

Check against delivery

Skills Pledge Launch

14 June 2007

Sir Digby Jones

Skills Envoy

Firstly to say thank you very much indeed. Thank you for coming. The turnout in terms of quality of people, every one of you, is just stunning. The fact that later on we're going to have the Chancellor of the Exchequer, the future prime minister, we're going to have the Secretary of State for Education, we've got loads of ministers coming as well. It just shows how important this is. We've got the permanent secretaries here from various departments. It's just fabulous. I've got one request before we start, and that is you know the certificates that you actually have – not this, but the certificates?

Someone has taken by mistake that, signed by the police. Now we know where you live, and we have 90 days to bang you up until we can find out. Seriously, someone has nicked the police certificate. So if anybody's from the press here, that's your diary bit for tomorrow.

Before I start, can you just take a note of where those green things are. A fire alarm is not expected, so if you have one please stay where you are, let me get out and then you can do what you like. Oh God, I'll be in awful trouble. Seriously – it is serious – there are your exits, there isn't one expected, so if you get one, it is for real.

Could you please just welcome two people to the stage? No matter how many politicians, no matter how many businesses and employees sign up for this, if you don't get the leaders of the big representation groups doing this, you haven't a prayer. I am absolutely thrilled that a guy who's doing a fabulous job in the job I used to do is here today: Richard Lambert of the CBI. The CBI are fully supportive of this and Richard is really putting his weight behind this and I am thrilled to bits. Also, I refuse – I never did and I won't do it now – use words like 'on the other side' because in my view, skills should transcend politics, it should transcend sectarian interests, it should transcend communities and religions. This is so important to this country, it should be above all of that.

A colleague and a partner in this is Brendan Barber of the TUC (Trades Union Congress). I would also just say I'm thrilled to bits that that IOD (Institute of Directors) have also signed up for it – Miles Templeman is here. I want to say thank you to him for putting the weight and also the FSB (Federation of Small Businesses) they also put their weight behind this. This is about everybody in our society. I'll tell you now, there are millions of people in this country today who are going to have a better life because of what you're doing today. That is how serious this is. So I thank you for that, and please welcome to the stage Brendan Barber and Richard Lambert.

We have John Hutton, the Secretary of State for Works and Pensions. He is coming in a few moments time, probably while these two gentlemen are speaking, and he'll come and join us on here. Then after that, we've got the Chancellor, we've got the Secretary of State for Education and we've got another special guest, because as you know there's a new skills commission that's been appointed that's going to umbrella over it all and drive it forward on behalf of the government.

What I do is not on behalf of the government. I'm not the government skills envoy, I'm the UK skills envoy. I don't do this for the government, I do this for the country because this is so important. But we do need a government representation to do this and there is a new commission, as you know. The new chairman is being announced today and he'll be coming in with Gordon and Alan. More of that anon.

As you know, there are 7 million adults in this country today who are functionally illiterate. There are more than 11 million adults - some say it's up as much as 17 million - who cannot add up two three figure numbers. That statistic has probably got better over the last few years, not worse. But of course, in the past, we used to put them down the pit, we used to put them in the fields, we used to put them in lime and oil and car factories, we used to put them in shipyards and woollen mills, cotton mills and steel mills, and those jobs have all gone. If we don't do something about this, if we the employers in the public sector, in the private sector, in the third sector - the voluntary sector - if we don't do something about this, this country is going to have a very, very nasty century.

It is not just about the fact that we have moved this economy to a restructured, value added, innovative, quality, branded end of the game where this matters - the only thing we can sell around the world is what we do with these. But in the public sector, any politician of any party at any time is going to try and deliver more for less. That is what is going to be demanded. You only do that and you get productivity enhancement with clever, well-trained people.

These people who can't read and write aren't thick. In fact they're very bright. They're hiding it from you and me. But if we don't reach out, down, around and under, if we don't go out and use the power of employment actually to make a difference in our society, not only will we not get that reservoir of potential talent to maximise itself for our nation, but people who feel frightened and excluded and see this globalised world going on and leaving them behind, they start not to think very much of themselves.

That means that they don't take very good care of themselves so the NHS get a big bill. If you don't look after yourself, you sure as hell don't look after your neighbour and your mate and your community. Suddenly we don't live in a very safe society. Then the man on the corner selling white powder seems to have the answer, so then they come and mug you and nick my car to pay for that.

