

Baroness Sharp of Guildford highlights the problems of inadequate training

TRAINING IS AN AREA WHERE MARKET FAILURE IS RIFE

2007 looks like being the Year for Skills. We have the Further Education and Training Bill already underway in the House of Lords, the final Leitch Report now published, a major spending review in July and a Chancellor, probably to become Prime Minister, committed to making his mark in this area. The Bill is to my mind an unnecessary diversion, largely about re-arranging the chairs at the LSC (Learning and Skills Council). Why the Government chose to bring it forward before the final Leitch Report was published, when the implementation of Leitch will almost certainly require new legislation, is not clear.

The final Leitch Report, commissioned by the Treasury, should really be seen as a precursor to this summer's Comprehensive Spending Review and its recommendations will loom large in any Brown Government. The report pulls no punches. It repeats the familiar statistics on Britain's productivity gap and links them directly to the low quality of workforce skills.

What is particularly alarming is that recent research (1) suggests that this deficit is as much in the service industries, where we thought we had comparative advantage, as in traditional manufacturing sectors. The Leitch solution is to set ambitious targets for 2020. It focuses on the adult population, pointing out that 70 per cent of those who will make up the workforce in 13 years have already completed compulsory schooling. Hence much of the chance has to come through on-the-job training and individual commitment to up-grading skills. The 'big idea' is that skills provision should be fully 'demand led' with all adult skills funding routed directly to employers through an expanded 'Train to Gain' programme or to individual learners through a revamped system of learner accounts.

The hope is that the shift away from a supply side to demand-led funding structure, will give employers greater strategic control over both delivery and qualification systems, and thereby increase their 'engagement' with the system. Likewise, placing the responsibility firmly on the individual to look to his/her own future, providing better information and, where needed, financial support, will embed a 'new culture of learning' amongst individual employees. Will it work? There is plenty of room for scepticism. Training is an area where market failure is rife and previous efforts, stretching back well over 100 years, to prompt employers - and employees - to recognise the benefits to be gained from time and money spent on training have not been successful. Were not the Manpower Services Commission and TECs (Training and Enterprise Councils) both in their time heralded as the new solution?

Given this history, I have to confess that calling for a new 'pledge' from employers to voluntarily commit to train all eligible employees up to Level 2 in the workplace still sounds weak, as does the corresponding commitment to 'raising awareness' of the benefits of training for the individual.

My own view is that we badly need some system of incentives to encourage both employers and individuals to devote time and money to further training. In this respect, I back moves to extend the notion of the licence to practise - why is this seen as acceptable for middle class professions such as medicine, law or accountancy but an unacceptable 'restriction on trade' for 'workers'?

Can I also wave the flag for the Liberal Democrats who have long advocated a uniform, credit-based system of qualifications which not only creates a seamless transition between further and higher education but also enables credits gained from work-based courses to be added to credits gained from courses taken in the employee's own time - providing an obvious spur to the individual to top-up their qualifications?

The key, as always, is management and leadership. The Leitch philosophy is 'where there's a will there's a way', but if all the talk is to be translated into practice, those in top management positions, from the boardroom down, have to be prepared to walk the walk as well as talk the talk of education and training.

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