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Skills and Learning Intelligence

Quarterly

Bulletin

Vol.3 December 2001 **Special edition – Adult basic skills in the workplace**

With current talk of a recession, what are the prospects for employers in the South West? In this issue we take stock of the economic situation as it affects us here in the region. Amer Hirmis, Chief Economist with the South West RDA, gives us his thoughts on the economic prospects for the South West. As you will see from the article, whilst the region's industrial structure may prove its strength in weathering the economic storm, there is no room for complacency, least of all in the skills arena.

Sadly, it is an all too real fact that one of the first areas to face cut backs during times of economic downturn is training budgets. As firms, large and small, cut costs to stay competitive, training is often seen as a luxury, but is it? Evidence suggests that it is those companies that invest in their workforce and improve their productivity that are most likely to weather the storm.

Indeed this link between skills acquisition and increased productivity is central to the latest government strategy aimed at improving the productivity of the workforce. It is estimated that a significant part of the difference between productivity levels across countries is accounted for by a skills gap. The UK's Competitiveness Indicators suggest that the origin of this skills gap arises from deficiencies in intermediate vocational qualification.

That productivity is now high on the Government's agenda is clear from the publication this month of the Performance and Innovation Unit's report on workforce development, In Demand: Adult Skills for the 21st Century. It is an ambitious report which sets out a strategic approach to workforce development. The report recognises that Government itself has to deliver a more effective framework and better cross Departmental collaboration, if it is to succeed in delivering a highly skilled, more productive workforce, or the type of skilled workforce required for us to compete in a harsh global climate. This will surely be welcomed by those who have witnessed the lack of joined up thinking across government departments in trying to tackle this issue in the past. We review this report and the key elements of the strategy later in this Bulletin.

Many of the proposed elements of the strategy have been picked up in the Chancellor's recent pre budget statement. This includes a package of measures to raise productivity by promoting enterprise and skills, including proposals to give lower skilled working people greater access to training and tax incentives to boost research and development and investment in disadvantaged areas.

In our profile interview, we also talk to Sue Turner of the South West CBI. We ask her how business in the region is reacting to these developments and about her role.

Finally, a plug for the South West Business and Economy Module (www.swbem.org.uk) of the South West Observatory, whose first Bulletin rolled off the press last month. If you are interested in keeping up to date with business and economic life in the region, the Business Economy Module is there to help.

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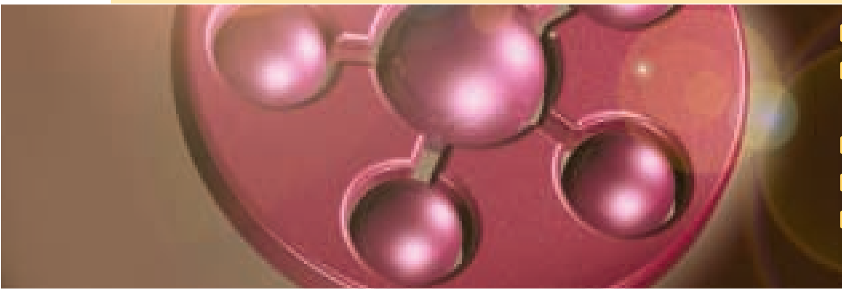

Economic Prospects

Overview

Even before the events of the 11th of September, the impact of the US slowdown was the dominant issue in macro-economic discussions and it is still too early to fully assess the impact of these terrible events.

This article gives some initial thoughts on the main issues for the South West region in the context of reviewing global, national and regional economic forecasts.

The IMF released their forecast for the world economy in late September. They did not make quantitative adjustments for the attacks but did offer a discursive analysis of the likely effects.

The main features of the IMF's latest forecast in comparison to the previous forecast in May, include a significant downward revision of global growth to 2.6%, 0.6% lower than expected in May and much lower than the 4.7% growth recorded in 2000. In 2002, world growth is expected to recover to 3.5%, a 0.4% reduction from the last forecast. World trade growth is also expected to contract: 2001 growth in trade volume has been revised down by 2.7% to 4%, much lower than the 12.4% growth recorded last year.