At the same time, as a community we actually feel that we are leaving a lot of people behind. All I'd say to those who think 'This is nothing to do with me, what I do or my business does or my part of government does, it's stock full of clever people'. Have you asked your security guards lately, your cleaning ladies - and don't you dare tell me they're outsourced, they're your responsibility. Have you asked the drivers? They are everywhere, people who are frightened that we, a very successful country - we are more successful than we ever give ourselves credit for.

We're making this shift in our society more easily and with less pain than the Americans or the French or the Germans or the Japanese. But if we don't do this bit, if we don't put the ball in the net on this one, then we're going to have not only a poorer world and therefore less profit and therefore less tax and therefore fewer schools and hospitals, but we're also going to have a rather nasty world.

If employment means anything it means that we can just be socially inclusive. We can reach out and down and around and under and as I often say, you know, a good Samaritan can only be a good Samaritan if he makes a good call, if he didn't choose to walk down the other side of the road. What this is about, and you obviously believe this, otherwise you wouldn't be here – this is about not walking down on the other side of the road. This is about using the power of employment in our society to make a difference that will last forever.

We are at five to midnight. There's so much that's great about Great Britain, I just want to make it greater. I thank you for coming. I am not going to stop on this one, ever. It's too important. That might be bad news for some politicians, but that's their problem. I just want to thank you for joining all of us on that journey.

We're going to have a great morning. It's so important. Thanks for all of this wonderful stuff. As you probably gathered, I also believe if it isn't fun you shouldn't even join up. It can be not only important, but fun as well. Have a great time, thanks very much.

Let's get the show on the road. First, a very important man in this whole equation, Brendan Barber, general secretary of the TUC.

Brendan Barber
General Secretary, The TUC

Digby, many thanks for those words of welcome, I am delighted to be sharing the platform with not only the current director general of the CBI but the immediate past director general of the CBI. I am open to suggestions about an appropriate collective noun for such a collection. Thanks for the opportunity to be involved in what is, I think and hope, will be seen as a landmark day for everybody interested in UK skills. I hope everyone here this morning knows your LSCs from your SSCs, your ETPs from your T2Gs and your RDAs from your SSDAs. Digby will be testing you all at the end of the morning. If you pass you will be taken on as his apprentice. If you fail, I'm afraid you'll have to see him in the boardroom.

Thankfully, the skills pledge being launched today as recommended in the powerful and positive report by Sandy Leitch, and it's great to see Sandy here this morning. It's actually pretty easy for us all to understand. Let me begin by saying that the TUC very much welcomes the pledge, alongside the proposed Commission for Employment and Skills. We believe that it represents a real opportunity – a chance to move on from the failures of the past and focus our energies on delivering the world-class skills that we need in the future.

That is why I have personally written to the leaders of all the unions affiliated to the TUC to ask them not just to sign up to pledge themselves as organisations, but to promote it too. I think it is an important tool, for our own work on the skills agenda through Union Learn

organisation, and our growing network of workplace learning representatives, now 18,000 strong, involved in work last year, engaging over 150,000 people in new learning opportunities as a result of trade union initiatives.

We very much want to work with employers to make the pledge a success. When we work in partnership, we know that we really can make things happen out in the workplaces of Britain. Take First Bus, which has saved almost £3 million in recruitment costs since it set up a workplace learning project with their unions. Or Mersey Travel where joint work on skills has seen a 3% reduction in sick leave, and a 4% drop in staff turnover. Or BT Shipbuilding, where work with recognised unions to improve skills has seen a spectacular return on investment of 140%.

So the challenge for us is to extend these kinds of partnerships and there is plenty to build on.

Let me acknowledge and applaud the many employers, including those here today, who take their training responsibilities seriously. We have to recognise too that if we are to compete in the global economy, we have to nurture the talent of all workers, and that is why the TUC will be holding government to account on its commitment to introduce a statutory right to training from 2010, if the voluntary route does not deliver.

What's clear is that we can no longer ignore those employers who look the other way when it comes to investing in their staff. A key question for all of us is how can we reach all those not in this room this morning, to stimulate and engage them. One way – and Digby has hinted at this, and I welcome that – one way is for all the major companies that are committed to look at all their commercial relationships and their supply chains.

