

## **A little knowledge is a dangerous thing, a lot will make you rich**

Whether it's the cost of our homes, running a motor or simply enjoying a family day out, year on year these costs increase faster than our pay rises. This is why so many people have a sense that we are running faster, only to stand still. One way to increase earnings is to increase the knowledge and skills of the workforce.

We are saddled with a Government stuck in cold management speak, going on about all the dangers of the modern world. It talks endlessly about globalisation, productivity, outsourcing, China and India. Yet it fails to chart a strong course ahead.

When we return to Government, at the heart of our programme must be to make Britain an economic powerhouse. Our country should be a more positive, proud, innovative, vibrant, cutting edge and richer place to live in. Each and every one of us wants to be more wealthy, yet we want to be richer in terms of our sense of wellbeing and enjoyment of life.

### **More knowledge leads to greater prosperity**

Many things will help in this – better transport infrastructure, greater success at research and development, a more flexible job market, lower taxes also make a big difference, but so too do knowledge and skills. So a key element of our programme should be to increase the knowledge and skills of our workforce. For the evidence clearly shows that the more you know, the more you earn and the greater your personal sense of wellbeing.

A person with qualifications is more likely to have a job. OECD figures show a 89% employment rate in the UK for a person with a higher education qualification, 79% for upper secondary education but only 53% for below upper secondary education. And a more qualified person in modern Britain gets more pay too – in relative terms, higher education means £158, upper secondary means £100 and below upper secondary £67.

Knowledge, skills and qualifications matter as never before because our economy is moving away from more traditional manufacturing and production to more knowledge based industries. In the last ten years alone, jobs in the manufacturing and production sectors have fallen from 15 million to less than 11 million. Jobs in the service industries have increased from 18 million to 22 million. Jobs in research and computing have increased from 2.9 million to 3.9 million.

We do well as a country, yet our achievements – nationally and individually - have not been helped by the level of the skills and knowledge we have. Britain lies in the middle of the OECD tables for educational qualifications. 30% of our population have few or no qualifications. Another 40% have some qualifications, yet could benefit from higher and stronger qualifications.

To be fair, the Government has gone some way to recognising this with the recent Leitch Report on skills. Yet this is more focussed on a technocratic shuffling of quangos and funding systems that the visionary step change that is required. We need a knowledge revolution.

## A Conservative knowledge revolution

And the signs are that David Cameron's Conservative leadership is giving serious thought to just such a revolution. The emphasis on quality of life, which is at the heart of Cameron's conservatism, has led him to the shrewd conclusion that boosting educational attainment – both academic and vocational – is essential to building social mobility, economic competitiveness and individual wellbeing.

This explains why Cameron has asked Conservative Education Spokesman John Hayes MP, who Cameron previously worked with in developing Conservative housing and planning policy, to map a fresh Conservative vision for vocational education. His recent statements point to a Conservative knowledge revolution that will focus on the vocational education qualifications that business needs to be successful and that people need to get a decent job. The link between vocational qualifications and wellbeing is particularly positive.

To achieve this will require a radical shake up of Further Education colleges, apprenticeships and training. A shake up where employers are immersed in course creation and qualification standards. That way, employers will know to trust the skills gained and employees will have more portable skills.

A new approach is being considered that will mean courses are organised on the basis of what students want. The current system is based on what the Government thinks should be provided which is just not responsive enough in a fast changing world. I hope that as Conservative thinking develops, there will be a greater emphasis on education when students want it – in evenings, at weekends, by computer, correspondence or whatever. The emphasis must be on *lifestyle learning* making access absolutely as easy as possible for the convenience of the person seeking to up their game, rather than the convenience of the institution. This is essential for (most) people who want to skill up while keeping down a full time day job.

And there are positive signs of new thinking about how to increase the freedom and flexibility of vocational education institutions. Institutions are currently hemmed in with quangos to the left of them and dictat to the left of them. The Learning Skills Council, for example, spends £10 billion a year, of which £1 billion does not reach education or training. Getting rid of the Learning Skills Council and freeing up the system will both make the system more flexible and release even more resources for education

If we have an agreed course syllabus and qualification standard, surely we can allow institutions to determine how they go about attracting students? Indeed, why not introduce a programme of scholarships for all so that students can attend an accredited course at an independent institution? Getting on for half of OECD countries in 2003 gave scholarships equivalent to 10-15% of all public higher education spending, while the UK gives hardly any at all. That's not good enough. Scholarships for all will enable vocational education to be more flexible and equalise opportunity. This is especially important where financial circumstances would otherwise make it extremely unlikely that a skill would be developed to realise maximum potential.

Vocational education does not need to be something people do when they wake up aged 25 having sunk their earlier lives in a basin of dissolution. Vocational education is relevant from 14 years of age onward. New diplomas now recognise that there is little point teaching a future IT technician Shakespeare when computers are what that person is gifted at and wants to do. The Conservatives have floated the idea of new vocational centres made up of schools, businesses and colleges to ensure that the new diplomas are not just another failed target, but a transformational success. This is just the sort of innovative thinking that will help make the dream of education being more flexible and responsive at an earlier age a reality.

Apprenticeships are an important way for people to learn on the job. Yet the current drop out rate of nearly half is far too high. It is to be hoped that the Conservatives will advance the case for a stronger framework so that employers will be able to set out their needs clearly. Where apprentices can sign up on a basis that employer and employee alike have the same expectations and where the skills learnt will be accredited, recognised and portable. Apprenticeships should also be about learning on the job alongside a skilled tradesman – too many currently are not. Effective apprenticeships should not need public funding. Rather they should be created because of demand – mutual need is, after all, a key ingredient of job success.

Knowledge and skills looks set to become an increasingly interesting area for Conservative thinking. Inspired by Cameron's leadership, the Conservatives are to be congratulated for putting this area on the map as a priority issue. This is important because what is at stake is how we can lift our country above the international ruck, how we can increase individual wealth as well as national wealth and how we can improve the wellbeing and quality of life of people in modern Britain. The Conservatives look increasingly like a party looking to build a more promising future for Britain – increasingly like a party ready for Government.