The downturn in confidence that began in Germany towards the end of last year has widened and deepened. As a result, 'euro zone' growth has been revised downwards by 0.6% to 1.8% for 2001. The forecast for 2002 has also been lowered by 0.6% to 2.2%.

The IMF believe that Japan has re-entered recession. Emerging markets are expected to be badly affected by the global slowdown and some gloomy local conditions. This is especially true for Latin America, where growth for the region in 2001 has been revised down by 2.0%. Although parts of emerging Asia are expected to suffer, China's growth will remain very strong at above 7%.

The UK

The post-September 11th consensus average for the UK GDP growth is now 1.9% for 2001 (revised down from 2.1%, pre-attack), and 2.1% for 2002 (revised down from 2.6%).

The most obvious impact upon the UK is likely to be a contraction in the aviation industry[1]. Linked to this is the expected fall in tourism revenue, a sector already suffering from holiday visits being down by 11% to August this year, in part as a result of the foot and mouth crisis [2].

The most widespread effect is likely to be on manufacturing industry, as exports are hit by a more marked global slowdown. UK manufacturers may also have experienced some disruption to their supply chains, resulting in a short-term impact on output in the immediate aftermath of the attacks, as flights from the US were suspended.

A slowdown in the world economy may also be transmitted to the UK through falls in business and consumer confidence. A significant downturn in stock markets can generally be expected to impact upon businesses' ability to raise new finance for investment, and to bear upon consumer spending through reductions in wealth. As well as aviation companies, firms with exposure to insurance losses have seen their share prices fall significantly[3]. There is, however, a strong policy response to support the economy. The Federal Reserve and the Monetary Policy Committee (MPC) cut the rates by 0.5% and 0.25% respectively in September, and cut rates further at their scheduled October meetings, the Fed by 0.5% and the MPC by 0.25%. The MPC's view is that although the direct impact on the UK economy will be less severe than in the US, the weaker world outlook and increased uncertainty have set back UK business and consumer confidence, and may, for a time, restrain business and household spending.

The Overall Regional Picture

Differences in regional economic structures mean that the impact of the slowdown will vary across the UK. Since manufacturing is expected to slow faster than services, those regions which have an above average share of manufacturing, are likely to have relatively weaker output growth. For example, although textiles is only 4% of UK manufacturing, in the East Midlands it accounts for 10% of the region's manufacturing base.

However, the SW is relatively insulated from the economic slowdown compared with other regions (e.g. Midlands), having a much lower proportion of fast declining industries (DTI. October 2001).

for the South West

The South West region

The recent events in New York are likely to have a short-term impact on the economy as a whole, as consumer and investor confidence is affected – especially impacting on tourism, air transport, financial markets and other business services. Defence-related sectors are likely to see short-term benefits. The SW economy is reasonably insulated from the most direct effects of the terrorist attacks and (possible) US recession. The region is not a strong exporter and is not heavily dependent on Foreign Direct Investment. Nevertheless, the eastern parts of the region are exposed to impacts arising in the financial services and technology sectors.

The South West has had one of the stronger economies amongst the English regions. Since 1994, it has registered around 3% average annual growth of GDP, near or in some years above UK average growth rate. This growth is predicted to continue over the period to 2005 – though different economic scenarios indicate a growth rate of between 1.9% and 3.2%. In the current macro-economic circumstances, growth of around 2% is more likely.

The South West region exhibits notable strengths in a number of industries, for example, aerospace, pharmaceuticals, optical and electrical equipment and marine technology. It also has thriving business services, wholesale/retail distribution and personal service activities. The region exhibits a long-term strength in ICT, although recent global downturn in the hi-tech industries has affected investment and employment levels in some parts of the region, for example Torbay, Plymouth, Swindon, Bournemouth and Bristol areas.