For example, if the cleaners and caterers employed by your contractors or employment agencies who supply staff to you – if they need help to raise their skill levels, how can you push or prod or even require those companies to sign up and deliver on the pledge too?

We believe good employers have absolutely nothing to fear from the pledge. It is a positive tool that we can work with together to deliver real change. In the trade union movement, we are fully committed to playing our part. Together I think we can make a real difference. Thanks for listening.

Digby Jones

That note was to say that I've got to go outside and have my photo taken with a bus, so my successor speaking with me and walking out, please don't read anything into that and I'll be back in two minutes. Can I just say one other thing: I thought Brendan's words were absolutely spot on. Completely right. The one thing that we must do is get this pledge signed down through the small businesses, through the supply chain.

You know, I like your prices, I like your quality – how do you train your people? They'll damn well sign it, you know, if they're worried they'll lose the order – believe me. Get tough with them. Anyway, I'll go and do that – can I just introduce Richard Lambert? It's a very busy and difficult week for Richard, and to come here in that difficult week I think is fabulous. It shows how much the CBI put behind the pledge and behind what we're trying to achieve, but more importantly, I'm thrilled to bits to welcome I believe a fabulous successor of mine, Director General of the CBI, Richard Lambert.

Richard Lambert
Director General of the CBI

Thanks very much indeed, Digby. This is great chance really for me to tell you a few stories about Digby over the last years, but I guess that's not why I'm here. No ifs or buts about it, the CBI is strongly behind Sandy Leitch's ambitions really for transforming the UK's skills base. We think he did a great job, and we think that raising the skills of our workforce is essential to our future productivity and therefore to our well being as a country. If we are going to make the case for free trade and open markets – which we are – we also have to make the arguments that give our society the qualities that they will need to compete in a knowledge-based economy of the future.

We also have an obligation, I believe, sure we all believe, to those members of society who don't have the skills that they'll need in a world where the numbers of jobs for people with no skills are dropping like a stone. We have an obligation to that part of society to give them a chance to get the benefits of this globalised world.

The CBI is very pleased to sign the skills pledge with the aim of achieving this and we're delighted that so many of our members are here today, including Brendan and those representing office cleaners and contractors who have busily signed up and are training away. I'm delighted by that. The pledge makes it clear that this is a three way partnership between government, between employers and employees and we are right behind that like you are.

The government has to support employers through the train to gain programme to access the relevant training for their staff, and employers certainly value the experience they have had to date with this scheme, providing support up through level two. It's progressed well. We must build on its success so far.

We think it is right that the government should be focusing its resources on those who lack basic skills. As Digby said, those people whose life chances are seriously and increasingly inhibited by lack of literate and numeracy skills. Employees of course, as well as employers, have to step up to the mark in this challenge. Businesses are pledging to encourage and support their staff in this project and there has to be similar commitment from individuals as well. This partnership is something that's critical for the success of this important programme.

Of course it's easier for large firms with lots of capacity in terms of HR resources and enough slack to allow people to take time off, greater ability to manager staff absences than it is for small companies. But we have to remember, that about 3 million people, without a level two qualification, work in firms in this country with less than 50 employees. SME's are going to need support from everybody if they are going to deliver on this pledge.

Of course, the vast majority of employers are providing their staff with strong, quality training. In fact, Sandy's report told us that as a proportion of payroll, British employers invest more in training than their opposite numbers in France, Germany and the United States. This skilling is often competency based, and only around a third of employer training leads to qualifications that employees frequently value and that employers look for in recruiting. So we do need, I think, a greater proportion of this employer-provided

training to be captured within the qualification system. That's an argument we'll be making increasingly in the months ahead.

We think this will give fairer recognition to the efforts made by employers and employees in developing skills through in-house training. There is also, as others have said, a huge opportunity for the new Commission for Employment and Skills to take a strategic approach to the skills agenda and ensure that the whole infrastructure meets the needs better of employees and employers around the land. Certainly, like Brendan, we at the CBI will be strong supporters of the new commission and making it work.

Business believes very strongly that the way to success down this path is through a voluntary approach as opposed to a compulsory approach to training. This in turn underlines the importance of the partnership which we are here today to celebrate and start a process and start a journey that I hope will go across the whole land. Our support for the pledge reflects this back, that the voluntary system with employers and employee skills needs at the heart, will deliver a skilled workforce and competitive business.

