade bodies and LEAs to bid on behalf of a consortium of SMEs in their area or sector.

## MAKING THE UNEMPLOYED ATTRACTIVE TO BUSINESS

Employment policy led by the Department for Work and Pensions (DWP) remains too focused on welfare claimants rather than demand from employers. Many employers actively avoid government employment schemes due to previous bad experiences and confusion about what support is currently available, and often do not view Jobcentre Plus as a route to recruit talented staff.

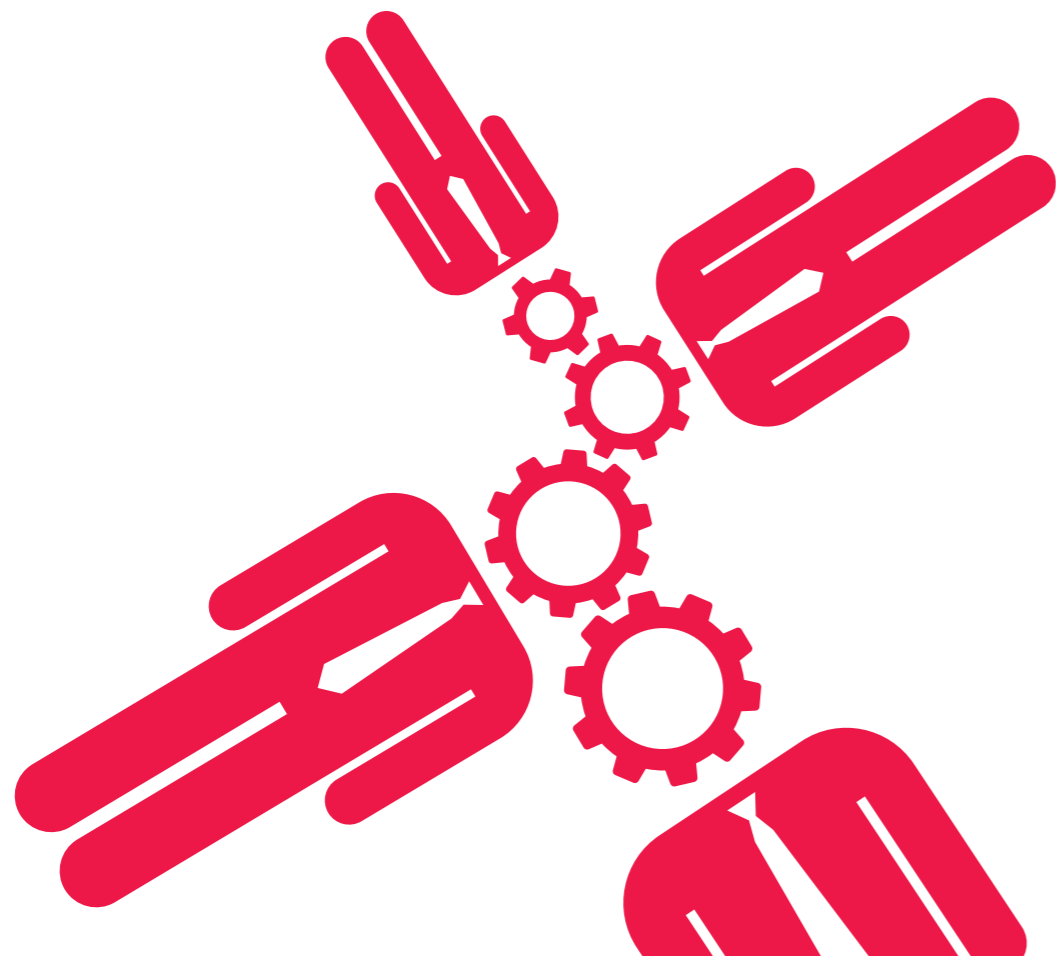
- All employment policy, including existing welfare-to-work schemes, should become the sole responsibility of the Department for Business, Innovation and Skills (BIS) to recognise that the solution must be demand-led. The DWP should retain responsibility to help those furthest from the labour market to progress until they are ready to seek work.
- BIS should focus on creating a simple, clearly communicable offer to employers, including recruitment support, that can accommodate new initiatives without undermining employers’ understanding of the system.
- Universal Credit will change the role of Jobcentre Plus from its focus on benefit conditionality to employment advice, including progression for people who are already in work. These functions should be transferred to national careers services to ensure all engagement with universal credit recipients is focused on finding work and progression, rather than the existing culture of welfare conditionality box-ticking.
- Universal Jobmatch should be managed by national careers services so that careers advice and job matching are available in one place.
- Jobseeker compliance must not be measured by outputs, as this can lead to large volumes of poor quality or unsuitable job applications. Not only do such applications create unnecessary work for businesses, but they also negatively affect employers’ perception of unemployed jobseekers.
- Traineeships in England are designed to support 16-24 year olds who want to work but who lack skills and behaviours required to find a job or apprenticeship. Other nations offer similar schemes for school leavers. These initiatives should be extended to 15 year olds who are considered at high risk of becoming NEET. Schools are often able to identify individuals who would benefit from a different learning environment with greater immediate relevance to finding a job.

## INVEST IN THE FUTURE

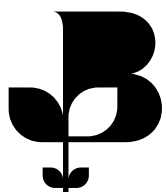
Chambers will continue to support firms to find the right training by the right provider. We will build on our existing partnerships at local, regional and national levels to implement local sustainable solutions that deliver better preparation for young people, and adult skills training that meets employers' business needs.

Governments across the UK must commit to work with business and the education and skills system to deliver training that employers value. The British Chambers of Commerce (BCC) is calling on all political parties to make an explicit pledge that employability, and real partnership with employers, should be at the heart of education and skills training. In particular, governments across the United Kingdom must:

- Ensure all young people learn the soft 'employability' skills and benefit from employer contact and quality careers education while at school.
- Work with Chambers of Commerce to encourage and support more SMEs to invest in apprenticeships and workplace training.



**THE BCC AND THE 53 ACCREDITED CHAMBERS OF COMMERCE WILL WORK WITH EMPLOYERS TO MAKE THE CASE FOR HIRING YOUNG PEOPLE AND INVESTING STRATEGICALLY IN TRAINING THEIR WORKFORCE.**



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The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK, a network that directly serves not only its member businesses, but the wider business community. Representing thousands of businesses of all sizes and within all sectors, the British Chambers of Commerce is the voice of the 'real economy'.

Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, knowledge and know-how. No other organisation makes such a difference to business as the British Chambers of Commerce.

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