Examples of sector strengths in employment terms between 1991 and 1999 include:

- optical and electrical equipment created 7,426 new jobs (18.49% increase)
- manufacture of food, drink and tobacco created 9,771 new jobs (28.33%)
- manufacture of timber, rubber and plastic created 10,050 new jobs (28.37%)
- construction created 21,657 new jobs (32.78%)
- wholesale/retail distribution created 83,345 new jobs (28.67%)
- financial and business services created 72,854 new jobs (29.06%)
- ‘other personal services’ created 29,927 new jobs (47.82%).

HM Customs & Excise figures show that exports from SW region rose by 18% from £8.2bn in 1999 to £9.6bn in 2000 compared with 14% in England.

On the other hand, the region has shown certain weaknesses. Again, in employment terms:

- Agriculture lost 10,678 jobs during 1991-99 (24.34% decline on the base year)
- Manufacture of textiles/ products, leather/products lost 6,045 jobs (30.51%)
- Electricity, gas and water supply lost 12,582 jobs (52.19%).

Overall, while the region has certain strengths, this is not a cause for complacency. There are specific, and significant, sectors which need particular support in order to maintain sustainable economic development in the region. As just noted, these include agriculture, traditional manufacturing (e.g. ICT, textiles) and tourism sectors. Manufacturing in particular has been exposed to long-term difficulties faced by UK industries, in the context of increased global competition and restructuring of regionally important sectors, such as defence.

Supporting the South West region's economy

There is already a recession in certain industries, with more job losses in the IT sector and in manufacturing generally, which will be accentuated by the strength of sterling.

If the UK demonstrates a willingness to join the single currency, this will make foreign direct investment less difficult to attract and may encourage indigenous companies not to move abroad.

In the short term, the east of the region is more exposed to impacts arising in the technology sector and in financial services. It is also most likely to experience the impact of any cutbacks in international tourism. The western parts of the region may benefit from increased tourism, to the extent that UK residents may substitute domestic for foreign holidays.

Over the longer term, one of the region's key clusters is in defence and the region may experience something of a reversal of the negative economic impact of the ‘peace dividend.’ Spatially the perceived increase in risk associated with major cities may hasten the trend for large companies to disperse from key centres to multiple second tier locations. In the UK, such a trend would particularly benefit locations such as Bournemouth, Bristol and Swindon but also Exeter and Plymouth.

Amer Hirmis
Chief Economist
South West RDA

1. A sector already experiencing difficulties as a result of cuts in companies' travel expenditure and competition from low-cost carriers. In line with carriers across the globe, British Airways have announced they will reduce capacity by 9 per cent, resulting in 7,000 job losses world-wide, and BMI have similarly announced 600 job losses.
2. Visits from North American residents accounted for 18 per cent of overseas visits in 1999, and 23 per cent of spending. Following the Gulf war in 1991, visits from North American residents were down by 22 per cent, resulting in a fall in expenditure of almost £500 at today's equivalent prices.
3. Lloyds of London estimate that their net exposure was around £1.3 billion, significantly less than the £4 billion total in asbestos- related claims between 1988 and 1992. Nevertheless, companies can expect significant increases in insurance premiums as global insurance capacity is reduced.

Research*REVIEW*

In this edition we review two substantial reports published in November. The first, Skills in England 2001, which has been produced in response to the National Skills Task Force's recommendation that there be an annual assessment of skills. The second, In Demand: Adults Skills in the 21st Century, the eagerly awaited report of the Government's Performance and Innovation Unit study on workforce development.

Skills in England 2001 Research Report Review

Authored by Professor Mike Campbell at the Policy Studies Unit, Leeds Metropolitan University, Skills in England 2001, synthesises, reviews and assesses evidence on the demand for, and supply of, skills in England. Seeking as it does to identify the key skills deficiencies and imbalances between the demand and supply of skills, the report provides an invaluable source document for national, regional, local and sectoral agencies seeking intelligence on skills and learning.