The number of firms signing up just today is a strong indicator that UK employers are fully and strongly committed to making this programme work. Thanks very much indeed.

Digby Jones

Fabulous. It gives me great pleasure to introduce someone who is not here. John Hutton is meant to be on his way, but he's launching pensions today as well, so I want to tell you a little story which is absolutely true, about my time when I was doing his job.

One day, the CBI put on a conference at the QE2 centre on the environment. I was going to obviously welcome the main speaker, who was the prime minister. So we're in the Green Room waiting to go on and no prime minister. I'm told he's still at Downing Street, he's only got to come to the QE2, so it's only two or three minutes, but he isn't there. So we're told 'He's actually getting into his car now, so if you start, he'll come on'. So I'm doing five minutes, so I do it and at about four minutes, somebody brings me a note: 'He hasn't even left Downing Street, keep going'.

Now, that's an open invitation to me. So I did. I did about three or four minutes more, and there was a note and it said 'He's left Downing Street, give them five more' so I went into one of those things – we've all done it – when you're into a section then, it's got a beginning, middle and end and you've got to do the whole thing. I was one and a half minutes into that, all completely unscripted, and the third note came: 'He's arrived, get off.'

That's an absolutely true story. I sort of brought it a little bit to an end about a minute later: 'Ladies and gentlemen, the prime minister'. And he came on and did his bit, fabulous performer as he is, and at the end 'Any questions, then?' From the prime minister, this is. The first one from down there, 'Can you please explain to me why the Director General of the CBI kept us all waiting to listen to you for so long?'

You can't win. Have I got John Hutton here yet? Am I getting a shaking head? If you think about after today, if you think about tomorrow morning, there are three things I want you to do. One, is somewhere in your business or public sector community – here he is! Tough!

Somewhere in your business or public sector community, there is going to be a cynic about today. It might be a journalist. It might be a politician. It might be a business. It might be the manager of a hospital or the governor of a prison. Somebody somewhere is going to say this is all rubbish. What I ask you to do more than anything else is don't let it go unchallenged. Please don't. Please don't think the next day 'Oh...'. I want you to take them on there and then. I want you to challenge them there and then. Politely, but do it.

Because no matter what Brendan and Richard do in their respective ways, they are doing tremendous stuff whatever milestone he does and the FSB (Federation of Small Businesses) does, all the permanent secretaries who are at central government level are doing this. If we don't do it in our communities, this has got to be bottom up you know. If we don't do it in our communities, if we don't challenge people who don't believe this is important – and don't fall for the 'Of course it's important but the pledge isn't the way'. The pledge is not perfect but tell me something else that is going to make a step change in three years.

That's what this is about. I don't want regulation. I don't want the clunking first coming down saying 'You'll do it a week on Friday, there's an inspection and you'll fill a report in'. Because then you move it into cost and compliance. I want it in leadership and culture change. I want it in the very DNA of this nation. That can only come about if these two guys get the support from all of you. Take them on, every time you hear them. Take them on and that's how we'll win. Anyway, I'm glad you were late, sir, because that means I could have said that. Anyway, he's come. I've told them you've had a problem with pensions all morning, so you're fully exonerated from being late. It is very kind of you to come, I know you're a very busy man. It gives me great pleasure to welcome the Secretary of State for Works and Pensions, the Rt Hon John Hutton, MP.

Rt Hon John Hutton MP

Secretary of State for Work and Pensions

Digby, thank you very much indeed for that and you'll be glad to know we've now solved all of the pension problems this morning. I am very, very pleased to be here this morning, to offer my very strong support for the skills pledge and to welcome the decision of so many of our leading companies to getting involved in delivering such an important step up in the training and support available for their staff.

My view is very simple. I think investing in the skills and talents of our people is the only way that we can meet the challenges that Lord Leitch has set out. The only way to grasp the opportunities presented by an ever more globalised labour market and to ensure our future economic prosperity as a country. We have made real progress in helping people into work over the past decade. Yesterday's labour market statistics I think in particular marked 10 years of progress with a reduction in the claimant count of nearly three quarters of a million and employment up by 2.5 million in the UK, the best performing country in the G8.

Of course, there are new challenges now that we must rise to. In particular, helping individuals to acquire the skills, confidence and ambition to progress up the career ladder must be now become a poor ambition of our welfare system. The old labour exchange of

the past, where labour seeking work met employers who were anxious to hire, was changed fundamentally and must now become the skills exchange of the future.

Achieving that will mean finding a new place for skills at the heart of a renewed welfare contract for the new century. A new approach to skills based on a simpler, clearer and more coherent system of delivery that meets the needs of both businesses and individuals. The new Commission for Employment and Skills will be at the forefront of this new, dynamic approach.

One part of this must be an earlier and more focused assessment of the skills needs of those who are currently out of work – an assessment that is clearly grounded on an understanding of what employers need, properly integrating that assessment into the system of welfare support.

The other part of the equation must be in-work skills training. We know clearly that workplace learning increases average job tenure with a consistent and significant impact on earnings and productivity and much more so than adult learning or government-provided training programmes. Our welfare to work system must therefore raise its game in skills. Training British workers for British jobs will be crucial, not just for our future economic prosperity but also for our ambition of a fair society.

If we are to reach our goals of a record 80% employment rate in this country, we have to ensure that employees have the skills their employers need. So I do believe today is an important step on the road to achieving that goal. If we can build on this partnership approach today with employers, then I believe our people can look forward to the future with much greater confidence that we can achieve the goal of truly world class skills that Sandy Leitch has set us, and with it our ambition of a fair society with equal rights and opportunities for all. Thank you very much today for your support for the skills pledge. That's all I have to say this morning, thank you very much indeed.

Digby Jones

Can I just ask you a couple of questions on the back of that, John? I'm very grateful that you've given up your time and it is so important. How does that all fit with the pensions agenda? In other words, we're all going to live longer – thank God – we've all got to save more for our retirement and I'm leading the witness a tad here, but if we don't have skilled people we ain't going to pull that one off, are we?

John Hutton

Well look, it's a very dangerous thing to give me a microphone again. The skills agenda and the pensions agenda in one sense and one dimension, Digby, are fundamentally connected because the whole concept of saving them and saving for your retirement is linked to your ability to save, and that increasingly therefore is your ability to work and that depends on the level of skills that you have. It is the other flip side of the coin, there's no question at all about that. We are trying to make it easier for people to save, but that is predicated on the assumption that it's easier for people to work and to progress up the career ladder. So the two things are instrumentally linked together.

Digby Jones

Secondly, at the end of the day, if we have a society in which we do not do this, it is this important – in others words, we remain with 7 million people who can't read and 11 million people who can't add up – 20 years from today, give me your idea of what Britain will look like.

John Hutton

Well, we'll be struggling to hold our place in the world. We cannot do that. There are 7 million people maybe who can't read and write properly, but there are 10 million people who aren't saving for their retirement too. I think the choice for us is a very simple one. I think we all want our country to be dynamic and successful, to be an open economy and an open and fair society and to meet the global challenge. We've got to deal with this fundamentally, this issue of the level of skills. We have, I think, one of the poorest educated workforces in the European Union, judged by the skills and qualifications level.

We cannot build this sort of prosperous, open society if we don't make changes now to our investment in skills and the priority we attach to skills. I think the options facing us will be very stark indeed if we don't go down this path.

Digby Jones

John Hutton, ladies and gentlemen. Now we have one or two very important people who are about to join us. Today, they will announce the new chairman for Commission for Employment and Skills. I'm thrilled to bits. I'm so pleased this guy has got the job. He has been a friend of mine for 25 years. He has been my partner and he's also been the chairman of one or two organisations that have really put business into the community. He's about to become the chairman of BT. He is Sir Michael Rake. He's going to come and join us.

With him is the Secretary of State for Education, Alan Johnson. But it gives me enormous pleasure to say that leading both those two gentlemen onto the stage is the future Prime Minister of the United Kingdom, the current Chancellor of the Exchequer, the Rt Hon Gordon Brown, MP.

Now all you guys were fabulous and you all came and signed the pledge, you physically signed the pledge. Those companies who didn't actually get the time before we kicked off to do so, afterwards you can. There'll be the photographer and there'll be some time with a few people who can be photographed with you as well. But there is one here for HMG because I think we've always agreed that if you're going to ask people to do it, you do it yourself don't you? And so, big employer – huge employer of unskilled people, so they've got the challenge like we all have.