Inevitably the report draws heavily on the recently published Employer's Skills Survey 2001 (reviewed in the October 2001 edition of this Bulletin) and so you might expect its conclusions to be broadly the same.

Amongst its key findings it confirms that the overall skill intensity of employment is set to continue to increase, particularly in managerial, professional and associate professional occupations, with most jobs needing more training than previously. Indeed these are also the occupations where growth is expected. Yet whilst new job growth will be important in driving demand for skills, more substantial is the scale of demand for existing skills which will be lost, due to occupational mobility and retirement.

The skills in demand are both job specific and technical skills, but basic skills and generic skills, IT and managerial skills will be in demand across all sectors of employment.

Looking then towards the South West, the report highlights the considerable regional and local variations in the demand and supply of skills. Patterns of sectoral and occupational change across the region is highly variable with substantial manufacturing decline in some regions but only a modest reduction in the South West.

Conversely in the major occupational growth areas of managerial, professional and associate professional jobs, the South West has witnessed only a modest growth when compared with regions such as the South East and London. However, in relation to jobs requiring level three skills, the South West apparently fares well, with substantial increases in level 3 jobs when compared with other regions. Interestingly, this is where the National Skills Task Force identified the greatest skills gap. Upskilling also appears to have been strongest (in the 1990s) within the South West region.

Major variations exist in skill levels, with skills in the Cornwall and Devon LSC area being highlighted as one of those with skill levels substantially below the average for England as a whole. Skills shortages are concentrated in the Southern regions, with skills gaps as a proportion of employment particularly high in the South West.

Key messages on skills supply, demand and shortfall in England in 2001 are handily summarised in a companion document, Skills in England 2001: Key Messages. The 10 key messages arising from the report are:

- Skills are valuable and benefits accrue to individuals, companies and the country as a whole when skills increase
- The importance of skills is increasing with evidence suggesting that occupations which require higher skills are growing faster than those requiring lower skills
- Understanding the demand for skills in the labour market is complex but essential. Many factors need to be taken into account from occupational and sectoral trends through to the impact of globalisation and technological changes
- Improving international competitiveness demands better skills
- Inequalities in attainment and participation must be tackled, meeting increasing skills demands requires us to meet the challenge of raising the skills for the most disadvantaged
- Employers have a vital role to play in tackling skills deficiencies
- Skill deficiencies are most concentrated amongst certain types of employers
- There are a number of skill hotspots, including intermediate level skills, ICT, generic/transferable skills, numeracy, and management
- Regional and Local differences must be taken into consideration
- Using the evidence base on skills is important in policy, planning and service delivery.

The report can be downloaded via the SLIM website or www.skillsbase.dfes.gov.uk/downloads/Skills_in_England.pdf. This is a large document so you may wish to ring DfES on 0845 6022260 for a hard copy of the report (priced at £4.95).

In Demand: Adult Skills in the 21st Century

This report, produced by the Government's Performance and Innovation Unit, is a strategic framework for workforce developments and proposes a "radically different strategy for skills".

The core principle underlying the strategy is the need for a more demand led approach where the demands of employers and employees drive the provision of development for the workforce.

The vision underpinning the strategic framework is that:

"In 2010, the UK will be a society in which Government, employers and individuals actively engage in skills development to deliver sustainable economic success for all".

The report defines workforce development (WfD) as "a new term for training and skills, sitting somewhere between training which has a narrow focus, and education which has a broad focus". The emphasis though is on business need and their definition links clearly to activities which improve the productivity and employability of the individual.

The major prompt for this initiative is the fact that UK labour productivity lags behind that of other industrial nations. The finger is pointed at the relationship between low skills and low investment. The key priority identified is tackling basic skills problems (the subject of our current learning theme!), with the long term aim of every adult having the opportunity to reach level 2, allowing them to progress at work.

Three key attributes are identified for an effective workforce development system:

- Responsiveness to changing demands over time
- Cost effective delivery of high quality development
- Flexibility.

The strategy itself has three key elements and the report then goes on to suggest a range of more detailed policy approaches to underpin delivery:

Stimulating demand

Developing a demand led approach

This recognises that it is the demands of employers and individuals and not providers that should shape the type and quantity of WfD provision. The most effective way of doing this is seen as putting the purchasing power in the hands of individuals and employers.

Stimulating employer demand

The strategy recognises that employers engage in development in order to build their businesses and make profits. Helping employers rethink their business and organisational strategies around more ambitious goals is therefore key. Delivering this will require a greater integration between services aimed at supporting business workforce development. There is a commitment to a cross cutting review of business support services by DTI and Treasury aimed at building upon the crucial relationship between business support and WfD.

Networks and benchmarking will also be important and the report stresses the potential role of the new Sector Skills Councils in promoting best practice and driving demand.

Stimulating individual demand

Promoting benefits, removing barriers and providing information are essential to stimulating demand from individuals. Emphasis is placed on information, advice and guidance systems, which whilst improved, need to be further developed. Trusted intermediaries, such as informal workplace advisers are also seen as a potential help. In terms of placing purchasing power in the hands of individuals then a type of Individual Learning Account is highlighted as a potential option.

Increasing capacity on the supply side and raising quality

Providers will need to constantly update their provision of services to meet ever changing needs of a demand led system. Private, voluntary sector and other providers will be able to compete on the basis of effective services and value for money, with public providers such as FE colleges. On the quality side there will be a need to build upon the quality standards set down by the LSC through better training of staff, consistent quality standards and better information about standards for consumers of these services.

A clear Government Framework conducive to the above

This emphasises the need for a cross departmentally agreed vision across the relevant departments of Treasury, DfES, DWP and DTI, with shared outcome targets and clear accountability for delivering the strategy.

Excellent labour market information and intelligence is emphasised together with the need for one single co-ordinator for LMI. Better funding systems and more flexibility in the qualifications system allowing for credit accumulation to allow qualifications to be built up over time are also proposed.

The PIU will now be consulting widely on implementation and taking the strategy forward as part of the 2002 spending review. A further report will be published in July 2002 setting out details of Government action and a timetable. Watch this space…..

The full report and working papers can be downloaded from the Cabinet Office website which features all the reports and projects of the PIU. The final report can be found on www.cabinet-office.gov.uk/innovation/2001/workforce/report/Finalrep.pdf.

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Research and information sources

Abstracts

The SLIM online database now has over 820 entries relevant to the South West skills and learning agenda. A search for terms such as "sector" and "productivity" reveals some of the following publications:

Meeting the Sector Skills and Productivity Challenge (October 2001) and **Sector Skills Council Development Plan** (November 2001).
These two reports by DfES set out plans for the establishment of the new network of Sector Skills Councils (SSCs) which will fund and support employer-led training and development initiatives. They can both be downloaded from the Sector Skills Development Agency web site at www.ssda.org.uk/publications.html.

Not Very Qualified: Raising Skill Levels in the UK Workforce (November 2001).
This report, by the Industrial Society, looks at the reasons for political intervention in workforce development as well as the potential policies that have been widely discussed in the review process. It explores a number of issues, including: Why does the UK have such a poor productivity record? Are skills really are the main route to improving business performance? What are the rights and responsibilities for identifying and providing various types of training and development? And what is the likely impact of the policy recommendations from the government review?

To find out more about the Industrial Society, visit www.indsoc.co.uk.