Two of the most unskilled are with... No. What I thought would be a good idea is if both Gordon and Alan were to sign it just here. Now there's no going back. Thank you very much gentlemen. The future prime minister.

Rt Hon Gordon Brown MP
Chancellor of the Exchequer

Can I say first of all, what a privilege it is to be here this morning. It is a measure of the importance that we attach to building our skills in this country that so many of our country's greatest companies are represented here today. Companies from manufacturing, from retail, from energy, utilities, small businesses, medium sized businesses and large businesses, government ministers from all departments here – you've just heard John Hutton, you're just about to hear Alan Johnson and there are other ministers here today.

I want to thank all of you for your commitment to what is the central task of the next few years, and that is building a strong economy in our country through building the skills in our economy. All of you who have been working, first with the Leitch review, secondly in your own companies to build up the skills of your employees and now with the creation of this commission, it sets before us a national mission for this country that in next few years, we will make sure that those who are unskilled have skills, and we'll make sure that those who have skills have better skills.

All of us are partners in this exercise. I think it's excellent that 150 companies have already signed up. This represents 1.7 million employees already. We have not only the private sector represented here, we have the armed forces, we have every single government department. We have the public and private sector working together for a common purpose. I think it reflects this truth about our country, that Britain works best when Britain works together, and that there's a partnership. It is enshrined in the partnership that government has responsibilities, employers have responsibilities and employees themselves have responsibilities and this is the only way we can build skills for the future in this country.

This has also been an exercise in consultation, and I thank Digby – you are now an impresario of MC as well as the evangelist for skills around the country. I thank you for going to so many places around the country, every region of the country, and putting the case particularly to small and medium sized employers that they should take seriously the skills of the country. I thank Sandy Leitch for doing the report that he's done that has set out to improve the skills levels of this country. It has been about consultation.

Historically, as some of you know, the Treasury that I'm chancellor of has not been very good at consultation and you haven't hugely praised us for our ability to listen. In fact, there's a story told about a century ago. When the Ministry of Defence and the Treasury were fighting each other over how many warships should be built in the period before the first World War, and the Treasury said there should only be four, after the Ministry of Defence had demanded that there be six.

Some bright spark in the Treasury said 'Let's put it out to public consultation and see what the public thinks', being absolutely sure that the public would vote for low spending and therefore for just four. We had the public consultation organised by the Treasury. Four, said the Treasury. Six, said the Ministry of Defence. The public said eight. Remember that famous slogan, 'We want eight and we won't wait'. It was actually a mass campaign and the Treasury decided not to consult anybody for another 100 years.

But we have learned, I hope in the last few years, and we are now building the partnership that matters. When I go around the country – and I have been in so many different parts of the country in the last few months – and you see people who had no skill not becoming confident in themselves because they now have a skill and something to contribute to the economy. Then you see someone who has retrained from an old skill and getting a new skill and feeling that they now have a part to play when previously thought they might be unemployed.

Then you see young people, and they have a huge challenge here because there are young people who are falling through the net. Those that can make the transition to an apprenticeship and then move forward – that again is a huge sign, not only of personal confidence that you see, but the country itself better off as a result.

I believe if we could build this partnership over the next few years, and build it in the strongest possible way, this is the key to the success of a modern economy where global economic competition can only be met not by low-cost manufacturing and low-cost services, leading the world from Britain, but by high value added, which depends on high skills and that depends on our ability to be creative and entrepreneurial as well as educated as a result of the skills training that we're talking about today.

This is huge opportunity for our country and I hope that when we look at the facts – I heard John talking about it just as I came in – but I've always had in my head this figure: there are 6 million adults and young people in our economy today who do not have basic skills. That is a failure we should all recognise that has got to be addressed. There are 3 million only of these people in work at the moment, because many are inactive because they're on incapacity benefit and others are inactive for other reasons.

By 2020 we will need only half a million unskilled workers in our economy. So if 6 million people are unskilled, 5 million and more of these will have to either find skills or they will be unemployable. In a country like ours they will both be forfeiting their right to an income, and also a social security cost that has to be addressed. But we have 9 million graduates and will need 14 million graduates over the next few years. Essentially, we have got to transfer people who have no skills at the moment into themselves having skills, and then for those people who've got skills at the moment, persuade them to get skills that are better. That's what the partnership is about.