Employers Skill Survey 2001: Statistical Report (September 2001)
This document gives the results of the latest national employers skills survey, conducted by the Institute for Employment Research on behalf of the National Skills Task Force. Findings for the South West reveal an increase in the severity of skills gaps since 1999. The report can be downloaded from the Skillsbase web site, along with other ESS publications, at www.skillsbase.dfee.gov.uk/reference/reference.asp

UK Competitiveness Indicators: Second Edition (February 2001).
This report is an international benchmarking study of the UK economy designed to assist both government and UK business. This second assessment indicates that in many respects the UK is well placed to meet the challenges of the global economy. However, the UK is less prepared than many other industrialised nations in regard to basic and vocational skills and in creating a business culture that encourages risk-taking.

The full report can be downloaded from www.dti.gov.uk/opportunityforall/indicators2

Other recent additions to our database include:

- **The changing welfare state: employment opportunity for all** (November 2001).
  This Paper sets out the Government's strategy for extending employment opportunity to all those out of work, including many people such as lone parents, older workers and disabled people, who in the past have often been condemned to a life on benefits
- **Skills for Life: The Adult Literacy & Numeracy Delivery Plan** (November 2001).
  This delivery plan outlines how the Learning and Skills Council will improve the literacy, numeracy and language skills of the nation in the initial years of its operation and how, with its partners, it will build the foundations for long term successful action in improving literacy and numeracy skills in the future.
- **The Potential for Call Centre Employment Growth in South West England: An Update** (October 2001).
  A report, by the University of Plymouth Business School, which examines the level of call-centre activity in key locations in the SW relative to the main UK urban locations outside London
- **Local Economic Trends** (October 2001)
  A regular economic review for Swindon.
- **Strategic Workforce Development Plan 2001-2010: Plymouth Travel-to-Work Area** (September 2001).
  The purpose of this document, produced by the Plymouth Learning and Skills Partnership, is to support the development of strategies through which local agencies responsible for education, employment and workforce development can work together to rapidly and sustainably raise the overall educational and skills standards of the workforce within the Plymouth travel-to-work area.
- **European Social Fund Co-financing Strategy 2001-2003** (August 2001).
  This document, by the Learning and Skills Council, sets out a draft co-financing strategy on how to channel both ESF money and the associated matched funding to Providers in a single funding stream. The strategy aims to identify the priorities for the LSC WoE to provide additional learning opportunities that are not covered by Government funded programmes.

The SLIM database can be searched online at www.swslim.org.uk/database.asp

To search the SLIM database, simply go to the *Database* page and enter your search terms. Results can be listed by title, publisher, release date (if available), or latest additions to the database first.

Events

Adult Basic Skills in the Workplace, 08-Jan-02
This is the culmination of our ongoing e-mail discussion and is supported by a series of research briefs. The workshop brings together participants to reflect on the findings and discussion and to develop recommendations for our Final Report. This will be distributed widely in the region and fed back to policy makers by Theme participants.

Venue: Dillington House, Ilminster, Somerset TA19 9DT, tel. 01460 52427, Fax 01460 52433, dillington@somerset.gov.uk
Contact: Dr Andrew Dean, Marchmont/SLIM, University of Exeter, St Luke's Campus, Exeter, Devon EX1 2LU
Tel: 01392 264850 Fax: 01392 264966,
Email: a.dean@exeter.ac.uk

e-Learning in social policy and social work: first steps - 11-Jan-02
A one day workshop to encourage the exchange of ideas, action planning and practice. To include: Exploring starting points; sharing processes of development; identifying needs; identifying and finding support.

Venue: University of the West of England, Bristol
Contact: Ms Mary Locke, SWAPltsn,
Faculty of Social Sciences,
University of Southampton, Southampton. SO17 1BJ
Tel: 023 8059 7782 Fax: 023 8059 2779
Email: m.locke@swap.ac.uk
Website: www.swap.ac.uk/Resources/News/Events.htm

ICT and Adult Learning, 30-Jan-02
A conference to consider and review the current use of ICT to deliver and support learning. It will bring together adult learning practitioners from all sectors. A consultation exercise will be included in the event to help inform the development of an adult learning strategy. Aimed at adult learning practitioners, staff from adult education services, local learning and skills councils, voluntary and community organisations, further education colleges and trade unions.

Venue: The Waterside Conference Centre, Wigan
Co-ordinator: Mark Walton, NIACE,
21 De Montfort Street, Leicester LE1 7GE
Tel: 0116 2044257 Fax: 0116 254 8368
Email: mark.walton@niace.org.uk
Website: www.niace.org.uk/Conferences/ICT-AL.htm

Roles & Responsibilities in Co-ordinating Basic Skills and ESOL, 30-Jan-02
Second of two linked days for basic skills and ESOL co-ordinators in colleges or adult education.

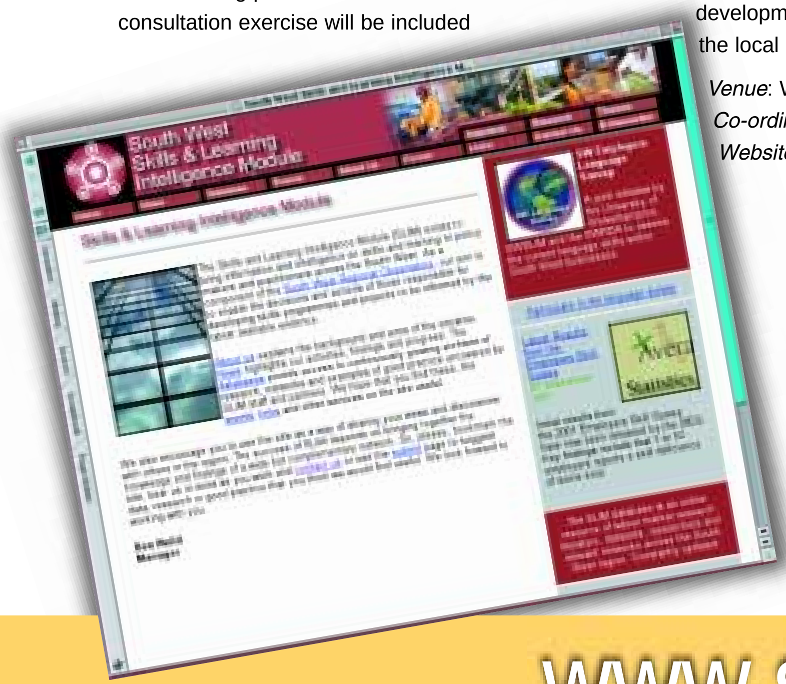
The aim of this course is to develop participants' understanding of the functions expected from a Basic Skills or ESOL co-ordinator and to equip them with the management tools, techniques and skills to enable them to carry out those functions more efficiently.

Venue: London
Co-ordinator: Learning and Skills Development Agency, Citadel Place, Tinworth Street, London SE11 5EF Tel 020 7840 5381/2/3, Fax 020 7840 5406

Vocational Education and Access for All, 26-Feb-02
What is the core mission for adult learning in colleges?

The conference will aim to consider the competing roles and traditions in the sector and to identify if there is a core mission for adult learning in colleges. The conference will be of interest to Senior Managers and others concerned with strategic planning and development in colleges, higher education and from the local LSCs.

Venue: Woburn House, Tavistock Square, London
Co-ordinator: NIACE
Website: www.niace.org.uk/Conferences/FE.htm



slim quarterly bulletin is produced by
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who's who in the south west

Interview with Sue Turner, Regional Director for the CBI in the South West.

1 Hi Sue, could you first tell us a little bit about yourself and your background?

Armed with a Law degree from Bristol University I joined an international plc as a graduate trainee and then joined the CBI in 1992 as the South West's Assistant Regional Director. In 1995 I became the Regional Director.