The government is prepared to make the contribution in finance. Employers are prepared to give the time off as well as the contribution in finance. The employees challenge – now the TUC and Brendan Barber are here today and there are 12,000 union learning representatives in the workforce, they also have a part to play.

Today we are celebrating work that has started, we are committing ourselves and dedicating ourselves with these pledges to the future and today also – and I'm very pleased about this and Alan and I have been working on this for some months – we're able also to usher in the Commission for Employment and Skills and I'm delighted that we have one of our country's leaders, leading in the business community, leading in the community of charitable work and corporate social responsibility who's agreed to become chairman of the commission.

Mike Rake, as Sir Digby has said, is well known to us for his work at KPMG. He is also well known for his charitable work but also for his work in that capacity as chairman of Business in the Community. He has led Business in the Community into this new era

where just about every company that I know now other takes serious its corporate social responsibilities. Mike has been very important in making that happen.

It is with a great deal of pleasure that we usher in this new era, which I believe is an era of empowerment for people without skills now having a chance to get skills, an era of partnership where we are committed now to working together in the national interest in a way that we haven't done as effectively as we will do in the future before. We are committed to entering this new era with the chairman of the Commission for Employment and Skills, and I ask to welcome him today, Sir Mike Rake.

Sir Michael Rake

Chairman of the Commission for Employment and Skills

Chancellor, thank you very much indeed. For all the reasons you've laid out, in which I passionately believe, I am delighted to be appointed chair of the new Commission for Employment and Skills. I would like to thank the Chancellor, Alan Johnson, John Hutton, Alistair Darling and ministers in the devolved administration as well, including Alex Salmond and Rhodri Morgan and Ian Paisley for having the confidence in me and the work of the commission so that we could move forward throughout the United Kingdom.

I absolutely do not underestimate the scale of the challenge which the UK is facing in today's global economy. I have recently come back from China, and have seen it first hand again, the enormous changes in Chinese industry. As we all know, wages are only 5% of those in the UK, but we must not fool ourselves that either in China or in India they are going to stay at the low wage level. They are not. They are investing in technology and education right throughout their countries and will provide much more in terms of high skill manufacturing and value added.

Therefore, as we all know, the UK must respond to this global challenge and requires a really effective partnership between the public and private sectors for all of us to invest in the skills that will enable us to compete with Asia and other global competitors and reduce this productivity gap that we have frankly speaking, not only with the USA but also with France and Germany. It is very much about as well as the advanced skills we need, if we don't have the basic skills we can't get into the advanced skills. We must do it.

The government has put in significant investment into education and skills, and there have been improvements in these results right across the four nations of the United Kingdom. Employment is at a record high with more people in jobs than any other time of our history, but we cannot be complacent for the reasons the Chancellor laid out. We all know what is happening and the things that we need to do. We need to acknowledge more needs to be done to help to tackle worklessness, to help low-skilled adults, to help those who cannot get into employment, to stay in a job and re-educate and move on.

We must ensure that the unemployed in London, Edinburgh, Cardiff, Belfast and the rest of the United Kingdom have the necessary skills to take advantage of the UK's dynamic and flexible labour market, much admired right the way around the world, by the way.

Everyone has a stake in delivering what we've come to call the Leitch agenda. The new commission will need to take account of a wide range of perspectives and interests. We'll need to work with employers, unions, learning providers, lobby groups and the complexities of the four nations. Not to say the complexity of the structure we already have in place at the moment.

The task is considerable and one size clearly does not fit all. I know many of you maybe in this room, and outside of this room, may be cynical that this is simply another government quango here to tinker around the edges and tell business what to do, but I personally would never have accepted this appointment unless I had the commitment that this is not going to be like this, that the Chancellor and the government is fully engaged, that we are engaged in a political situation. We all believe that we need to move forward on skills based on the leadership agenda.

In a day for pledges, I would just like to make this one to you: that if we all work together, large and small business, government and voluntary sectors, union and individuals and the Commission for Employment and Skills will be successful. Although this challenge is obviously daunting I think the prize is great. We can't afford not to take up the challenge or the subsequent generations will blame us. We owe it to all the people in the United Kingdom to ensure they have the skills necessary to secure and keep a job and to ensure that this country remains amongst the best in the world to work in and to live in. Thank you very much.