2 What exactly is your role, and the role of your organisation in the region? How do you support regional businesses?

The CBI is the UK's leading business lobbying body. We work with members - businesses of all types and sizes - to come up with the best ideas for how UK, European and international governments should set the economic climate so businesses can prosper. We then have to lobby to get our ideas accepted. We also have to fight against ideas which governments and others come up with which would damage the prospects for business.

The Regional Director's job is to keep our existing members happy by involving them with this policy making and lobbying work and to persuade more companies to join the CBI.

Different businesses get different things from CBI membership. Some like it because they need the CBI to gain access to the top levels of decision-making. Others want to feel part of a network which can support them and where they can exchange ideas on how to run businesses better. Many like to socialise with other business leaders so they can form new contacts and do business together. In the South West we help businesses by involving them in our policy forming and lobbying work; by running best practice events; by providing a range of other opportunities to meet throughout the region.

3 How seriously does the CBI take the apparent lack of skills, in particular basic skills and craft skills, currently found within the UK economy?

We take this very seriously - poor basic skills amongst adults are a national disgrace. Seven million adults - that is over 20% of the workforce - are functionally illiterate or innumerate and half of them are employed. Their lack of basic skills is a key problem holding back the performance of individual companies and the UK as a whole.

4 The Government appears to be seriously considering a number of key changes to promote additional skills training in the workplace including tax incentives and time-off for training. How does the CBI feel about these proposals and what would it like to see done to promote greater skills development within the UK?

We are delighted that the Government will be launching a tax credit to encourage people to take courses to improve their skills and we are encouraging measures to help smaller firms cope when people are away on training courses. The CBI, together with the TUC, has recently published a study of how skills can be improved to help productivity - I can't give you the details yet, but watch for more on this in the media. We have developed a special toolkit to help companies to identify where their biggest issues are in people management. It is called Headstart and it helps companies to benchmark what they do against other firms - that way they can improve by learning how others are succeeding.

We are also encouraging the newly formed Learning and Skills Councils to get to grips quickly with their wide agenda and ensure that their activities are focused on linking learning to work.

5 5. We appear to be approaching an economic downturn for the region due to events elsewhere in the world. Our lead article suggests the sectors most likely to suffer in the region are tourism aviation and manufacturing. What are the CBI doing to help combat a possible downturn and what else would they like to see other organisations doing?

We think that UK GDP will grow by 2.3% this year, 1.7% in 2002 and 2.6% in 2003. The Government is more optimistic than this which worries us because they could be wrong, so we are lobbying Gordon Brown to come up with a Plan B - a range of tax cuts which he could bring in quickly if there is a steeper economic decline than he is expecting. He would need to focus on key sectors where tax cuts would support investment not just for the short-term but for the long term too. The CBI is also working hard to tell the Chancellor that he must not increase taxes on business. We are already paying £29 billion extra in business taxes over the last 5 years so business just cannot afford to find more either to cover a shortfall if there is a severe downturn, or to finance new government public sector spending - for example on the NHS.

We are working internationally through the World Trade Organisation to open up world trade; at the European level we are lobbying against new directives which would make European businesses less able to compete; here in the UK we are trying to get the planning regime speeded up so that local authorities work to help businesses to start up and expand their premises and put better transport links in place more quickly. We are keen for the Regional Development Agencies across England to be more business focused and we are looking forward to a good year working with the new Chief Executive of the South West RDA.

Amer Hirmis, in the lead article is correct when he says that the South West is relatively insulated from economic slowdowns, but increasing numbers of our businesses now provide goods and services more broadly than just the local market. This means that, whereas in previous recessions the South West was relatively unscathed and bounced back quickly, this time around manufacturers and service sector firms may lose shares of international markets and find it very difficult to get them back again when the upturn comes. It is more and more difficult for companies with significant amounts of exports to manufacture in the UK. The Government does not seem worried about this but manufacturing is the base of the pyramid on which the other sectors sit - e.g. the service, high tech and public sectors.

ESF UK

South West *of* England
Regional Development Agency