Digby Jones

Michael Rake, ladies and gentlemen. As you know, my vision of a skilled United Kingdom, a country that is made for globalisation in so many ways, it will only come about if we put skills ahead of political vested interest, ahead of religion, ahead of faith, ahead of community, ahead of anything and on either side of any divide. And I would just like to say that the next speaker is somebody who, while I was in Richard's job, I found always actually had this fabulous way of blending different vested interests into a common goal.

I publicly wanted to thank Alan, because in my time at the CBI he made my job a little more easy by always never losing sight of where we were all trying to get to. Ladies and gentleman, Secretary of State for Education and Skills, Rt Hon Alan Johnson, MP.

Rt Hon Alan Johnson MP

Secretary of State for Education and Skills

Thank you, Digby, it's a great pleasure to be here. Just to say, Mike, we are making advances on skills. Gordon took no time at all to remind me that we've actually closed the skills gap now with Germany and we're actually moving ahead of Japan. There is so much more to do but I think with your efforts we are really making progress. Today is first and foremost a celebration and I'm delighted with the enthusiastic that we've had to the Leitch review. Because we'll need every bit of that enthusiasm if we are to successfully meet the skills challenge, which Sandy so eloquently described in his report.

Of course, having the Chancellor of the Exchequer here and the Prime Minister designate, just shows the commitment we've got in government to this agenda. I think with businesses and trade unions, with everyone working together, as Gordon says, we can really establish the necessary partnership. In July, we'll publish the implementation plan on the Leitch report, but today we're making three important announcements: on the pledge, the commission and the skills academy, underscored by one common theme, which is that if we want control over our destiny, then we have to take responsibility for our skills.

That's why I'm delighted that 150 employers covering 1.7 million employees have signed the skills pledge. We were going to call it the 'Johnson's Pledge' but there's a copyright on that. This really does represent a commitment by these companies to help all of their employees to develop basic literacy and numeracy skills, leading towards level two. With my department providing the resources together with the necessary expert brokerage service through our very successful Train to Gain programme.

The second announcement is to welcome Sir Mike Rake as chair of the new Commission for Employment and Skills. The commission will play a central role in ensuring that this radical programme works and that Britain's skills needs are met. We really wanted to have the chair in place as early as possible.

Michael is a brilliant acquisition for us, having been the driving force behind KPMG's award winning corporate social responsibility programme and destined to take up the role of chair of British Telecom. I suppose you could call that Rake's Progress, Mike. We are looking forward to working with him.

Our third announcement is that four further national skills academies will be established in building products, in print and process manufacturing, in sport and leisure, in fashion, jewellery and textiles and in retail. The existing skills academies are already making an enormous difference and I am delighted to be able to add to them and I look forward to expanding the number of skills academies even further in the future.

We are all committed to working together on this agenda, because it provides the key to unlocking our ambitions, enabling individuals to achieve their potential, allowing businesses to expand and grow, equipping the nation to meet the challenges of globalisation. You know, in the past, the issue of skills and indeed education was seen as an issue of social progress with a kind of economic stability dimension. Now more so than any other time in our history, it's an issue of economic stability with a very important social progress dimension.

I would really finally like to end by thanking Digby for championing this cause so effectively. He's doing this in his usual shy and timid way, but really because Digby has always been passionate about skills. With your help, that passion will become all-prevailing and our country can become truly world class in skills provision. Thank you very much for your attendance today and thank you for all you're going to do in the future.

Digby Jones

Thank you, Alan, and that is it. Now, you have one more role to play which is that we would like one picture of everybody here on this stage, with Gordon and Alan, and Mike; with Brendan, John and Richard; with Bill Rammell and Phil Hope who's here - lovely to

see you, mate, well done; with Sandy, because you're not getting away from this; at the front, and then all of you on this stage because you clearly care. If you didn't care you wouldn't be here.

What I leave you with is this. As I said, there are millions of people today who don't understand just how important today is but who will benefit from today in ways that you can only imagine. It all started today. I want you in years to come to think 'I was there, on the day that we actually started to make a difference on the one thing that's going to put the ball in the net for this fabulous country', so that we get to a position where our kids say thank you.

I want never to be in a position where our kids never forgive us. Thanks for coming.

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